



The following financial report analysis offers readers a narrative overview of the financial activities of the City for the period ended April 30, 2016; this period will be referred to as Year-to-Date (YTD) throughout this document. The monthly financial statement package includes statements for the following funds: General Fund, Land Use Fund, Capital Improvement Fund, Conservation Trust Fund, Open Space Fund, General Improvement District Funds, and the Centennial Urban Redevelopment Authority Fund. Readers are encouraged to consider the information presented here in conjunction with the unaudited financial statements attached to this report. In addition, please refer to the Executive Summary in the 2016 Annual Budget for an explanation of variances between the 2015 and 2016 Adopted Budgets.

Summary of the April, 2016 Financial Statements

GENERAL FUND – COMPARISON TO PRIOR YEAR FOR THE SAME PERIOD

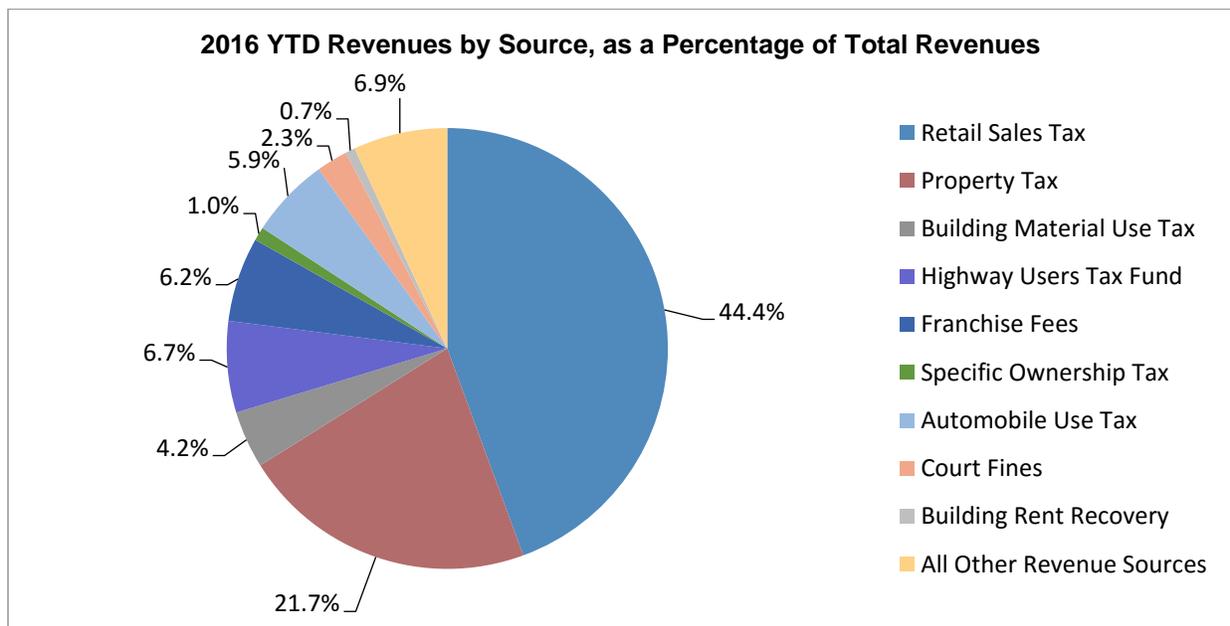
Revenues

The following table is a summary comparison of primary revenue sources YTD for 2016 and 2015:

(dollar amounts in millions)

	YTD 2016	YTD 2015	\$ Variance	% Variance
Retail Sales Tax	\$ 11.2	\$ 11.4	\$ (0.2)	-2.2%
Property Tax	5.4	4.9	0.5	10.9%
Building Materials Use Tax	1.0	0.7	0.3	36.9%
Highway Users Tax Fund	1.7	1.7	-	-2.1%
Franchise Fees	1.6	1.7	(0.1)	-8.3%
Specific Ownership Tax	0.2	0.2	-	19.9%
Automobile Use Tax	1.5	1.5	-	-2.5%
Court Fines	0.6	0.7	(0.1)	-13.5%
Building Rent Recovery	0.2	0.2	-	0.0%
All Other Revenue Sources	1.7	1.5	0.2	14.5%
	<u>\$ 25.1</u>	<u>\$ 24.5</u>	<u>\$ 0.6</u>	<u>2.2%</u>

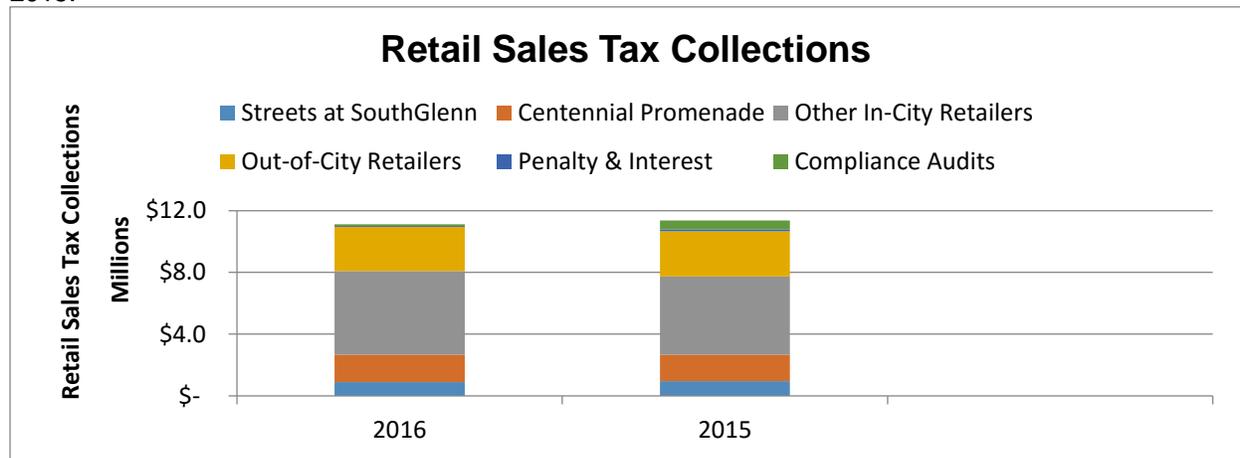
Note: Dollar amounts shown have been rounded; percentages are actual based on whole dollars.



Retail Sales Tax

Retail Sales Tax revenue YTD 2016 is \$0.2 million or 2.2% less than collections YTD 2015. Sales tax revenues from in-City retailers has increased \$0.4 million over collections YTD 2015. This increase is attributable to new businesses inside of Centennial such as TopGolf and Home Goods. The increase in sales tax from in-City businesses is offset by a decrease of \$0.1 million in revenues from out-of-City businesses and \$0.5 million attributed to sales tax compliance audits and penalties and interest from late filings. The City received two large audit payments in March 2015 from a general merchandise store and a software retailer.

The illustration below depicts the change in the City's YTD 2016 Sales Tax Revenue as it compares to YTD 2015.



The table below represents sales tax collected 2016 YTD summarized by North American Industry Classification System (NAICS) codes compared to the same codes for YTD 2015.

2016 YTD & 2015 YTD – Current Top 20 Sales Tax Receipts by 4-digit NAICS Code				
	2016	% of 2016	2015	% of 2015
Furniture Stores	\$ 1,233,345.52	11.1%	\$ 1,159,126.77	10.2%
Full-Service Restaurants	\$ 903,061.50	8.1%	\$ 902,805.04	7.9%
Limited-Service Eating Places	\$ 628,825.58	5.7%	\$ 620,287.60	5.5%
Sporting Goods, Hobby, and Musical Instrument Stores	\$ 542,770.53	4.9%	\$ 554,144.78	4.9%
Automobile Dealers	\$ 500,606.91	4.5%	\$ 558,127.38	4.9%
Grocery Stores	\$ 403,279.30	3.6%	\$ 399,179.61	3.5%
Electric Power Generation, Transmission and Distribution	\$ 398,123.15	3.6%	\$ 447,115.94	3.9%
Electronics and Appliance Stores	\$ 368,404.94	3.3%	\$ 428,501.47	3.8%
Other General Merchandise Stores	\$ 366,326.88	3.3%	\$ 278,156.26	2.4%
Wireless Telecommunications Carriers (except Satellite)	\$ 331,748.86	3.0%	\$ 391,604.83	3.4%
Home Furnishings Stores	\$ 307,095.02	2.8%	\$ 192,138.84	1.7%
Clothing Stores	\$ 241,771.13	2.2%	\$ 252,549.22	2.2%
Wired Telecommunications Carriers	\$ 240,920.13	2.2%	\$ 165,839.91	1.5%
Other Amusement and Recreation Industries	\$ 237,595.76	2.1%	\$ 35,325.83	0.3%
Automotive Repair and Maintenance	\$ 207,139.10	1.9%	\$ 234,483.82	2.1%
Beer, Wine, and Liquor Stores	\$ 199,462.00	1.8%	\$ 190,541.54	1.7%
Commercial and Industrial Machinery & Equipment Rental & Leasing	\$ 178,878.73	1.6%	\$ 165,108.72	1.5%
Traveler Accommodation	\$ 174,431.87	1.6%	\$ 161,298.75	1.4%
Automotive Equipment Rental and Leasing	\$ 172,216.59	1.5%	\$ 150,585.74	1.3%
Other Miscellaneous Store Retailers	\$ 170,339.33	1.5%	\$ 175,725.37	1.5%
Total Retail Sales Tax Collected YTD from Top 20 NAICS	\$ 7,806,343		\$ 7,462,647	

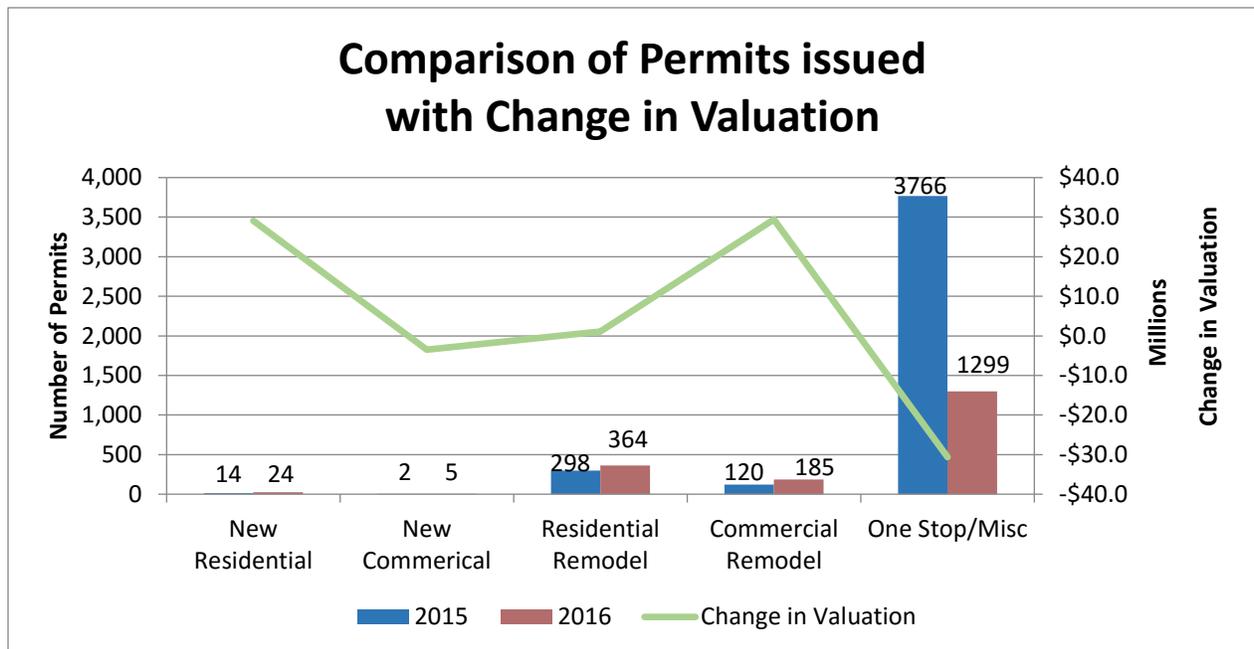
*This table only represents the top 20 NAICS codes, or 70.2% of 2016 Sales Tax collections, and does not include audit revenue.

Property Tax

Revenue received YTD 2016 is \$0.5 million or 10.9% more than collections YTD 2015. The increase of property tax is due to a 23.7% increase of assessed valuations of property. The timing of property tax collections during the first six months of the year can vary from year to year. Property tax payments have three due dates throughout the year. The due date for payment in full is April 30th and due dates for the two payment option are February 28th and June 15th.

Building Materials Use Tax

Building Materials Use Tax revenue YTD 2016 is \$0.3 million or 36.9% more than collections YTD 2015. As depicted in the graph below, 2016 Residential and Commercial permits (New and Remodel) have increased by 144, and One Stop/Miscellaneous permits have decreased by 2,467 when compared to YTD 2015. The total valuation for permits YTD has increased by \$25.5 million as compared to YTD 2015 primarily due to New Residential permits for multi-family units at Inova Dry Creek. The One Stop/Miscellaneous permits decreased compared to YTD 2015 due to re-roofing permits in 2015 from a large hail storm at the end of September 2014.



Franchise Fees

Franchise Fees revenue YTD 2016 is \$0.1 million or 8.3% less than collections YTD 2015. This decrease in revenue is from the Franchise Fees from the natural gas provider. Natural gas prices have been low nationwide. In December 2015, Xcel filed its usual quarterly request with the Colorado Public Utilities Commission to adjust electricity and natural gas rates for Quarter 1, 2016. At the time of the filing for the rate adjustment, Xcel had projected a 21% reduction in natural gas bills for residential and commercial customers when compared to Quarter 1, 2015.

Court Fines

Court Fines YTD 2016 is \$0.1 million or 13.5% less than collections YTD 2015. The decrease in revenue is the result of 1,215, or 24%, less court cases in the first quarter of 2016 compared to 2015.

Expenditures

Total expenditures and transfers YTD for 2016 are \$5.7 million or 33.5% more than expenditures YTD 2015. The net increase is primarily due to expenditures in the following departments: Communications, Nondepartmental, Public Works, Law Enforcement, and transfers to the Capital Improvement Fund.

- Communication expenditures YTD for 2016 are \$0.1 million or 56.4% more than expenditures YTD 2015. This increase is primarily due to additional staffing in Communications in the latter half of 2015 resulting in higher personnel costs in 2016 and additional costs associated with community activities, to include events such as Centennial under the Stars and the Chalk Art Festival.
- Nondepartmental expenditures YTD for 2016 are \$0.3 million or 27.7% more than expenditures YTD 2015. This increase is primarily due to incentive agreements the City has entered into in an effort to promote economic development and redevelopment in the City. In summary, under various projects, the City has agreed to either forego a portion of its sales and/or property tax to reimburse property owners for construction and maintenance of public improvements.
- Public Works expenditures YTD for 2016 are \$0.1 million or 2.8% more than expenditures YTD 2015. This increase is primarily due to higher contracted costs for the City's public works services provided by CH2M.
- Law Enforcement expenditures YTD for 2016 are \$0.5 million or 6.8% more than expenditures YTD 2015. This increase is primarily due to higher expenditures for contracted service obligations.
- Transfers to the Capital Improvement Fund YTD for 2016 are \$4.7 million or 100.0% more than transfers YTD 2015. This increase is primarily due to transfers for street and intersection construction and includes the Arapahoe Road – Waco to Himalaya.

GENERAL FUND – COMPARISON TO BUDGET
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The City's annual budget is examined on a monthly basis. The actual receipts and expenditures are compared to the budget on a line item or departmental basis. Monthly budget allocations represent a portion of the annual budget that is assigned to each month for comparative purposes. The allocation amount may be either 1/12th of the total amount budgeted for the year, or a specific percentage for that month based on actual receipts or expenditures in prior years. The analysis below compares actual amounts to the 2016 budget amounts.

Revenues

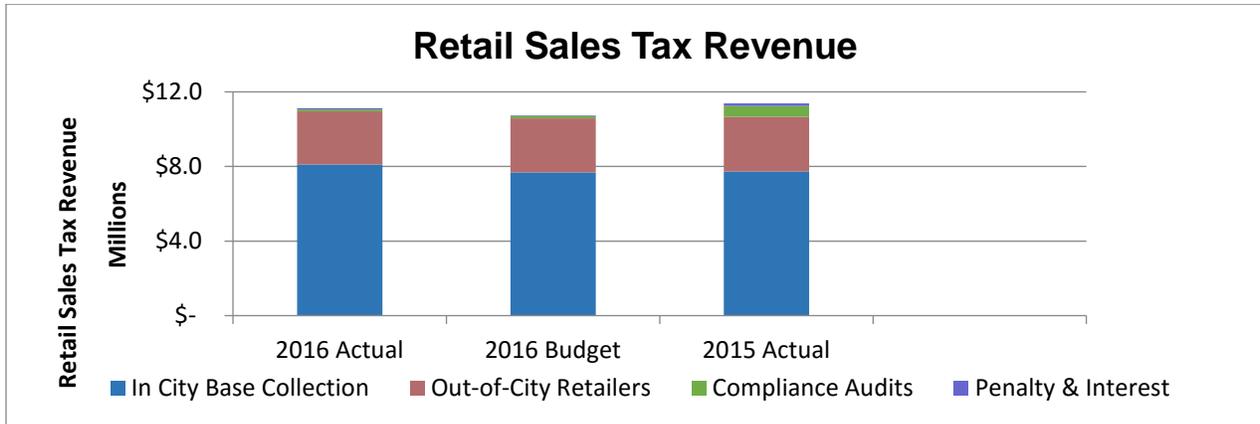
The following table is a summary comparison of primary revenue sources; the table compares actual revenue compared to budget.

	<i>(dollar amounts in millions)</i>			
	Actual	Budget YTD	\$	%
	2016	2016	Variance	Variance
Retail Sales Tax	\$ 11.2	\$ 10.7	\$ 0.5	3.7%
Property Tax	5.4	5.7	(0.3)	-4.9%
Building Materials Use Tax	1.0	0.5	0.5	90.6%
Highway Users Tax Fund	1.7	1.5	0.2	8.0%
Franchise Fees	1.6	1.8	(0.2)	-11.0%
Specific Ownership Tax	0.2	0.2	-	20.8%
Automobile Use Tax	1.5	1.5	-	-0.1%
Court Fines	0.6	0.7	(0.1)	-14.3%
Building Rent Recovery	0.2	0.2	-	0.0%
All Other Revenue Sources	1.7	1.5	0.2	17.9%
	\$ 25.1	\$ 24.3	\$ 0.8	3.1%

Note: Dollar amounts shown have been rounded; percentages are actual based on whole dollars.

Retail Sales Tax

Retail Sales Tax revenue YTD 2016 is \$0.5 million or 3.7% favorable compared to budget. This favorable variance is the result of higher than anticipated sales tax revenues from out-of-City retailers (\$0.1 million) and in-City retailers (\$0.4 million). These increases are primarily from newly licensed businesses.



Property Tax

Property Tax revenue YTD 2016 is \$0.3 million or 4.9% unfavorable compared to budget. The timing of Property Tax collections during the first few months of the year may vary from year to year, however the majority of property tax due is received by June each year. The City expects this variance to diminish as the year progresses.

Building Materials Use Tax

Building Materials use tax revenue YTD 2016 is \$0.5 million or more than 90.6% favorable compared to budget. The variance is primarily due to the new commercial and residential permits at Inova Dry Creek, however, the City has several other new projects that have begun this year such as Centennial Liquors and WaterWalk Hotel.

Highway Users Tax Fund

Highway Users Tax Fund revenue YTD 2016 is \$0.2 million or 8.0% favorable to budget. The Highway Users Tax Fund amount available for distribution to all municipalities was projected to slightly decrease, however, the City's distribution has remained consistent with the prior period's distribution.

Franchise Fees

Franchise Fees revenue YTD 2016 is \$0.2 million or 11.0% unfavorable to budget. The unfavorable variance is due to lower than anticipated fees from the natural gas provider. The City did not anticipate a rate reduction by the provider caused by low natural gas prices during the budget process.

Court Fines

Court Fines revenue YTD 2016 is \$0.1 million or 14.3% unfavorable to budget. The unfavorable variance is due to lower than court cases in the Municipal Court. The City had 12% less court cases in the first quarter 2016 compared to the three year historical quarterly average. The City did not anticipate this large of reduction in court cases during the budget process.

Expenditures

Total expenditures and transfers YTD for 2016 are \$1.1 million or 4.7% favorable compared to the Revised Budget. This favorable variance is primarily attributable to the Office of Innovation, Finance, and Public Works, and Community Development Administration departments. Other departments and net transfers to other funds also contributed to the favorable variance to budget.

- Office of Innovation expenditures YTD for 2016 are \$0.1 million or 49.9% favorable compared to the Revised Budget. This favorable variance is primarily due to lower than anticipated costs attributable to Contracted Services related to the installation of conduit and pullboxes.

- Finance expenditures YTD for 2016 are \$0.1 million or 15.6% favorable compared to the Revised Budget. This favorable variance is due to personnel vacancy savings and lower than anticipated sales tax audit service costs.
- Public Works expenditures YTD for 2016 are \$0.2 million or 4.9% favorable compared to the Revised Budget. This favorable variance is primarily due to lower than anticipated costs year to date for capital outlay for equipment and lower than anticipated costs for the Public Works service provider and snow removal materials.
- Community Development Administration expenditures YTD for 2016 are \$0.1 million or 46.1% favorable compared to the Revised Budget. This favorable variance is primarily due to lower than anticipated costs attributable to personnel vacancy savings and lower than anticipated professional services.
- Net transfers from the Land Use Fund YTD for 2016 are \$0.1 million or more than 100.0% favorable compared to the Revised Budget. Revenues generated in the Land Use Fund are favorable to budget due to higher than anticipated Building Permit Fees that reduce the need for General Fund support through transfers, resulting in a favorable variance to budget.

LAND USE FUND

Comparison to Prior Year

Revenue

- Revenue YTD 2016 is \$0.4 million or 26.5% less than collections YTD 2015. The decrease revenue compared to YTD 2015 is from the Building Permit Fees. The City had a large amount of One Stop/Miscellaneous permits issued in 2015 due to a hail storm in late 2014. The permit fees associated with these One Stop/Miscellaneous permits accounts for the increase collection in the prior year.

Expenses

- Expenses YTD for 2016 are \$0.3 million less than expenses YTD 2015. This variance is primarily due to reduced permitting and inspections through April 2016. Reduced permitting and inspections for 2016 are the result of higher permits issued in 2015 a result of hail storm damage.

Comparison to Budget

Revenue

- Revenues YTD 2016 are in line with the 2016 Adopted Budget.

Expenses

- Expenses during 2016 are \$0.1 million or 12.4% favorable compared to the 2016 Adopted Budget. The favorable variance is due to lower than anticipated costs associated with ongoing software supplies and for permitting and inspections.

CAPITAL IMPROVEMENT FUND

Comparison to Prior Year

Revenue

- Revenue YTD 2016 are in line with the prior year.

Expenditures

- Expenditures YTD for 2016 are \$2.2 million or 100.0% more than expenditures YTD 2015. This increase in expenditures is primarily attributable to building and improvement costs scheduled for 2016 and for streets and intersections including the Arapahoe Road - Waco to Himalaya widening project.

Comparison to Budget

Revenue

- Revenues YTD 2016 is \$0.2 million or 22.5% favorable to budget. The favorable variance is due to the timing of funds received for the Dry Creek Light Rail Platform. The City expects the variance to diminish as the year progresses.

Expenditures

- Expenditures YTD for 2016 are \$0.4 million or 8.4% favorable compared to the 2016 Adopted Budget. This favorable variance is primarily due to the lower than anticipated costs related to new construction related to sidewalks and traffic signals.

CONSERVATION TRUST FUND

Comparison to Prior Year

Revenue

- Revenues YTD 2016 are in line with the prior year.

Expenditures

- Expenditures YTD for 2016 are consistent with expenditures YTD 2015.

Comparison to Budget

Revenue

- Revenues YTD 2016 are in line with the 2016 Adopted Budget.

Expenditures

- Expenditures YTD for 2016 are in line with the 2016 Adopted Budget.

OPEN SPACE FUND

Comparison to Prior Year

Revenue

- Revenues YTD 2016 are in line with the prior year.

Expenditures

- Expenditures YTD for 2016 are \$0.4 million or 100% more than expenditures YTD 2015. This increase is due to the purchase of an easement at Sumac Hill Farm Conservation under an IGA with SSPRD.

Comparison to Budget

Revenue

- Revenues YTD 2016 are in line with the 2016 Adopted Budget.

Expenditures

- Expenditures YTD for 2016 are \$0.1 million or 19.7% favorable compared to the 2016 Adopted Budget. The favorable variance is due to lower than anticipated expenditures costs for Open Space maintenance and management.

GENERAL IMPROVEMENT DISTRICT FUNDS

Comparison to Prior Year

Revenue

- Revenues YTD 2016 are in line with the prior year.

Expenditures

- Expenditures YTD for 2016 are 0.1 million or 100% more than expenditures YTD 2015. This increase is primarily due to costs associated with bond refunding of the Antelope GID debt.

Comparison to Budget

Revenue

- Revenues YTD 2016 are \$0.1 million or 48.7% favorable compared to the 2016 Adopted Budget. The variance is due higher property tax collections from properties in the redevelopment area. The timing of property tax collections during the first few months of the year may vary from year to year, and the City expects this variance to diminish as the year progresses.

Expenditures

- Expenditures YTD for 2016 are in line with the 2016 Adopted Budget.

CENTENNIAL URBAN REDEVELOPMENT AUTHORITY FUND
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Comparison to Prior Year

Revenue

- Revenues received YTD 2016 are \$0.4 million or 17.0% more than collections during 2015. This increase in revenues is the result of higher property tax collections from properties in the redevelopment area. The timing of property tax collections during the first few months of the year may vary from year to year, however, the majority of property tax due is received by June each year.

Expenditures

- Expenditures YTD for 2016 are \$0.4 million or 16.9% more than expenditures during 2015. Expenditures during 2016 are higher than 2015 as a result of higher property tax pass-thru payments from the Authority to Southglenn Metropolitan District.

Comparison to Budget

Revenue

- Revenues YTD 2016 are in line with the 2016 Adopted Budget.

Expenditures

- Expenditures YTD for 2016 are in line with the 2016 Adopted Budget.