

INTRODUCTORY SECTION

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SECTION





June 9, 2014

Honorable Mayor Cathy A. Noon
Members of the City Council, and
Citizens of Centennial, Colorado

TRANSMITTAL LETTER

Formal Transmittal

The Comprehensive Annual Financial Report (“CAFR”) of the City of Centennial, Colorado for the fiscal year ended December 31, 2013 is hereby formally transmitted. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, resides with the City. We believe that the data, as presented, is accurate in all material respects, that it is reported in a manner designed to present fairly the financial position and the results of operations of the City, and that all disclosures necessary to enable the reader to gain an understanding of the City’s financial position have been included.

City Profile

The City of Centennial, Colorado (the “City”) was incorporated on September 12, 2000 and elected its first officials on February 6, 2001. The City functions under a Council-Manager form of government since its current Home Rule Charter was adopted and approved by the voters on June 10, 2008. The City functions with a citywide elected mayor and eight council members. Two council members are elected from each of the City’s four districts. The City promotes the health and safety of its citizens by providing public works, law enforcement, animal control, engineering, and planning and zoning services. The City also serves the business community by providing business and sales tax licenses as well as liquor licenses. Citizens receive fire protection, libraries, park and recreation services, schools, water, and utilities through numerous special districts.

The City’s Financial Condition

The CAFR includes all financial activities for which the City Council is accountable to the citizens of the City, either by Charter or statute. All applicable funds, departments and offices are included in these financial statements as part of the Primary Government of the City. In addition, the general improvement districts, while legally separate entities, have significant financial and operational relationships with the City and are thus included in the CAFR. The City receives some of its funding from the federal government and hereby provides a schedule of financial assistance and other reports in the Single Audit Section of the CAFR, as required by the United States Office of Management and Budget Circular A-133. Colorado statutes and City Charter require an annual financial statement audit of the City’s accounts and financial records by an independent certified public accountant (“CPA”) as selected by the City Council. The CPA firm of Swanhorst & Company LLC conducted the audit of the City’s financial statements for

the year ended December 31, 2013; the resulting Independent Auditors' Report is presented in the front of the Financial Section of this report.

Consistent with the prior year, the current year's financial report reflects the implementation of the Governmental Accounting Standards Board's Statement Number 34 ("GASB 34"). This implementation is intended to provide better presentation and more complete information to the users of governmental financial statements. GASB 34 requires that management provide a narrative introduction, general overview, and analysis to accompany the basic financial statements, in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately behind the Independent Auditor's Report.

The City's management is responsible for assessing and maintaining effective internal controls over the accounting function and financial reporting. The City's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. As with any system of internal controls, the City's control over the accounting and financial reporting functions is inherently limited as the concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the likely benefits resulting from the control; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe the City's internal controls adequately safeguard assets and provide reasonable assurance for the proper recording and reporting of financial transactions in all material respects.

The national economy continues to show signs of positive growth and inflation has remained relatively stagnant. Despite a partial government shutdown during 2013, several sectors made significant improvements. During 2013, household wealth grew due to increased housing prices and gains in the stock market. Consumer spending also improved during the year, especially on larger items such as furniture and vehicles. On the corporate side, profits again became a reality. Moving in to 2014 and 2015 the economy is projected to continue to grow, however the growth will largely depend on the Federal Reserve and its monetary expansion policies.

Colorado's economy continued to improve during 2013 and growth is expected to continue in 2014 and 2015. These improving conditions are supported by employment growth, which in turn is helping to lower the state's unemployment rate, increase wages and salaries, and support growth in retail sales. The Colorado housing market has also continued to improve with both price increases and construction activity. Consistent with 2012, homeowners are continuing to build equity in their homes. While the Colorado economy is expected to continue to see growth in 2014, this growth will largely depend on activity at the federal level.

The local economy continued to experience growth during 2013, and is expected to continue positive growth during 2014. The residential housing market continues to be stable with modest growth due to interest rates remaining relatively low and home values on the rise. The commercial real estate market also experienced some positive growth during the year with an increase in building permits for commercial activity. Local retail sales continue to show signs of increased consumer confidence, despite uncertainty over the "fiscal cliff" at the end of 2012.

The City annually prepares an operating budget for each year in accordance with the City Charter, City policies, the Colorado Constitution, and Colorado State Budget Law(s). The City's budget process addresses the guidelines of the Government Finance Officers Association, while also incorporating City Council's goals, ordinances, and resolutions, which provide policy direction that responds to the needs

and desires of the community. The City also prepares a Five Year Strategic Plan. The Plan is a projection of future expectations, and encompasses both operating and capital spending as well as revenues. The Five Year Strategic Plan is used for current and future service and infrastructure decision making.

Awards and Acknowledgements

The report has been prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada ("GFOA"). The GFOA has awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2012. This is the sixth year the City has been awarded the Certificate of Achievement. The Certificate of Achievement is valid for only one year. We believe that our current CAFR will meet the GFOA's Certificate of Achievement requirements and we are submitting it to the GFOA to determine its eligibility.

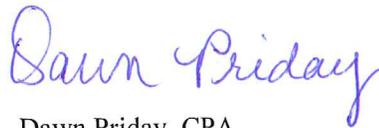
We sincerely appreciate the assistance of all City departments for their efforts throughout the year, and for their help in preparing this report. Additionally, we thank Swanhorst & Company for their assistance and for the professional manner in which they conducted the audit. We also acknowledge the cooperation and assistance of the Finance Department for their efforts throughout the year as we work together to conduct and report on the City's financial operations.

We also thank the members of the City's Audit Committee, and recognize the Mayor and City Council for their support, leadership, and continued desire to ensure the highest standards of professionalism in the management of the City's financial affairs.

Respectfully submitted,



John H. Danielson
City Manager



Dawn Priday, CPA
Finance Director/CFO



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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Centennial
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

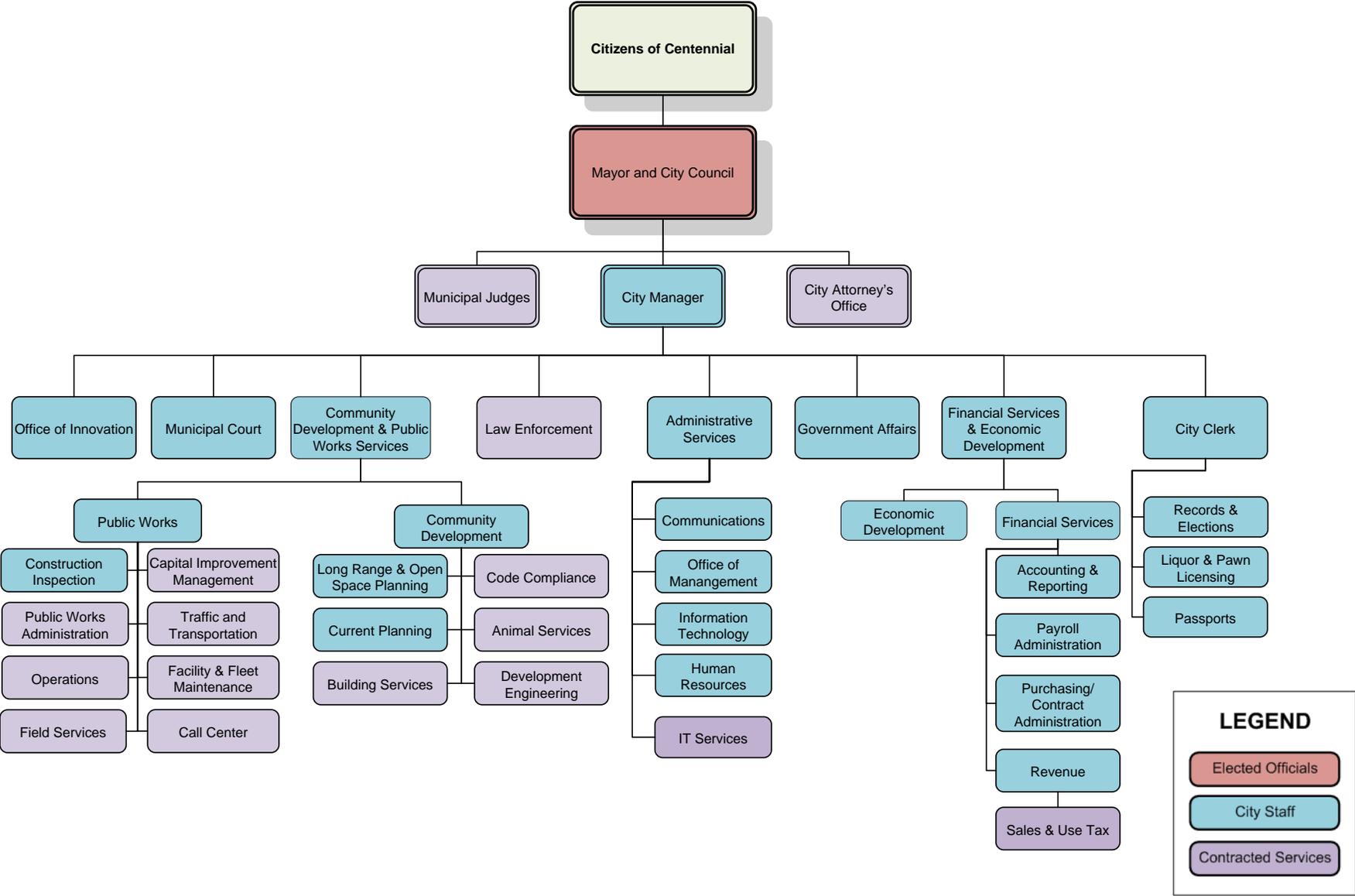
Executive Director/CEO



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City of Centennial

2013 Organizational Chart





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2013 Elected Officials

Mayor



Cathy Noon
January 2014

Council District 1



Rick Dindinger
January 2014



Vorry Moon
January 2016

Council District 2



Sue Bosier
January 2014



Keith Gardner
January 2016

2013 Elected Officials

Council District 3



Rebecca McClellan
January 2014



Ken Lucas
January 2016

Council District 4



Ron Weidmann
January 2014



Stephanie Piko, Mayor Pro Tem
January 2016