



# 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR YEAR ENDED DECEMBER 31, 2012  
CITY OF CENTENNIAL, COLORADO





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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**OF THE**  
**CITY OF CENTENNIAL, COLORADO**



For The Year Ended  
December 31, 2012

Prepared by:  
Finance Department



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**CITY OF CENTENNIAL, COLORADO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Year Ended December 31, 2012**

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INTRODUCTORY SECTION

COLORING CONTEST WINNER  
LITTLETON PUBLIC SCHOOLS  
PEABODY ELEMENTARY  
KAYLA C.



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June 10, 2013

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, 2012 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, 2012; 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, albeit at a modest pace. Both private sector gross domestic product and national employment showed signs of expansion in the latter part of 2012, while consumers continued to spend and reduce debt simultaneously. While a full recovery still appears to be several years away, the nation's housing market has begun to pick up pace with modest increases in new construction and existing home sales and fewer distressed markets. Additionally, the nation's manufacturing sector is beginning to gain its footing with modest expansion, with corporate profits increasing at a similar pace.

Colorado's economy has improved at a faster pace than the nation as a whole. These improving conditions are supported by employment growth, which in turn is helping to lower the state's unemployment rate and support growth in retail sales. The Colorado housing market has been among the strongest in the nation. Rather than being a drag on the Colorado economy, as in years past, the housing market is beginning to boost it. Homeowners are once again beginning to build equity in their homes. Additionally, Colorado exports continued to grow despite a weaker global economy. While the Colorado economy is expected to continue to see growth in 2013, this growth will continue to be limited due to tax increases, automatic spending cuts and uncertainty over the effects of the sequester at the federal level.

The local economy is expected to continue to slowly improve during 2013. The residential housing market continues to be stable with modest growth due to interest rates being at all-time lows and home values on the rise. The commercial real estate market remains an area of concern through 2013. Fluctuations in building material costs and business uncertainty continue to hold back nonresidential growth. However, with the decline in commercial building growth, commercial vacancy rates have fallen, which typically results in healthier building activity in the future. Retail sales locally show signs of rebounding with 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. Also included as a part of the City's budget process, is a five year strategic plan. The plan encompasses both operating and capital spending and 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, 2011. This is the fifth 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



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# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Mouill*

President

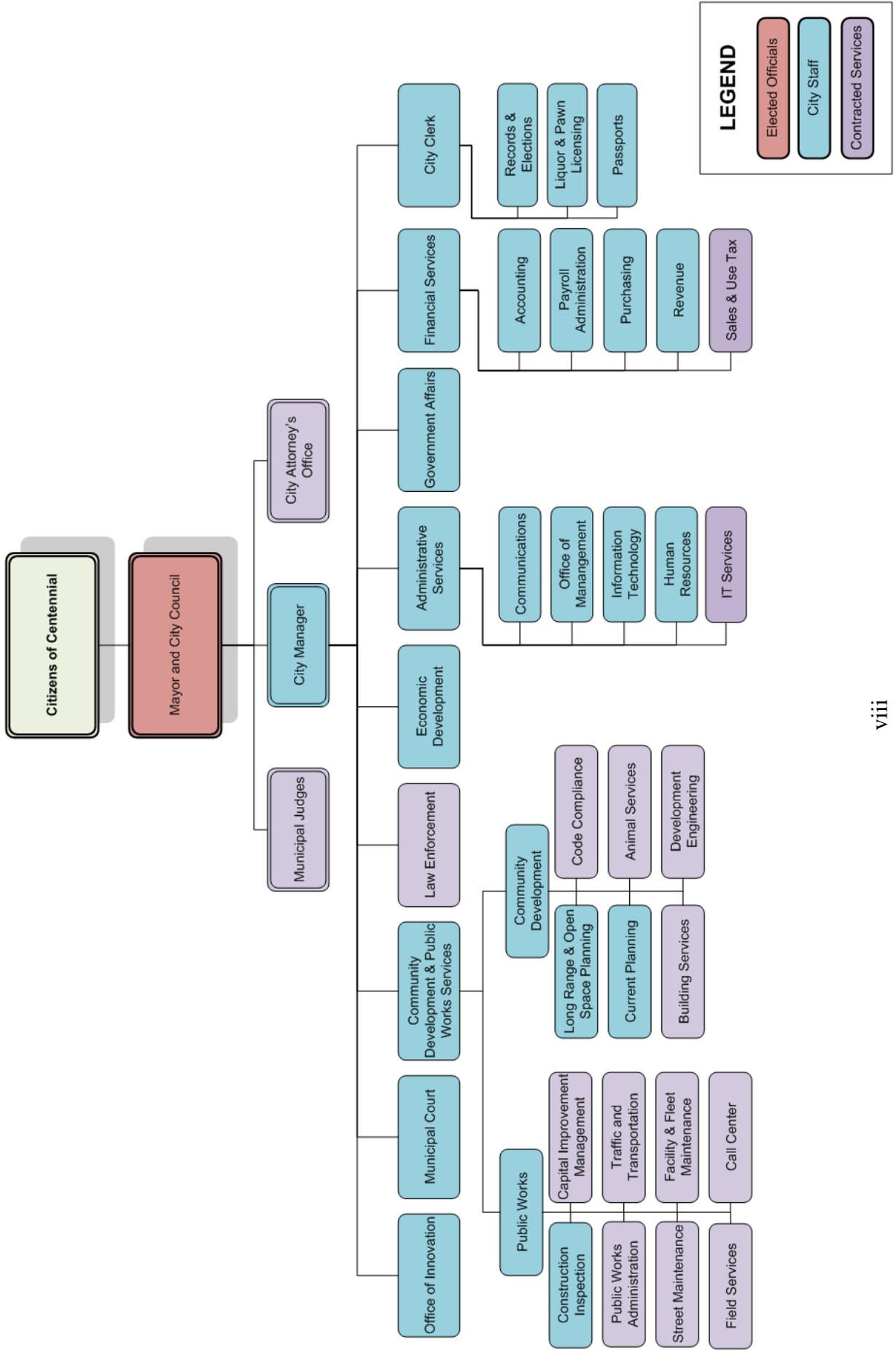
*Jeffrey R. Emer*



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# City of Centennial

## 2012 Organizational Chart





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## 2012 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, Mayor Pro Tem**  
January 2016

## 2012 Elected Officials

### Council District 3



**Rebecca McClellan**  
January 2014



**Ken Lucas**  
January 2016

### Council District 4



**Ron Weidmann**  
January 2014



**Stephanie Piko**  
January 2016

My Vision of the City of Centennial is...



FINANCIAL SECTION

FINANCIAL SECTION

COLORING CONTEST WINNER  
CHERRY CREEK SCHOOL DISTRICT  
TRAILS WEST ELEMENTARY  
CRYSTAL L.



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Honorable Mayor and Members of the City Council  
City of Centennial  
Centennial, Colorado

## INDEPENDENT AUDITORS' REPORT

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centennial as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Centennial, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centennial as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 11 to the financial statements, the 2011 financial statements have been restated to report sales and use tax audit revenues in the same accounting period as the underlying exchange transaction. Our opinion is not modified with respect to this matter.

***Other Matters (Required Supplementary Information)***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Matters (Other Information)***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Centennial's basic financial statements. The introductory section, individual fund financial statements and schedules, statistical section, and local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements and schedules and the local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2013, on our consideration of the City of Centennial's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Centennial's internal control over financial reporting and compliance.



May 21, 2013

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This section of the City of Centennial's Comprehensive Annual Financial Report ("CAFR") offers readers a narrative overview and analysis of the financial activities of the City for the year ended December 31, 2012. Readers are encouraged to consider the information presented here, in conjunction with the letter of transmittal, the basic financial statements, and the notes to the financial statements, contained in this report.

## **I. Financial Highlights**

Taken as a whole, the City's increase in net position demonstrates the continued positive overall financial health of the City. One factor contributing to the City's overall financial health is voter approval for temporarily waiving the revenue limits of Article X, Section 20 of the Colorado Constitution from January, 2005 through December, 2013. The use of these revenues is restricted to costs for road and street repair/maintenance, public safety, and open space acquisition/maintenance.

In November, 2012 the City received voter approval to permanently extend the waiver of the revenue limits of Article X, Section 20 of the Colorado Constitution. As a result of this permanent waiver, the City may collect, retain, and spend revenues over the TABOR revenue limitations from any and all sources. This will ensure the City's continued ability to fund City services and infrastructure projects.

At the close of the year, total assets of the City exceeded its liabilities (net position) by \$193.3 million. Unrestricted net position represents \$33.5 million, or 17.3%, of total net position which is available to meet ongoing and future obligations of the City.

- Total net position of the City increased by \$11.7 million, or 6.5%, compared to 2011. This net increase is the result of additions to cash, investments and capital assets offset by a decrease in accounts payable reported at year-end.
- The total cost of all City programs increased \$5.8 million, or 9.8%, to \$65.0 million compared to 2011. The cost of governmental activities program expenses increased \$5.6 million, or 10.0%, to \$61.9 million from 2011. The cost of business-type activities increased \$0.2 million, or 6.1%, to \$3.1 million in 2012.
- Compared to 2011, total revenues excluding transfers, increased \$7.8 million, or 11.4%, to \$76.8 million. Governmental activities revenue increased \$7.4 million, or 11.3%, to \$73.6 million. The change in these revenues is attributable to an increase in Sales Tax revenues (\$4.9 million), Use Tax revenues (\$0.3 million), Property Tax revenues (\$0.4 million), Auto Use Tax revenues (\$0.3 million), and Capital Grants and Contributions (\$1.2 million).

Business-type activities revenue increased \$0.4 million, or 12.8%, to \$3.2 million. The increase in these revenues is due to an increase in building permit fees and building plan review fees compared to the prior year.

- General Fund revenues increased by \$6.7 million, or 12.4%, as compared to the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported an increase in the combined ending fund balances. The combined ending governmental fund balance is \$44.6 million, of which \$21.7 million represents unassigned fund balance. This unassigned fund balance is available for spending at the City's discretion within the purposes specified for the City's funds. It is important to note that the unassigned fund balance represents 33.4% of total governmental expenditures. It is the stated policy of the City to make every effort, even in difficult economic times, to maintain its fund balance for the General Fund at a level equal to no less than 25.0% of annual expenditures plus transfers. The General Fund fund balance of \$29.7 million is 49.4% of annual expenditures plus transfers.

## II. Overview of the Financial Statements

Management's Discussion and Analysis is intended to provide an introduction to the City's basic financial statements. The City's basic financial statements contain three components: government-wide financial statements, fund financial statements, and notes to the financial statements. Following these statements, this report provides additional supplementary information. The basic financial statements include two types of statements that present unique views of the City's financial position: (1) government-wide financial statements; and (2) fund financial statements.

### 1. Government-wide Financial Statements

The government-wide financial statements are intended to provide readers with a broad overview of the City's financial condition. They are presented using accounting methods very similar to a privately owned business, or the *economic resources* measurement focus, and full accrual accounting.

- *The Statement of Net Position* presents information on all of the City's assets and liabilities, with the balance between the two reported as *Net Position*. Over time, increases or decreases in net position can serve as an indicator of the City's financial condition.
- *The Statement of Activities* presents information showing how the City's net position changed during the given fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Capital expenditures are not included in this statement; however capital grant revenues are reported.

## 2. Fund Financial Statements

The fund financial statements focus on specific elements of the City's finances and report on fund-specific operations in more detail than the government-wide financial statements. A fund is a grouping of resources that are segregated for the purpose of carrying on a specific activity or attaining certain objectives in accordance with given regulations, restrictions, or limitations.

### Governmental Funds

The governmental funds presentation is different from the governmental activities section of the government-wide financial statements even though these two statements account for essentially the same activities. Governmental funds, as presented, have a budgetary or *current financial resources* measurement focus and use the modified accrual basis of accounting. That is, the governmental funds presentation focuses on the City's near-term financial position and changes thereto.

### Proprietary Funds

Proprietary funds are unlike governmental funds in that they report the business-type activities of the City.

- *Enterprise funds* account for the operation of governmental programs that are intended to be supported primarily by user fees. These fees are presented as business-type activities on the government-wide financial statements but are presented in greater detail in the fund financial statements. In both cases, enterprise funds are presented using the *economic resources* measurement focus and full accrual accounting.

## 3. Notes to the Financial Statements

The notes to the basic financial statements provide additional information that is essential to a thorough understanding of the data provided in the government-wide and the fund financial statements.

## III. Government-wide Financial Statement Analysis

### Assets

As noted earlier, the Statement of Net Position can serve as an indicator of the overall financial condition of the City. As of December 31, 2012, the City had total assets of \$217,584,064, and the City's assets exceeded its liabilities by \$193,297,305.

The following reflects the City's Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current and Other Assets	\$ 66,847,633	\$ 61,410,746	\$ 170,573	\$ 97,734	\$ 67,018,206	\$61,508,480
Capital Assets	150,533,967	144,592,118	31,891	39,654	150,565,858	144,631,772
Total Assets	217,381,600	206,002,864	202,464	137,388	217,584,064	206,140,252
<b>Liabilities</b>						
Long-term Liabilities	2,829,881	2,918,295	-	-	2,829,881	2,918,295
Other Liabilities	21,254,414	21,524,328	202,464	137,388	21,456,878	21,661,716
Total Liabilities	24,084,295	24,442,623	202,464	137,388	24,286,759	24,580,011
<b>Net Position</b>						
Net Investment in						
Capital Assets	150,533,967	144,592,118	31,891	39,654	150,565,858	144,631,772
Restricted	9,180,350	7,656,451	94,106	88,726	9,274,456	7,745,177
Unrestricted	33,582,988	29,311,672	(125,997)	(128,380)	33,456,991	29,992,303
Total Net Position	\$ 193,297,305	\$ 181,560,241	\$ -	\$ -	\$ 193,297,305	\$ 181,560,241

### Capital Assets

Capital assets include items such as infrastructure, buildings, equipment, land, and other tangible and intangible items. Infrastructure assets include streets, sidewalks, traffic signals, and drainage systems. The City uses these assets to provide services to the community and thus they are not available for immediate spending.

Capital assets are the largest portion of the City's total assets representing \$150,565,858, or 69.2%, of total assets. Capital assets being depreciated increased during 2012 by \$2.9 million, or 5.3%, as a result of the completion of capital projects related to streets, traffic signals, park construction, buildings, and the addition of machinery and equipment. Capital assets not being depreciated increased during 2012 by \$3.0 million, or 3.3%, due to the addition of land from the purchase of the new public works facility and additions to construction in progress. Overall, total capital assets increased \$5.9 million, or 4.1%, in 2012 over 2011 figures.

Additional information regarding the City's capital assets can be found in Note 5 – Capital Assets in the Notes to the Financial Statements section of this report.

### Long-term Debt

The long-term debt of the City, as detailed in the Notes to the Financial Statements, has continued to decrease overall. The City's obligation for Compensated Absences decreased slightly during 2012 from \$123,295 to \$99,881. During 2012, the City did not enter into any additional long-term debt agreements.

**Management's Discussion and Analysis  
for the Year Ended December 31, 2012**



During 2005, the Antelope General Improvement District issued \$3.05 million of general obligation bonds, for which the District has made a principal payment during 2012 of \$65,000 in addition to all scheduled interest payments.

Additional information regarding the City's long-term debt may be found in Note 6 – Long-term Obligations in the Notes to the Financial Statements section of this report.

The following reflects the City's Change in Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program Revenues -						
Charges for Services	\$ 2,728,819	\$ 2,772,290	\$ 3,209,520	\$ 2,845,280	\$ 5,938,339	\$ 5,617,570
Operating Grants and Contributions	5,354,851	5,111,685	-	-	5,354,851	5,111,685
Capital Grants and Contributions	7,872,115	6,654,649	-	-	7,872,115	6,654,649
General Revenue -						
Sales and Use Taxes	38,243,820	32,773,706	-	-	38,243,820	32,773,706
Property Taxes	13,301,715	12,930,171	-	-	13,301,715	12,930,171
Other Taxes	539,677	519,284	-	-	539,677	519,284
Unrestricted Franchise Fees	4,646,174	4,749,865	-	-	4,646,174	4,749,865
Investment Income	146,534	40,173	-	-	146,534	40,173
Intergovernmental revenues not restricted to specific programs	267,307	253,944	-	-	267,307	253,944
Miscellaneous	453,685	277,132	-	-	453,685	277,132
<b>Total Revenues</b>	<b>73,554,697</b>	<b>66,082,899</b>	<b>3,209,519</b>	<b>2,845,280</b>	<b>76,764,217</b>	<b>68,928,179</b>
<b>Expenses</b>						
General Government	10,953,334	8,491,057	-	-	10,953,334	8,491,057
Community Services	21,736,983	21,577,444	-	-	21,736,983	21,577,444
City Infrastructure	22,482,836	20,568,461	-	-	22,482,836	20,568,461
Culture and Recreation	736,800	496,048	-	-	736,800	496,048
Urban Redevelopment	5,843,043	5,000,756	-	-	5,843,043	5,000,756
Interest on Long-term Debt	137,299	139,905	-	-	137,299	139,905
Land Use Service Fees	-	-	3,136,858	2,957,524	3,136,858	2,957,524
<b>Total Expenses</b>	<b>61,890,295</b>	<b>56,273,671</b>	<b>3,136,857</b>	<b>2,957,524</b>	<b>65,027,153</b>	<b>59,231,195</b>
Increase (Decrease) Before Transfers	11,664,402	9,809,228	72,662	(112,244)	11,737,064	9,696,984
Transfers	72,662	(112,244)	(72,662)	112,244	-	-
<b>Increase (Decrease) in Net Position</b>	<b>11,737,064</b>	<b>9,696,984</b>	<b>-</b>	<b>-</b>	<b>11,737,064</b>	<b>9,696,984</b>
Net Position, Beginning of Year (Restated)	181,560,241	171,863,257	-	-	181,560,241	171,863,257
<b>Net Position, End of Year</b>	<b>\$193,297,305</b>	<b>\$ 181,560,241</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 193,297,305</b>	<b>\$ 181,560,241</b>

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Governmental activities increased the City's net position by \$11.7 million, thereby accounting for 100.0% of the total growth in the net position of the City. Key elements of this net increase are as follows:

- Sales Tax revenue increased by \$4.9 million, or 17.4%, during the year primarily due to sales tax collections from new retail centers and out-of-City vendors. General sales tax collections for all other retailers throughout the City have increased over \$2.7 million compared to 2011, while new retail centers collected and remitted \$2.2 million. Sale tax revenues were also affected by the restatement of collections from prior years. For additional information regarding this restatement please see Note 11 – Prior Period Adjustment in the Notes to the Financial Statements section of this report.
- Capital Grants and Contributions revenue increased by \$1.2 million, or 18.3%, during the year. The variance is a result of increased federal and local grant awards for open space and capital improvement projects related to the construction of the Arapahoe Road - Holly to Krameria project (CDOT), Signal Master System project (EECBG), Weather Station project (CDOT), and the Signal Communication Improvements projects (DRCOG).
- General Government expenditures increased \$2.5 million, or 29.0%, during the year. This increase is primarily attributable to expenditures related to incentive payments made for agreements associated with Centennial Promenade, The Streets at SouthGlenn, and IKEA.
- City Infrastructure expenditures increased \$1.9 million, or 9.3%, during the year. This net variance is partially due to an increase in salaries and benefits in 2012 as a result of 3.5 FTE positions being transferred from the Land Use Fund to the Public Works department. Additionally, amounts dedicated to the City's street rehabilitation program increased compared to the prior year.

Revenue attributable to Business-type activities increased \$0.4 million, or 12.8%, compared to the prior year. This variance is due to an increase in revenues related to building permit fees and building plan review fees compared to the prior year. More specifically, the City experienced an increase in new residential and miscellaneous building permits during 2012.

#### **IV. Fund Financial Statement Analysis**

As noted earlier, the City uses fund accounting to segregate resources for the purpose of carrying on a specific activity or attaining certain objectives in accordance with regulations, restrictions, or other limitations on the use of the funds.

##### **Revenues**

###### **General Fund**

- Overall, General Fund revenues increased \$6.7 million, or 12.4%, in 2012 compared to 2011.

- 
- Sales Tax revenue increased by \$4.9 million, or 17.4%, during the year primarily due to sales tax collections from new retail centers and out-of-City vendors. General sales tax collections for all other retailers throughout the City have increased over \$2.7 million compared to 2011, while new retail centers collected and remitted \$2.2 million.
  - Building Materials Use Tax revenues increased \$0.3 million, or 19.4%, compared to 2011. The variance in use tax collections is primarily due to an increase in the number of permits issued for, and total valuations on, residential projects and miscellaneous permits. This increase is partially offset by a reduction in the number of permits issued for, and total valuations on, commercial projects. Typically, total valuations on commercial projects have been higher than total valuations on residential projects; however, the opposite was true during 2012.
  - Property Tax revenues decreased by \$0.3 million, or 3.7%, compared to 2011. The decrease in property tax collections is primarily due to a 5.5% reduction in overall assessed property valuations compared to the prior year, partially offset by fewer abatements processed for the current and prior years. The overall decrease in valuations is primarily due to a reduction in the values for vacant, residential and commercial properties as a consequence of adverse economic conditions.
  - Auto Use Tax revenues increased \$0.3 million, or 8.8%, compared to 2011. This increase is a result of an increase in automobile sales occurring locally and at the state and national levels. New vehicle registrations increased 21.9% in Colorado during 2012 when compared to 2011.
  - Unrestricted Franchise Fees decreased \$0.1 million, or 2.2%, compared to 2011. This decrease is primarily due to a reduction in gas franchise fees of 12.6% compared to 2011, and this is likely the result of average natural gas costs being 37.0% lower in 2012 compared to 2011. Natural gas costs reflect Xcel Energy's cost to purchase the natural gas commodity, as determined by prevailing market prices.
  - Highway Users Tax Fund (HUTF) revenues increased \$0.2 million, or 5.0%, compared to 2011. This variance is a result of an increase in the City's monthly HUTF distribution ratio from the State of Colorado. While the total amount available for distribution to all municipalities remained virtually unchanged compared to the prior year, the City's monthly distribution ratio increased approximately 5.0% in 2012 compared to 2011.
  - Investment Income increased \$0.1 million, or more than 100.0%, compared to 2011. This variance is attributable to the implementation of the City's new investment policy and investment strategy. This investment strategy takes into account the City's investment objectives of Safety, Liquidity, Yield, and Diversification.

#### Open Space Fund

The primary source of revenues for the Open Space Fund is from a county-wide ¼ cent sales tax to pay for the preservation of open space within Arapahoe County. Open Space Fund revenues decreased \$0.5 million, or 16.2%, compared to 2011. This decrease is due to lower grant revenue collections compared to the prior year. While the City has entered into several Open Space grant agreements, the receipt of funds from these grants varies from year to year based upon the terms and conditions of the grant agreements.

#### Conservation Trust Fund

The primary source of revenues for the Conservation Trust Fund is from lottery proceeds from the State of Colorado. During 2012, lottery ticket revenue increased 13.4% in comparison to the prior year, thus resulting in a higher distribution to the City's Conservation Trust Fund.

#### Capital Improvement Fund

Capital Improvement Fund revenues increased \$0.2 million, or 15.8%, in 2012 compared to 2011. This increase is due to the receipt of grant revenue for the Arapahoe Road - Holly to Krameria project (CDOT), Signal Master System project (EECBG), Weather Station project (CDOT), and the Signal Communication Improvements projects (DRCOG) received during 2012.

#### Centennial Urban Redevelopment Authority Fund

Centennial Urban Redevelopment Authority Fund revenues increased \$1.1 million, or 22.8%, in 2012 compared to 2011. This increase is primarily due to higher property and sales tax collections as a result of higher assessed property valuations and improved retail conditions at The Streets at SouthGlenn. Assessed property valuations increased \$4,054,360 or 12.3% compared to the prior year. Additionally, the Authority received construction funds for the installation of a new traffic signal at the intersection of Arapahoe Road and Vine Street, which were not received in 2011.

### **Expenditures**

#### General Fund

- General Fund expenditures and transfers increased \$12.9 million, or 27.3%, in 2012 compared to 2011.
- General Government expenditures increased \$2.5 million, or 29.6%, compared to 2011. This increase is primarily attributable to Nondepartmental expenditures related to incentive payments made for agreements associated with Centennial Promenade, The Streets at SouthGlenn and IKEA.
- Finance and Administration expenditures increased \$0.4 million, or 11.9%, compared to 2011. The variance is primarily due to an increase in expenditures related to sales tax audit and collection services in 2012. Additionally, Support Services expenditures increased as a result of the purchase of computer equipment and software, as well as an increase in utility charges related to the opening and maintenance of Centennial Center Park.

- City infrastructure expenditures increased \$0.5 million, or 4.1%, compared to 2011. This variance is primarily due to an increase in salaries and benefits in 2012 as a result of 3.5 FTE positions being transferred from the Land Use Fund to the Public Works department in the General Fund. This net increase is offset by a decrease in expenditures related to snow removal materials and public works administration costs during 2012.
- Transfers from the General Fund to the Capital Improvement Fund increased \$10.2 million compared to 2011. This increase is due to a higher transfer to the Capital Improvement Fund for projects associated with new street construction, street rehabilitation, land improvements, and building maintenance and improvements. More specifically, funding was provided for the following projects: Peakview/Peoria roundabout, Citywide street surface treatments and concrete replacement, traffic system upgrades, weather station installations, public works facility purchase.

#### Open Space Fund

Open Space Fund expenditures decreased \$5.1 million, or 81.0%, compared to 2011. During 2011, Open Space funds were utilized for the purchase of the USPS land, construction of Centennial Center Park, open space maintenance and enhancements, and legal services. Open Space funds in 2012 were utilized for trail construction and park maintenance and enhancements.

#### Conservation Trust Fund

Conservation Trust Fund expenditures decreased \$3.2 million, or 93.8%, compared to 2011. This decrease is due to the construction of Centennial Center Park, which was completed in 2011. These decreased expenditures are offset by an increase in park maintenance costs in 2012.

#### Capital Improvement Fund

Capital Improvement Fund expenditures increased \$5.9 million, or 96.1%, compared to 2011. During 2011, funds were utilized primarily for rehabilitation purposes, with additional expenditures for management of related rehabilitation and construction projects (\$6.2 million). However, in 2012 funds were utilized for the construction of the Peakview/Peoria roundabout, City-wide street resurface treatments and concrete replacements (\$8.6 million), upgrades to the City's signal master system (\$0.6 million), and the purchase of a new public works facility (\$2.8 million).

#### Centennial Urban Redevelopment Authority Fund

Centennial Urban Redevelopment Authority Fund Expenditures were \$1.1 million, or 21.7%, more in 2012 than in the prior year. This increase is a result of higher property tax and sales tax pass-thru payments by the Authority to the Southglenn Metropolitan District due to higher property and sales tax collections for The Streets at SouthGlenn. Additionally, construction service costs increased over 2011 due to the construction of a new traffic signal at Arapahoe Road and Vine Street.

### **Fund Balance**

The net change in the General Fund fund balance was an increase of \$0.1 million, increasing the fund balance to \$29,651,887. As of December 31, 2012, the General Fund fund balance as a percentage of 2012 expenditures and transfers out was 49.4%, which was in compliance with the City's minimum fund balance policy of 25% of expenditures and transfers out.

Economic peaks and planned savings allow the City the opportunity to increase fund balance; strong financial planning in turn, provides financial flexibility during economic downturns. Since incorporation, the City has increased the General Fund fund balance each year, with the exception of 2006 where a significant amount was transferred to the Capital Improvement Fund for capital projects.

The net change in the Open Space Fund fund balance was an increase of \$1.2 million, or 97.0% of 2012 expenditures. This increase in fund balance is the result of minimal expenditure activity in the fund during the year and will allow funding in future years for planned projects.

The net change in the Conservation Trust Fund fund balance was an increase of \$0.3 million, or more than 100.0% of expenditures in 2012. This increase in fund balance is the result of minimal expenditure activity in the fund during the year and will allow funding in future years for planned projects.

The net change in the Capital Improvement Fund fund balance was an increase of \$4.5 million, or more than 100.0%. The increase in fund balance is primarily due to projects in progress at the end of the year for which funding was provided from the General Fund during 2012; these projects are expected to be completed during 2013.

### **General Fund Budgetary Highlights**

In total, the City's General Fund revenues for 2012 were \$1.4 million, or 2.4%, favorable to the amended budget, while total General Fund expenditures and transfers were \$2.2 million, or 3.5% favorable to the amended budget. During 2012, City Council revised the City's budget for various reasons; the primary reasons are described below.

- Budgeted retail Sales Tax revenues were increased by \$6.9 million primarily as a result of one-time sales tax audit receipts and an increase in the City's sales tax base.
- Budgeted Highway Users Tax Fund revenues were increased by \$0.8 million due to an increase in the City's monthly distribution ratio from the State of Colorado.
- Budgeted Automobile Use Tax revenues were increased by \$0.2 million due to automobile sales and registrations outperforming estimates made during the budget process.

- The General Fund expenditure budget, including transfers, was increased by \$10.0 million, or 19.2%. This increase is the net effect of higher transfers to the Capital Improvement Fund (\$10.5 million) for additional funding towards the City's street rehabilitation program, offset by a decrease in expenditures related to City Management and Public Safety (\$0.5 million).
- During 2012 certain amounts were budgeted for various projects that were not completed during the year. As a result, budgets were reappropriated, or carried over, to 2013 in order to complete these projects.

### **Economic Factors and Next Year's Budget**

The 2013 Budget was developed to provide desired City services at the maximum level possible while maintaining financially responsible practices. While the City has been fortunate to be somewhat resilient to the impact of the downturn in the overall market in prior years, the City remains cautious about the local economy over the next several years. The 2013 and future budgets will respond to the challenge of balancing the on-going maintenance of infrastructure with the community's standards of excellence in public works, public safety, quality of life, and the increasing demands for services and facilities.

The City's budget is the long-range plan by which financial policy is implemented and controlled. City Council's goals, City-wide objectives, ordinances and resolutions provide policy direction that respond to the needs and desires of the community. The City's budget process is a continuous cycle that begins with City Council's strategic vision and planning, continues through the planning and development stages of the budget, and finishes with the final adoption of the budget by Council in November/December.

The total budget for 2013 is \$70,233,416. The total City budget is comprised of the funds listed below. Department directors prepared their 2013 budgets with a zero percent (0%) increase in expenditures over the adopted 2012 budget, excluding increases for salaries, health care costs, and other types of expenditures beyond the control of the City (e.g. gas, asphalt, concrete, and other materials). Increases were also permitted for certain contractual obligations of the City, such as increases required by service providers. The zero percent (0%) increase over the 2012 Adopted Budget has made it more challenging for department directors to absorb cost increases while providing the same high level of service.

The 2013 Adopted Budget includes health care cost increases of 12% and 8% for health and dental insurance costs, respectively, based on the projected national average. These changes represent a decrease from the 2012 Adopted Budget.

### **General Fund**

The General Fund budget for 2013 is \$48,908,869, excluding fund transfers. The 2013 General Fund budget represents a 2.6% increase from the Adopted 2012 budget. This increase is primarily due to the City's contractual obligations for public works services and revenue sharing

agreements as a result of retail developments. These agreements require the City to share sales and/or use tax revenues for public and public related improvements, based upon corresponding sales, use and/or property tax receipts by the City. Without the increases for these contractual obligations, the Adopted 2013 General Fund budget would have remained relatively (less than 1% change) consistent with the 2012 Adopted Budget.

#### Land Use Fund

The Land Use Fund budget for 2013 is \$2,528,238, a decrease of 3.4% compared to the 2012 Adopted Budget. This decrease is primarily due to a reduction in personnel services as a result of the City's reorganization. The decrease is offset by an increase in additional funds included for professional engineering services. These additional funds will be used to reimburse the General Fund for staff time spent on Land Use projects as well as contracted services.

#### Capital Improvement Fund

The Capital Improvement Fund budget for 2013 is \$8,368,000, an increase of 80.1% from the Adopted 2012 Budget. This increase is due to several new projects and an increase in funding for the City's street rehabilitation program. The 2013 budget also includes additional funding for recurring programs such as the Neighborhood Traffic Management Survey & Design program and Signal Communication Improvements.

#### Open Space Fund

The Open Space Fund budget for 2013 is \$2,185,000, a decrease of 12.9% compared to the 2012 Adopted Budget. This variance is primarily due to the decrease in funding for park, trail, and open space maintenance. This decrease is partially offset by the additional funding included for several one-time projects, including City-wide Neighborhood Park Improvements.

#### Conservation Trust Fund

The Conservation Trust Fund budget for 2013 is \$1,385,500, an increase of more than 100.0% from the 2012 Adopted Budget. This increase is the result of additional funding for projects, including Potomac Site Improvements and City-wide Regional Park Improvements. Additional funding was also included for park maintenance.

#### Centennial Urban Redevelopment Authority Fund

The Centennial Urban Redevelopment Authority Fund budget for 2013 is \$6,353,998, an increase of 9.7% from the Adopted 2012 Budget. The 2013 budget includes an increase in funding from the 2012 Adopted Budget primarily as a result of contractual obligations of the Authority to collect and distribute sales and property tax above the base amount specified in the Amended and Final Sales Tax Base Certificate of the Amended Public Finance Agreement (PFA). Revenue amounts above the base, as specified in the PFA, are to be passed through to the Southglenn Metropolitan District.

General Improvement District Fund

The General Improvement District Fund budgets for 2013 are collectively \$503,811, an increase of 0.8% from the Adopted 2012 Budget. The City has four General Improvement Districts, or GIDs, including Walnut Hills, Foxridge, Cherry Park, and Antelope, each with a corresponding budgetary fund and dedicated revenue stream.

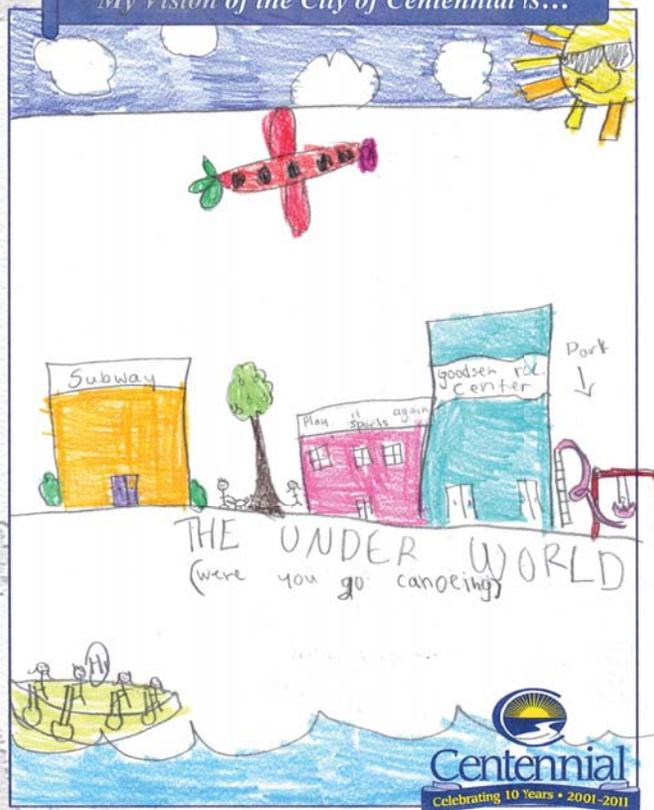
**V. Requests for Information**

This financial report is designed to provide a general overview of the City's finances. Questions concerning the information provided in this report or other financial information should be addressed to Finance Department, City of Centennial, 13133 East Arapahoe Road, Centennial, Colorado 80112, or via telephone at (303)325-8000.



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My Vision of the City of Centennial is...



BASIC FINANCIAL STATEMENTS

THE UNDER WORLD  
(were you go canoeing)

BASIC FINANCIAL STATEMENTS

COLORING CONTEST FINALIST  
LITTLETON PUBLIC SCHOOLS  
HIGHLAND ELEMENTARY  
ELIZA I.





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**CITY OF CENTENNIAL, COLORADO**  
**STATEMENT OF NET POSITION**  
**December 31, 2012**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business -Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 45,595,350	\$ 161,208	\$ 45,756,558
Taxes receivable	18,601,169	-	18,601,169
Other receivables	848,211	-	848,211
Intergovernmental receivables	1,730,889	-	1,730,889
Prepaid expenses	4,009	9,365	13,374
Bond issuance costs, net of accumulated amortization	68,005	-	68,005
Capital assets, not being depreciated	93,003,526	-	93,003,526
Capital assets, net of accumulated depreciation	57,530,441	31,891	57,562,332
Total assets	<u>217,381,600</u>	<u>202,464</u>	<u>217,584,064</u>
<b>LIABILITIES</b>			
Accounts payable	4,506,806	160,387	4,667,193
Accrued liabilities	77,250	7,183	84,433
Other liabilities	345,561	-	345,561
Accrued interest payable	11,226	-	11,226
Developer contributions and escrow deposits	2,033,458	-	2,033,458
Unearned revenue:			
Property tax	13,747,634	-	13,747,634
Other	118,400	34,894	153,294
Cash in lieu of land	414,079	-	414,079
Non-current liabilities			
Due within one year	79,114	-	79,114
Due in more than one year	2,750,767	-	2,750,767
Total liabilities	<u>24,084,295</u>	<u>202,464</u>	<u>24,286,759</u>
<b>NET POSITION</b>			
Net investment in capital assets	150,533,967	31,891	150,565,858
Restricted for:			
Emergency reserves	1,772,541	94,106	1,866,647
Parks and open space	6,203,522	-	6,203,522
Community Events	12,500	-	12,500
District Infrastructure	757,040	-	757,040
Urban Redevelopment	434,747	-	434,747
Unrestricted	33,582,988	(125,997)	33,456,991
Total net position	<u>\$ 193,297,305</u>	<u>\$ -</u>	<u>\$ 193,297,305</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**CITY OF CENTENNIAL, COLORADO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities:				
General government	\$ 10,953,335	\$ 245,346	\$ -	\$ -
Community services	21,736,983	2,095,843	-	-
City infrastructure	22,482,835	387,630	5,354,851	5,489,357
Culture and recreation	736,800	-	-	2,382,758
Urban redevelopment	5,843,043	-	-	-
Interest on long-term debt	137,299	-	-	-
Total governmental activities	<u>61,890,295</u>	<u>2,728,819</u>	<u>5,354,851</u>	<u>7,872,115</u>
Business-type activities:				
Land use	3,136,858	3,209,520	-	-
Total primary government	<u>\$ 65,027,153</u>	<u>\$ 5,938,339</u>	<u>\$ 5,354,851</u>	<u>\$ 7,872,115</u>

General revenues:  
 Sales tax  
 Use tax  
 Property tax  
 Auto use tax  
 Other taxes  
 Unrestricted franchise fees  
 Investment income  
 Intergovernmental revenues not  
 restricted to specific programs  
 Miscellaneous  
 Transfers  
 Total general revenues and transfers  
 Change in net position  
 Net Position - Beginning (Restated)  
 Net Position - Ending

These financial statements should be read only in connection with  
 the accompanying notes to financial statements.

**Net (Expense) Revenue and  
Change in Net Position**

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (10,707,989)	\$ -	\$ (10,707,989)
(19,641,140)	-	(19,641,140)
(11,250,997)	-	(11,250,997)
1,645,958	-	1,645,958
(5,843,043)	-	(5,843,043)
(137,299)	-	(137,299)
<u>(45,934,510)</u>	<u>-</u>	<u>(45,934,510)</u>
-	72,662	72,662
<u>(45,934,510)</u>	<u>72,662</u>	<u>(45,861,848)</u>
32,782,443	-	32,782,443
2,003,344	-	2,003,344
13,301,715	-	13,301,715
3,458,033	-	3,458,033
539,677	-	539,677
4,646,174	-	4,646,174
146,534	-	146,534
267,307	-	267,307
453,685	-	453,685
72,662	(72,662)	-
<u>57,671,574</u>	<u>(72,662)</u>	<u>57,598,912</u>
11,737,064	-	11,737,064
181,560,241	-	181,560,241
<u>\$ 193,297,305</u>	<u>\$ -</u>	<u>\$ 193,297,305</u>

**CITY OF CENTENNIAL, COLORADO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2012**

	<b>General Fund</b>	<b>Open Space Fund</b>	<b>Conservation Trust Fund</b>
<b>ASSETS</b>			
Cash and investments	\$ 29,851,544	\$ 4,963,696	\$ 1,802,923
Taxes receivable	12,836,230	-	-
Other receivables	771,195	-	-
Intergovernmental receivables	453,896	928,850	1,585
Prepaid items	4,009	-	-
Total assets	<u>43,916,874</u>	<u>5,892,546</u>	<u>1,804,508</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	3,292,487	312,474	173,861
Accrued liabilities	77,250	-	-
Other liabilities	345,561	-	-
Developer contributions and deposits	2,033,458	-	-
Deferred revenue:			
Property tax	7,983,752	-	-
Other	118,400	919,850	-
Cash in lieu of land	414,079	-	-
Total liabilities	<u>14,264,987</u>	<u>1,232,324</u>	<u>173,861</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	4,009	-	-
Restricted for:			
Emergency reserves	1,358,802	71,029	16,318
Parks and Open Space	-	4,589,193	1,614,329
Community Events	12,500	-	-
District Infrastructure	-	-	-
Urban Redevelopment	-	-	-
Assigned to:			
City infrastructure	-	-	-
Unassigned	28,276,576	-	-
Total fund balances	<u>29,651,887</u>	<u>4,660,222</u>	<u>1,630,647</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 43,916,874</u>	<u>\$ 5,892,546</u>	<u>\$ 1,804,508</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

<b>Centennial Urban Redevelopment Authority Fund</b>	<b>Capital Improvement Fund</b>	<b>Non-major General Improvement District Funds</b>	<b>Total Governmental Funds</b>
\$ 382,613	\$ 7,799,465	\$ 795,109	\$ 45,595,350
5,405,788	-	359,151	18,601,169
77,016	-	-	848,211
108,010	238,548	-	1,730,889
-	-	-	4,009
<u>5,973,427</u>	<u>8,038,013</u>	<u>1,154,260</u>	<u>66,779,628</u>
132,892	567,612	27,480	4,506,806
-	-	-	77,250
-	-	-	345,561
-	-	-	2,033,458
5,405,788	-	358,094	13,747,634
-	28,490	-	1,066,740
-	-	-	414,079
<u>5,538,680</u>	<u>596,102</u>	<u>385,574</u>	<u>22,191,528</u>
-	-	-	4,009
-	314,746	11,646	1,772,541
-	-	-	6,203,522
-	-	-	12,500
-	-	757,040	757,040
434,747	-	-	434,747
-	7,127,165	-	7,127,165
-	-	-	28,276,576
<u>434,747</u>	<u>7,441,911</u>	<u>768,686</u>	<u>44,588,100</u>
<u>\$ 5,973,427</u>	<u>\$ 8,038,013</u>	<u>\$ 1,154,260</u>	<u>\$ 66,779,628</u>



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**CITY OF CENTENNIAL, COLORADO  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
December 31, 2012**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$	44,588,100
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$	211,019,836
Less accumulated depreciation		<u>(60,485,869)</u>
		150,533,967
Revenues in the statement of activities that do not provide current financial resources are deferred in the funds.		
	\$	<u>948,340</u>
		948,340
Long-term liabilities, including bonds payable net of bond issuance costs, accrued interest payable, and accrued compensated absences are not due and payable in the current year and, therefore, are not reported in governmental funds.		
Bonds payable	\$	(2,730,000)
Bond issuance costs		68,005
Accrued interest payable		(11,226)
Accrued compensated absences		<u>(99,881)</u>
		(2,773,102)
Total net position of governmental activities		<u><u>\$ 193,297,305</u></u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**CITY OF CENTENNIAL, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2012**

	<b>General Fund</b>	<b>Open Space Fund</b>	<b>Conservation Trust Fund</b>
<b>REVENUES</b>			
Taxes	\$ 45,976,078	-	\$ -
Intergovernmental	6,325,479	2,338,100	540,758
Charges for services	2,677,253	-	-
Franchise fees	4,646,174	-	-
Investment income	132,102	9,436	3,168
Miscellaneous	396,023	20,103	-
<b>Total revenues</b>	<b>60,153,109</b>	<b>2,367,639</b>	<b>543,926</b>
<b>EXPENDITURES</b>			
Current			
General government	10,929,433	-	-
Community services	21,736,983	-	-
City infrastructure	12,436,133	-	-
Culture and recreation	-	575,421	161,379
Urban redevelopment	-	-	-
Capital outlay	54,429	626,396	50,724
Debt service			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>45,156,978</b>	<b>1,201,817</b>	<b>212,103</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>14,996,131</b>	<b>1,165,822</b>	<b>331,823</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	72,662	-	-
Transfers out	(14,931,665)	-	-
<b>Total other financing sources (uses)</b>	<b>(14,859,003)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>137,128</b>	<b>1,165,822</b>	<b>331,823</b>
<b>FUND BALANCE - BEGINNING OF YEAR (RESTATED)</b>	<b>29,514,759</b>	<b>3,494,400</b>	<b>1,298,824</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 29,651,887</b>	<b>\$ 4,660,222</b>	<b>\$ 1,630,647</b>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

<b>Centennial Urban Redevelopment Authority Fund</b>	<b>Capital Improvement Fund</b>	<b>Non-major General Improvement District Funds</b>	<b>Total Governmental Funds</b>
\$ 5,831,110	\$ -	\$ 278,024	\$ 52,085,212
242,000	1,583,745	-	11,030,082
-	51,566	-	2,728,819
-	-	-	4,646,174
-	-	1,828	146,534
37,361	-	198	453,685
<u>6,110,471</u>	<u>1,635,311</u>	<u>280,050</u>	<u>71,090,506</u>
-	-	-	10,929,433
-	-	-	21,736,983
-	5,894,883	134,974	18,465,990
-	-	-	736,800
5,843,043	-	-	5,843,043
242,000	6,152,493	-	7,126,042
-	-	65,000	65,000
-	-	137,521	137,521
<u>6,085,043</u>	<u>12,047,376</u>	<u>337,495</u>	<u>65,040,812</u>
25,428	(10,412,065)	(57,445)	6,049,694
-	14,931,665	-	15,004,327
-	-	-	(14,931,665)
<u>-</u>	<u>14,931,665</u>	<u>-</u>	<u>72,662</u>
25,428	4,519,600	(57,445)	6,122,356
<u>409,319</u>	<u>2,922,311</u>	<u>826,131</u>	<u>38,465,744</u>
<u>\$ 434,747</u>	<u>\$ 7,441,911</u>	<u>\$ 768,686</u>	<u>\$ 44,588,100</u>



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**CITY OF CENTENNIAL, COLORADO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2012**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balance - total governmental funds	\$	6,122,356
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is depreciated over their estimated useful lives.

Expenditures for capital outlay	\$	7,121,921	
Capital Contributions		2,877,011	
Less current year depreciation		<u>(4,057,083)</u>	5,941,849

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the Statement of Activities. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Principal payments on bonds payable	\$	65,000	
Amortization of bond issuance costs		<u>(2,957)</u>	62,043

Certain revenues will not be collected for several months after the City's fiscal year end; these revenues are not considered available resources and are deferred in the governmental funds.	\$	<u>(412,820)</u>	(412,820)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued compensated absences	\$	23,414	
Change in accrued interest payable		<u>222</u>	23,636

Change in net position of governmental activities	\$	<u><u>11,737,064</u></u>
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These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**CITY OF CENTENNIAL, COLORADO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**December 31, 2012**

	<b>Business-Type Activities</b>
	<b>Land Use</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 161,208
Prepaid expenses	9,365
Total current assets	170,573
Noncurrent assets:	
Equipment, net of accumulated depreciation	31,891
Total noncurrent assets	31,891
Total assets	202,464
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	160,387
Accrued liabilities	7,183
Unearned revenue	34,894
Total liabilities	202,464
<b>NET POSTION</b>	
Net investment in capital assets	31,891
Restricted for:	
Emergency reserves	94,106
Unrestricted	(125,997)
Total net position	\$ -

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**CITY OF CENTENNIAL, COLORADO**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**For the Year Ended December 31, 2012**

	<b>Business-Type Activities</b>
	<b>Land Use</b>
<b>OPERATING REVENUE</b>	
Building permits, licenses and fees	\$ 2,511,260
Contractor's licenses and bus shelter fees	325,585
Land use permits and other income	372,675
Total operating revenue	3,209,520
<b>OPERATING EXPENSES</b>	
Personnel services	728,994
Contracted services	2,133,938
Services & supplies	250,273
Depreciation expense	23,653
Total operating expenses	3,136,858
<b>OPERATING INCOME BEFORE TRANSFERS</b>	72,662
Transfers Out	(72,662)
<b>CHANGE IN NET POSITION</b>	-
<b>NET POSITION - BEGINNING OF YEAR</b>	-
<b>NET POSITION - END OF YEAR</b>	\$ -

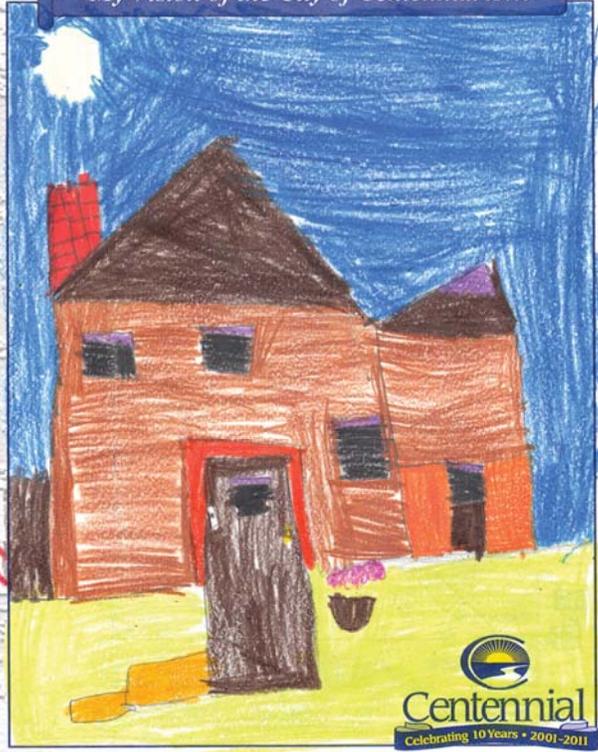
These financial statements should be read only in connection with  
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**CITY OF CENTENNIAL, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Year Ended December 31, 2012**

	<b>Business-Type Activities</b>
	<b>Land Use</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 3,247,288
Cash paid to employees	(728,994)
Cash paid to vendors	(2,350,064)
Net cash provided by operating activities	168,230
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer out	(72,662)
Net cash used by non-capital financing activities	(72,662)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(15,890)
Net cash used by capital and related financing activities	(15,890)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	79,678
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	81,530
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 161,208
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 72,662
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	23,653
Decrease in accounts receivable	245
Decrease in intergovernmental receivable	13,557
Increase in prepaid expenses	(6,963)
Increase in accounts payable	33,927
Increase in unearned revenue	23,966
Net adjustments	95,568
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 168,230

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

My Vision of the City of Centennial is...



## NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE  
FINANCIAL STATEMENTS

COLORING CONTEST FINALIST  
LITTLETON PUBLIC SCHOOLS  
PEABODY ELEMENTARY  
ELLIE G.





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**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

The City of Centennial, Colorado (the “City”) is located in the southern region of the Denver Metropolitan area, was incorporated on September 12, 2000, and elected its first officials on February 6, 2001. On June 17, 2008, the citizens voted to become a Home Rule City, as authorized by Article 20 of the Colorado State Constitution. The City operates under a Council/ Manager form of government with City Council consisting of a citywide elected mayor and eight council members where 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 liquor licenses. City citizens receive fire protection, libraries, park and recreation services, schools, water and utilities through special districts.

The financial reporting entity consists of the City, organizations for which the City is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the City. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the City. In addition, any legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on, the City.

Based on the application of these criteria, the following component units are included in the City’s reporting entity because of the significance of their operational or financial relationship with the City.

*General Improvement Districts*

During 2002, Arapahoe County transferred governing responsibility and accountability of three General Improvement Districts (GIDs) to the City. The transferred GIDs include Foxridge General Improvement District, Cherry Park General Improvement District, and Walnut Hills General Improvement District. During 2004, Antelope General Improvement District was created for the purpose of acquiring, contracting, installing and providing a water system of underground water pipelines to furnish water service within the district. The GIDs are legally separate from the City; members of the City Council, including the Mayor, are the board members of the Districts, with each member serving terms commensurate with their term as Mayor or member of City Council. For financial reporting purposes, the GIDs are reported in the City’s financial statements as blended component units in a single fund. Separate financial statements for the GIDs are not prepared.

*Centennial Urban Redevelopment Authority*

The Centennial Urban Redevelopment Authority (CURA) was established in 2005 pursuant to Part 1 of Article 25 of Title 31, Colorado Revised Statutes (the “Urban Renewal Law”) which provides for the creation and operation of an urban renewal authority to function in the City. The purpose of CURA is to develop, redevelop or rehabilitate the blighted area within the Southglenn Mall Redevelopment area. The Authority is a separate legal entity from the City; members of the City Council, including the Mayor, are the commissioners of the Authority, with each member serving terms commensurate with their term as Mayor or member of City Council. For financial reporting purposes, the Authority is reported as a blended component unit in the City’s financial statements. Separate financial statements for the Authority are not prepared.

**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 1 – DEFINITION OF REPORTING ENTITY (CONTINUED)**

Certain services are provided to residents of the City by the following entities, which are not component units of the City.

*Water and Sanitation* services are provided by Southeast Englewood Water District, South Englewood Sanitation District, Southeast Metro Storm Water Authority, Willows Water District, South Arapahoe Sanitation District, Arapahoe Estates Water District, Southgate Water and Sanitation District, Arapahoe County Water and Wastewater Authority, East Cherry Creek Valley Water and Sanitation District, Havana Water District, Castlewood Water and Sanitation District, Denver Water, and East Valley Water and Sanitation District.

*Fire protection* services are provided by Littleton Fire Protection District, South Metro-Parker Fire District (merged during 2008), and Cunningham Fire Protection District.

*Parks and recreation* services are provided by South Suburban Parks and Recreation District, Arapahoe Park and Recreation District, and the Arapahoe Recreation District.

*Library* services are provided by the Arapahoe Library District.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City's basic financial statements consist of government-wide statements including a Statement of Net Position and a Statement of Activities, and fund financial statements that provide a more detailed level of financial information. The following summary of significant accounting policies is presented to assist the reader in evaluating the City's financial statements.

**Government-wide and Fund Financial Statements**

Government-wide Financial Statements

The City's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These financial statements include all of the activities of the City's primary government and its blended component units in the governmental activities column; business-type activities are included in a separate column. The effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. Both statements distinguish between governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support. The government-wide focus relates to the sustainability of the City as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-wide and Fund Financial Statements (continued)**

Government-wide Financial Statements (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each function or segment of the City is funded from the general revenues of the City.

Fund Financial Statements

All financial transactions of the City are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated in one column as Non-major Funds.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Government-wide and Proprietary Fund Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. For example, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities. Contributed infrastructure assets are recorded as capital contributions when received.

Governmental Fund Financial Statements

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are taxes, intergovernmental revenues, franchise fees, and investment income. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures, other than interest on long-term obligations, are recorded when the fund liability is incurred or the long-term obligation is paid. Principal and interest on long-term debt are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Compensated absences are recorded only when payment is due.

**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Governmental Fund Financial Statements (continued)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues consist of charges to customers for service provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Open Space Fund** accounts for funds received from Arapahoe County restricted for the acquisition, development, and maintenance of open space projects.

The **Conservation Trust Fund** accounts for lottery funds received from the State of Colorado restricted for parks and open space.

The **Centennial Urban Redevelopment Authority Fund** accounts for funds received and payments made pursuant to the Public Finance Agreement concerning the Streets at SouthGlenn redevelopment.

The **Capital Improvement Fund** accounts for resources used for the acquisition, construction, and improvements of infrastructure. Revenues for this fund are primarily derived from the City's General Fund.

The City reports the following proprietary fund:

The **Land Use Fund** accounts for City building and land use operations financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges. The Land Use Fund accounts for the fees and other revenues collected for services provided by the Planning and Development Department.

**Assets, Liabilities, and Net Position/Fund Balance**

Cash and investments

The City's cash and cash equivalents include amounts that are readily convertible to cash and are not subject to significant risk from changes in interest rates. Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value.

**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Position/Fund Balance (continued)**

The City follows the practice of pooling cash of most funds to maximize daily investment earnings. Except when required by trust or other agreements, all cash is deposited to, and disbursed from, applicable fund operating accounts. Cash in excess of immediate operating requirements is swept from operating accounts to investment accounts.

Receivables

Receivables are reported net of an allowance for uncollectible accounts, where applicable.

Property taxes receivable

Property taxes attach as an enforceable lien on property on January 1 and are levied by City Council based on assessed valuations determined by the County Assessor each year. The levy is set annually by December 15, by certification to the County Commissioners. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April, or if in equal installments at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November. The County Treasurer remits the taxes collected monthly to the City.

Property taxes levied for the previous year, but collected in the subsequent year, are recorded in the governmental funds as taxes receivable and deferred revenue in the year there is an enforceable lien and the amount is measurable. Amounts deferred are subsequently recorded as revenue in the year they are available or collected.

Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/items in both government-wide and fund financial statements using the consumption method.

Capital assets

Capital assets, which include property, plant, equipment, and all infrastructure assets owned by the City (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund in the fund financial statements. Purchases or construction of capital assets are recorded as expenditures in the governmental funds. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and a useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if the actual historical cost is not available. Donated capital assets are recorded at estimated fair value at the date of donation. Contributed infrastructure by developers or other governmental entities is recorded as capital contributions and additions to the systems at fair value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Position/Fund Balance (continued)**

Capital assets are depreciated using the straight-line method of depreciation over the estimated economic useful lives as follows:

Buildings	50 Years
Machinery and equipment	3 - 5 Years
Infrastructure:	
Bridges	50 Years
Storm drainage system	75 Years
Streets and sidewalks	20 Years
Signals	10 Years
Signs	20 Years

Deferred revenue

Deferred revenue includes grants and contributions that have been collected, but corresponding expenditures have not been incurred, and fees or deposits collected but not earned. Property taxes earned, but levied for a subsequent year, are also deferred. In addition, grants not available as current financial resources are reported as deferred revenue in the governmental fund financial statements.

Compensated absences

The City's compensated absences policy allows employees to accumulate earned but unused paid time off (PTO) benefits of at least 3.08 hours per pay period depending on length of service and employment status (an increase in PTO hours occurs when an employee reaches 4 years of service and again at 7 years of service; part-time employees earn PTO at a different rate than full-time employees). Employees may carry over PTO hours equivalent to the annual accrual for the employee during the immediately preceding year. Such carry-over leave must be used within the year into which it is carried over. PTO hours accrued above the carry-over amount during the preceding calendar year, and not used by December 31, will be forfeited, and will not be paid by the City. In the event of separation from the City, an employee is paid 100% of accumulated PTO benefits.

In the governmental fund financial statements, compensated absences are recognized as current salary costs when used/incurred. In the government-wide and proprietary fund financial statements, compensated absences are reported when earned. The City's General Fund is used to liquidate compensated absences of the governmental activities.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, bond discounts and bond issuance costs in the year of issue. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the debt proceeds received, are reported as current expenditures

**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Position/Fund Balance (continued)**

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Fund balance

In the governmental fund financial statements fund balance is restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report fund balances based on financial reporting standards that establish criteria for classifying fund balances into specifically defined classifications to make the nature and extent of constraints more useful and understandable. The classifications comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances may be classified as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable Fund Balance - Nonspendable amounts are those that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash, including inventories and prepaids.
  
- Restricted Fund Balance - Restricted amounts are those that are restricted for specific purpose. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation that are legally enforceable. For example, the Fund Balances of the Open Space and Conservation Trust Funds are reported as Restricted for parks and open space, as the use of fund resources is restricted for specific uses as defined by Arapahoe County and the State of Colorado, respectively.

Fund Balances Restricted for emergency reserves constitute fiscal year spending as defined by a 1992 amendment to the State Constitution, Article X, Section 20 (TABOR), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only and, if used, to be repaid within one year. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary/fringe benefit increases. These reserves are required to be three percent (3%) or more of fiscal year spending (as defined by TABOR); these reserves are included in the Fund Balance in the category “Restricted”. The use of this reserve is restricted to the purpose for which it was established and can be used solely for declared emergencies.

Revenue limits under TABOR are determined based on prior year revenues (as defined under TABOR) adjusted for inflation and annual local growth. Revenues collected in excess of these limits must be refunded in the next fiscal year unless voters approve retention of such revenue.

**CITY OF CENTENNIAL, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Position/Fund Balance (continued)**

- Committed Fund Balance – Committed amounts are those that can only be used for specific purposes pursuant to constraints imposed by the City Council by ordinance. The committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. This classification also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned Fund Balance - Assigned amounts are those that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. City Council may assign fund balances as directed in the City’s approved Fund Balance & Reserve Policy.
- Unassigned Fund Balance - Unassigned amounts represent the remaining fund balance after amounts are set aside for other classifications.

As of December 31, 2012, the City had in place a minimum fund balance policy which states that the overall fund balance of the General Fund shall equal no less than twenty-five percent (25%) of annual expenditures, including transfers. Additionally, the City had in place a ten percent (10%) operating reserve in the General Fund totaling \$6,219,032 which is to be used for emergency purposes as designated by City Council. The City of Centennial has not established a formal policy for its use of restricted and unrestricted (committed, assigned, and unassigned) fund balance. However, if expenditures are incurred, the City uses restricted fund balance first if the expenditure meets the restricted purpose, followed by committed amounts, assigned amounts, and finally, by unassigned amounts.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 3 - CASH AND INVESTMENTS**

A summary of cash and investments at December 31, 2012, follows:

Petty Cash	\$	650
Cash Deposits		15,473,249
Investments		<u>30,282,659</u>
Total	\$	<u>45,756,558</u>

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all units of local government to deposit cash in eligible, as determined by state regulators, public depositories. Eligible public depositories must pledge eligible collateral, as determined by the PDPA, for any amounts in excess of the required FDIC insurance having a market value in excess of 102% of the aggregate uninsured public deposits. The PDPA allows the institution to create a single collateral pool for all public funds, however eligible collateral must be held in the custody of any Federal Reserve Bank or any branch thereof, or of any depository trust company which is a member of the Federal Reserve system and supervised by the State Banking Board.

**CITY OF CENTENNIAL, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2012, the City had bank deposits of \$12,598,887 collateralized with securities held by the financial institutions' agents, but not in the City's name.

**Investments**

The City is required to comply with State statutes and the City's Investment Policy which specify instruments meeting defined rating, maturity, concentration and custodial risk criteria in which local governments may invest, which include the following.

- Obligations of the United States and certain U.S. government agency securities
- Certain corporate or bank securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The City's policy is to invest funds to attain a market rate of return throughout budgetary and economic cycles while preserving and protecting capital in the overall portfolio; the primary investment goals are safety, liquidity, and maximizing yield while avoiding speculation.

At December 31, 2012, the City's investment balances were as follows:

<b>Investment</b>	<b>S&amp;P Rating</b>	<b>% of Total</b>	<b>Fair Value</b>	<b>Maturities</b>		
				<b>Less than 1 year</b>	<b>1-2 years</b>	<b>3-5 years</b>
U.S. Agency Securities	AA+	21.51%	\$ 6,514,118	\$ -	\$ 1,000,890	\$ 5,513,228
Corporate Notes	AA+	6.83%	2,069,675	1,010,485	1,059,190	-
Commercial Paper	A-1+	13.20%	3,997,580	3,997,580	-	-
Money Market Mutual Funds	AAA	0.05%	12,792	12,792	-	-
Local Government Investment Pool	AAAm	58.41%	17,688,494	17,688,494	-	-
		100.00%	\$ 30,282,659	\$ 22,709,351	\$ 2,060,080	\$ 5,513,228

*Interest Rate Risk* – The City's investment policy limits the final maturity of investments in U.S. agency securities to a maximum of five years, or as dictated by state statutes governing said investments. Likewise, investments in corporate notes cannot have a final maturity exceeding 3 years from the date of purchase.

*Credit Risk* – The City's investment policy limits investments in U. S. agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs). In the event that an agency security carries a rating lower than the highest category by any NRSRO, the security is eligible for

**CITY OF CENTENNIAL, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

**Investments (continued)**

purchase subject to any statutory limits regarding final maturity and rating as permitted by State law. Corporate notes must be rated at least AA- or the equivalent by two or more NRSROs. Commercial paper must be rated at least A-1 or the equivalent at the time of purchase by at least two NRSROs and rated not less by all NRSROs that rate the commercial paper. State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission’s Rule 2a-7, and either assets of one billion dollars or the highest rating issued by a NRSRO.

*Concentration of Credit Risk* – The City’s investment policy requires that at no time shall the aggregate investment in corporate notes, commercial paper, and banker’s acceptances exceed 50% of the City’s total investment portfolio. Furthermore, investments in corporate notes and commercial paper shall not individually exceed 25% of the City’s investment portfolio, and no more than 5% of the City’s investment portfolio may be invested in the obligations of any one issuer of corporate debt or commercial paper. Investments in U.S. agency securities shall not exceed 90% of the City’s total portfolio and no more than 30% of the portfolio can be invested in any one issuer of agency securities. As of December 31, 2012 the City held investments in the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank totaling 6%, 7%, and 6% of the total portfolio, respectively.

Local Government Investment Pools

As of December 31, 2012, the City had \$17,688,494 invested in the Colorado Local Government Liquid Asset Trust (Colotrust) and the Colorado Surplus Asset Fund Trust (CSAFE). The Trusts are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trusts. The Trusts operate in conformity with the Securities and Exchange Commission’s Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Investments of the Trusts are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian’s internal records identify the investments owned by the participating governments.

**NOTE 4 – INTERFUND TRANSFERS**

The following schedule summarizes the City’s interfund transfer activity for the year ended December 31, 2012.

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>Capital Improvement Fund</u>	<u>General Fund</u>	<u>Total</u>
General Fund	\$ 14,931,665	\$ -	\$ 14,931,665
Land Use Fund	-	72,662	72,662
	\$ 14,931,665	\$ 72,662	\$ 15,004,327

The transfer of \$14,931,665 from the General Fund to the Capital Improvement Fund was made to provide necessary funding for 2012 budgeted capital projects. The transfer from the Land Use Fund to the General Fund for \$72,662 was to return resources not used to cover the year’s expenditures.

**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 5 – CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2012 is as follows:

	<u>Balance at December 31, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2012</u>
<b><u>Governmental Activities:</u></b>				
Capital assets, not being depreciated:				
Land, easements, and rights of way	\$ 19,063,021	\$ 1,064,948	\$ -	\$ 20,127,969
Streets - subsurface	69,187,158	170,252	-	69,357,410
Construction in progress	1,741,570	1,949,661	173,084	3,518,147
Total capital assets, not being depreciated	<u>89,991,749</u>	<u>3,184,861</u>	<u>173,084</u>	<u>93,003,526</u>
Capital assets, being depreciated:				
Streets and sidewalks	59,775,617	4,571,394	-	64,347,011
Drainage	21,094,588	-	-	21,094,588
Traffic signals	6,372,819	652,475	-	7,025,294
Traffic signs	1,872,290	-	-	1,872,290
Bridges	16,492,985	-	-	16,492,985
Buildings	4,999,343	1,714,955	-	6,714,298
Comprehensive plan	89,234	-	-	89,234
Equipment	332,279	48,331	-	380,610
Total capital assets being depreciated	<u>111,029,155</u>	<u>6,987,155</u>	<u>-</u>	<u>118,016,310</u>
Less accumulated depreciation for:				
Streets and sidewalks	37,535,563	2,744,175	-	40,279,738
Drainage	8,109,720	281,259	-	8,390,979
Traffic signals	4,449,582	366,821	-	4,816,403
Traffic signs	1,290,943	110,576	-	1,401,519
Bridges	4,452,137	405,088	-	4,857,225
Buildings	360,310	99,618	-	459,928
Comprehensive plan	16,712	2,230	-	18,942
Equipment	213,819	47,316	-	261,135
Total accumulated depreciation	<u>56,428,786</u>	<u>4,057,083</u>	<u>-</u>	<u>60,485,869</u>
Total capital assets being depreciated, net	<u>54,600,369</u>	<u>2,930,072</u>	<u>-</u>	<u>57,530,441</u>
Governmental activities capital assets, net	<u>\$ 144,592,118</u>	<u>\$ 6,114,933</u>	<u>\$ 173,084</u>	<u>\$ 150,533,967</u>

**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 5 – CAPITAL ASSETS (CONTINUED)**

	<b>Balance at December 31, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at December 31, 2012</b>
<b><u>Business-type Activities:</u></b>				
Capital assets, being depreciated:				
Equipment	\$ 141,676	\$ 15,890	\$ 23,410	\$ 134,156
Total capital assets being depreciated	<u>141,676</u>	<u>15,890</u>	<u>23,410</u>	<u>134,156</u>
Less accumulated depreciation for:				
Equipment	102,022	23,653	23,410	102,265
Total accumulated depreciation	<u>102,022</u>	<u>23,653</u>	<u>23,410</u>	<u>102,265</u>
Total capital assets being depreciated, net	<u>39,654</u>	<u>(7,763)</u>	<u>-</u>	<u>31,891</u>
Business-type activities capital assets, net	<u>\$ 39,654</u>	<u>\$ (7,763)</u>	<u>\$ -</u>	<u>\$ 31,891</u>

Depreciation expense of the governmental activities was charged to the city infrastructure and general government programs in the amounts of \$4,009,767 and \$47,316, respectively.

**NOTE 6 – LONG-TERM OBLIGATIONS**

Long-term obligation transactions as of December 31, 2012 are summarized below.

	<b>Balance at December 31, 2011</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at December 31, 2012</b>	<b>Due Within One Year</b>
<b><u>Governmental Activities:</u></b>					
Bonds payable					
Antelope GID Bonds	\$ 2,795,000	\$ -	\$ 65,000	\$ 2,730,000	\$ 70,000
Total Bonds Payable	<u>2,795,000</u>	<u>-</u>	<u>65,000</u>	<u>2,730,000</u>	<u>70,000</u>
Compensated absences	123,295	207,813	231,227	99,881	9,114
Total long-term obligations	<u>\$ 2,918,295</u>	<u>\$ 207,813</u>	<u>\$ 296,227</u>	<u>\$ 2,829,881</u>	<u>\$ 79,114</u>

**General Obligation Bonds**

During September, 2005 Antelope General Improvement District issued \$3,050,000 of general obligation bonds with interest rates varying from 3.25% to 5.125% payable semi-annually on June 1 and December 1 commencing on June 1, 2006 through December, 2035. The bonds maturing on and before December 1, 2016 are subject to redemption prior to maturity at the option of the District, in whole or in part in integral multiples of \$5,000, and if in part in such order of maturities as the District may determine and by lot within a maturity, on December 1, 2015 and on any date thereafter, at a redemption price equal to the principal amount redeemed plus accrued interest to the redemption date.

**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 6 – LONG-TERM OBLIGATIONS (CONTINUED)**

The bonds were issued for the purposes of: (i) financing or reimbursing all or any part of the costs of acquiring, construction, relocating, installing and providing a system of water pipelines to furnish municipal water service within the District; (ii) providing capitalized interest to pay a portion of debt service on the bonds; and (iii) pay the costs of issuance of the bonds. Although the District issued bonds for the purposes stated above, and has recorded the related obligation, the water system is owned and maintained by the Arapahoe County Water and Wastewater Authority (ACWWA) and therefore no corresponding asset is recorded by the District.

Bonds outstanding and related interest requirements as of December 31, 2012, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	70,000	134,707	204,707
2014	70,000	131,766	201,766
2015	75,000	128,756	203,756
2016	75,000	125,456	200,456
2017	80,000	121,987	201,987
2018-2022	465,000	549,806	1,014,806
2023-2027	585,000	427,288	1,012,288
2028-2032	755,000	262,144	1,017,144
2033-2035	555,000	57,913	612,913
Totals	<u>\$ 2,730,000</u>	<u>\$ 1,939,823</u>	<u>\$ 4,669,823</u>

**NOTE 7 – OPERATING LEASES**

The City leases certain office equipment and storage facilities. Leased property not having elements of ownership is classified as operating leases. Lease payments are recorded as expenditures when payable. Total expenditures on such leases for the year ended December 31, 2012 were approximately \$43,190.

The City has leases for certain office equipment through November, 2013. Monthly rent is comprised of a base amount and an amount based upon usage. These leases generally do not have purchase options; however, the City may renew the terms of each agreement upon expiration.

As of December 31, 2012, the City had future minimum lease payments with a remaining term of more than one year as follows:

<u>Year</u>	<u>Minimum Lease Payments</u>
2013	21,666
Total	<u>\$ 21,666</u>

**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

The City entered into construction contracts for various capital projects which are not complete as of December 31, 2012. The total unexpended commitments at December 31, 2012 are \$2,554,065 as detailed below.

<u>Project</u>	<u>Total Contract Amount</u>	<u>Remaining Contract Amount</u>
Arapahoe Road - Dry Creek	12,856	1,355
Arapahoe Road - Holly/Krameria	1,325,482	173,712
Arapahoe Road - Waco/Himalaya	49,870	1,698
Centennial Center Park	5,465,779	11,850
Centennial Link Trail	160,000	6,054
Fiber Optic Cable Enhancements	293,834	293,834
Foxridge GID Fence Improvements	49,308	11,765
Peoria Road - Peakview Reconstruction	1,111,791	49,806
Piney Creek Trail Signage	113,061	53,004
Potomac Park Development	103,500	60,720
SSPRD Park & Trail Improvements	2,897,349	1,134,629
Traffic Signal Master	135,204	31,103
Trail & Open Space Enhancements	967,902	560,555
Vista Verde Neighborhood Improvements	331,700	163,980
Total	<u>\$ 13,017,636</u>	<u>\$ 2,554,065</u>

**Commitments – Economic Development**

The City has entered into certain agreements in an effort to promote economic development and re-development within the City. While the parties to the agreements and the various components therein are different, there are certain fundamentals that are consistent within each of the agreements, as described below.

1. Within each project, the City has agreed to either forego a portion of its sales and/or property tax, or pay a portion of its sales and/or property tax, in order to reimburse the property owners for construction and maintenance of public improvements.
2. In an effort to promote immediate economic development, the property owners have paid for and installed the improvements in advance.
3. Within each project agreement, the City has only committed to foregoing or reimbursing sales and use taxes generated within the given project area. The City has not committed to foregoing or reimbursing property developers from revenues not directly generated within the given project area.
4. In each project area, the revenues to the City were either zero or declining. As such, the City was in a position to both enhance its economic base on improve overall economic vitality in areas surrounding the specific projects.
5. Each financial agreement is set to terminate at either a date certain, or when a given amount of funds have been paid to reimburse the project developers, whichever occurs first.

**CITY OF CENTENNIAL, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 8 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Commitments – Economic Development (continued)**

6. In no instance has the City incurred or credit enhanced any debts or entered in to any lease/purchase arrangements related to these agreements and project areas.
  
7. Since the reimbursements are payable solely from the sales, use and property tax revenue increments generated by each project area, long-term debt is not required to be reported on the City’s financial statements.

The following table presents a summary of the funding obligations related to economic development commitments of the City.

<b>Project Name</b>	<b>Maximum Amount Committed<sup>(1)</sup></b>	<b>Termination of Agreement<sup>(2)</sup></b>	<b>Description of Sharing Agreement</b>	<b>Amount of Tax Shared with Developer<sup>(3)</sup></b>
The Streets at Southglenn	Up To \$85,000,000	11/21/2030	76% of 2.5% Sales Tax Exceeding \$2.1 Million Base	\$817,580
			All Property Tax Increment in Excess of Base	\$11,922,470
IKEA Store	\$18,000,000 - Sales Tax  \$204,100 - Use Tax	07/31/2021	75% of 2.5% Sales Tax for 3 years due to early opening, then 50% of 2.5% Sales Tax for balance of the agreement.	\$3,724,144
			25% of 2.5% Use Tax	\$204,052
Centennial Center	Up To \$1,400,000	12/31/2020	50% of 2.5% Sales Tax	\$0
United Launch Alliance	Up To \$200,000 – Sales Tax	03/15/2013	100% of 2.5% Sales Tax	\$66,560
	Up To \$200,000 Use Tax	03/15/2015	50% of 2.5% Use Tax	\$38,025
Centennial Promenade	Up to \$12,000,000 – Sales Tax	03/21/2021	50% of 2.5% Sales Tax	\$1,443,726

**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 8 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Commitments – Economic Development (continued)**

- (1) Maximum amount committed includes amounts to be reimbursed or waived, but does not include interest or other costs.
- (2) The amount required to be reimbursed will terminate on the termination date, or when the reimbursement obligation has been satisfied, whichever occurs first.
- (3) The amount stated represents the total amount shared with the developer over the life of the agreement. Amount of tax shared with developer is net of associated collection fees.

**Litigation**

Notices of claims for damages have been filed with the City and forwarded to its insurer, Colorado Intergovernmental Risk Sharing Agency (CIRSA). After consideration of applicable insurance policy coverage, and the relative merits of each claim or lawsuit, and consultation with CIRSA and the City Attorney, it is the opinion of the City that the potential ultimate liability resulting from these actions, if any, will not have a material adverse financial effect on the City.

**Grants**

The City receives revenue from various federal and state grant programs, which are subject to final review and approval as to the allowability of expenditures by the respective grantor agencies.

**NOTE 9 – EMPLOYEE RETIREMENT PLAN**

The City has a defined contribution money purchase pension plan (City of Centennial Money Purchase Plan) authorized by City Council and administered by ICMA Retirement Corporation. The City Council is authorized to amend the Plan provisions, and determines the contributions made by the City. The Plan covers all employees of the City who have met certain eligibility requirements. The City contributes on behalf of each participant 10% of earnings for the Plan year. Each Participant is required to contribute to the plan as a condition of participation in the Plan. Participant contributions during 2012 were 8% of pre-tax earnings. The City's contribution to the plan was \$411,374 for the year ending December 31, 2012. There is no liability on the part of the City beyond its annual contribution.

**NOTE 10 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; thefts; damage to, or destruction of, assets; errors or omissions; injuries to employees; or acts of God. The City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self-insurance pool created by intergovernmental agreement of 174 municipalities to provide property, worker's compensation, general and automobile liability and public officials' coverage to its members. CIRSA is governed by a seven member Board elected by and from its members.

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and that amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess

**CITY OF CENTENNIAL, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 10 – RISK MANAGEMENT (CONTINUED)**

insurance are direct liabilities of the participating members. It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

**NOTE 11 – PRIOR PERIOD ADJUSTMENT**

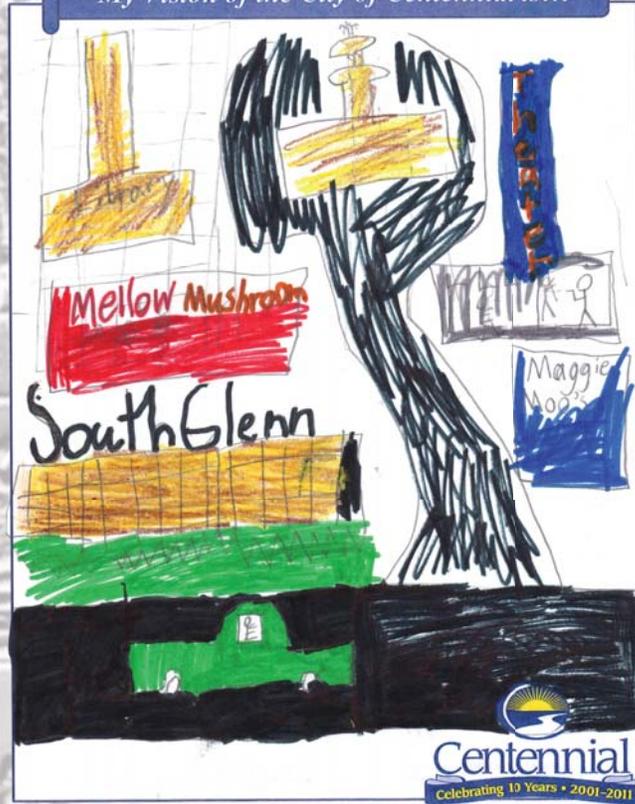
During 2012, the City received sales and use tax audit revenue which related to underlying sales occurring in prior years. While the assessment and collection of these audit revenues were not made and received until 2012, the City accrued these revenues back to 2011 to be consistent with the provisions of GASB Statement No. 33 – *Accounting and Reporting for Nonexchange Transactions*. The Governmental Activities ending Net Position and General Fund ending Fund Balance at December 31, 2011 have been restated as follows:

	<b>Governmental</b>	
	<u>Activities</u>	<u>General Fund</u>
Net Position / Fund Balance, December 31, 2011, as Originally Stated	\$ 180,369,252	\$ 28,323,770
Audit Revenues	1,190,989	1,190,989
Net Position / Fund Balance, December 31, 2011, as Restated	<u>\$ 181,560,241</u>	<u>\$ 29,514,759</u>



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My Vision of the City of Centennial is...



REQUIRED SUPPLEMENTARY INFORMATION

COLORING CONTEST FINALIST  
LITTLETON PUBLIC SCHOOLS  
LOIS LENSKI ELEMENTARY  
TYLER D.

REQUIRED  
SUPPLEMENTARY  
INFORMATION



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**CITY OF CENTENNIAL, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended December 31, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Sales tax	\$ 24,865,867	\$ 31,813,510	\$ 32,268,747	\$ 455,237
Use tax	1,300,000	1,300,000	2,003,344	703,344
Property tax	7,788,732	7,889,932	7,723,151	(166,781)
Auto use tax	3,109,429	3,321,505	3,458,033	136,528
Other taxes	518,645	500,303	522,803	22,500
Franchise fees	4,619,984	4,717,218	4,646,174	(71,044)
Court fines	2,260,285	2,004,210	2,004,690	480
Charges for services	640,194	624,667	672,563	47,896
Investment income	37,625	126,000	132,102	6,102
Intergovernmental	5,374,154	6,280,616	6,325,479	44,863
Miscellaneous	103,700	149,536	396,023	246,487
Total revenues	<u>50,618,615</u>	<u>58,727,497</u>	<u>60,153,109</u>	<u>1,425,612</u>
<b>EXPENDITURES</b>				
Current				
General government	7,743,653	7,938,995	7,290,285	648,710
Finance & administration	4,171,773	4,339,396	3,639,148	700,248
Community services	22,818,678	21,833,411	21,736,983	96,428
City infrastructure	12,535,895	12,577,998	12,007,296	570,702
Planning & development	407,591	338,181	428,837	(90,656)
Capital outlay	-	-	54,429	(54,429)
Total expenditures	<u>47,677,590</u>	<u>47,027,981</u>	<u>45,156,978</u>	<u>1,871,003</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<u>2,941,025</u>	<u>11,699,516</u>	<u>14,996,131</u>	<u>3,296,615</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	72,662	72,662
Transfers out	(4,502,699)	(15,162,343)	(14,931,665)	230,678
Total other financing sources (uses)	<u>(4,502,699)</u>	<u>(15,162,343)</u>	<u>(14,859,003)</u>	<u>303,340</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,561,674)	(3,462,827)	137,128	3,599,955
<b>FUND BALANCE - BEGINNING OF YEAR (RESTATED)</b>	<u>21,510,050</u>	<u>28,323,770</u>	<u>29,514,759</u>	<u>1,190,989</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 19,948,376</u>	<u>\$ 24,860,943</u>	<u>\$ 29,651,887</u>	<u>\$ 4,790,944</u>

See the accompanying Independent Auditors' Report.

**CITY OF CENTENNIAL, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**OPEN SPACE FUND**  
**For the Year Ended December 31, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Intergovernmental	\$ 1,850,000	\$ 3,288,502	\$ 2,338,100	\$ (950,402)
Investment income	4,000	5,800	9,436	3,636
Miscellaneous income	-	-	20,103	20,103
Total revenue	<u>1,854,000</u>	<u>3,294,302</u>	<u>2,367,639</u>	<u>(926,663)</u>
<b>EXPENDITURES</b>				
Culture and recreation	630,000	606,500	575,421	31,079
Capital outlay	1,879,333	5,360,729	626,396	4,734,333
Contingencies	-	484,473	-	484,473
Total expenditures	<u>2,509,333</u>	<u>6,451,702</u>	<u>1,201,817</u>	<u>5,249,885</u>
<b>NET CHANGE IN FUND BALANCE</b>	(655,333)	(3,157,400)	1,165,822	4,323,222
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>655,333</u>	<u>3,494,400</u>	<u>3,494,400</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 337,000</u>	<u>\$ 4,660,222</u>	<u>\$ 4,323,222</u>

See the accompanying Independent Auditors' Report.

**CITY OF CENTENNIAL, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**CONSERVATION TRUST FUND**  
**For the Year Ended December 31, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Intergovernmental	\$ 470,000	\$ 487,181	\$ 540,758	\$ 53,577
Investment income	3,000	2,785	3,168	383
Total revenue	<u>473,000</u>	<u>489,966</u>	<u>543,926</u>	<u>53,960</u>
<b>EXPENDITURES</b>				
Culture and recreation	110,000	149,366	161,379	(12,013)
Capital outlay	-	235,724	50,724	185,000
Contingencies	363,000	508,281	-	508,281
Total expenditures	<u>473,000</u>	<u>893,371</u>	<u>212,103</u>	<u>681,268</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(403,405)	331,823	735,228
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>1,298,824</u>	<u>1,298,824</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 895,419</u>	<u>\$ 1,630,647</u>	<u>\$ 735,228</u>

See the accompanying Independent Auditors' Report.

**CITY OF CENTENNIAL, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**CENTENNIAL URBAN REDEVELOPMENT AUTHORITY FUND**  
**For the Year Ended December 31, 2012**

	<u>Budget Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUE</b>				
Sales tax	\$ 426,847	\$ 544,088	\$ 513,696	\$ (30,392)
Property tax	5,213,063	5,477,687	5,317,414	(160,273)
Intergovernmental	-	242,505	242,000	(505)
Miscellaneous	150,000	150,000	37,361	(112,639)
Total revenue	<u>5,789,910</u>	<u>6,414,280</u>	<u>6,110,471</u>	<u>(303,809)</u>
<b>EXPENDITURES</b>				
Sales tax sharing pass-thru	426,847	544,088	513,696	30,392
Property tax sharing pass-thru	5,213,063	5,477,687	5,291,986	185,701
Construction Services	-	242,505	242,000	505
Professional services	150,000	150,000	37,361	112,639
Contingencies	-	409,319	-	409,319
Total expenditures	<u>5,789,910</u>	<u>6,823,599</u>	<u>6,085,043</u>	<u>738,556</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(409,319)	25,428	434,747
<b>FUND BALANCE - BEGINNING OF YEAR</b>	-	409,319	409,319	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,747</u>	<u>\$ 434,747</u>

See the accompanying Independent Auditors' Report.

**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2012**

**NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary information**

The City adopts an annual budget for all governmental funds on a basis consistent with generally accepted accounting principles. Budgetary comparisons for the Enterprise Fund are presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure, and depreciation is not budgeted.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

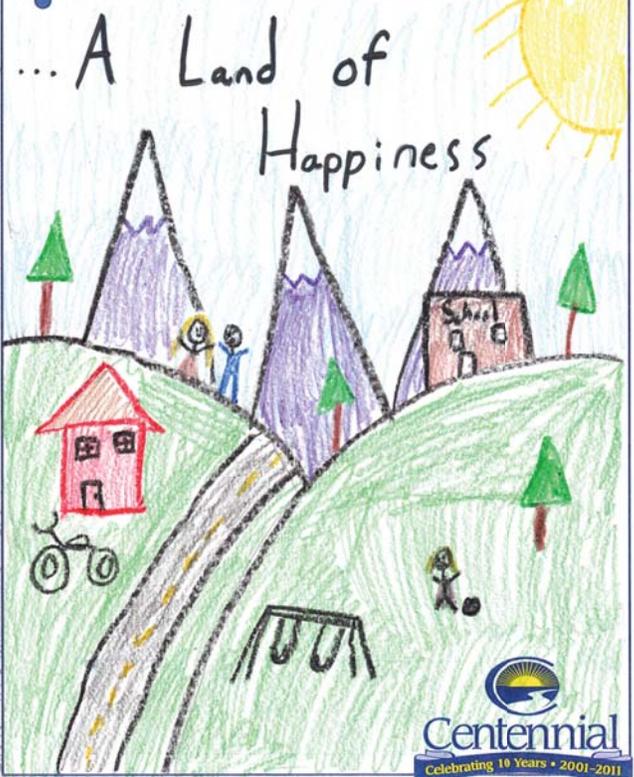
- Prior to September 20<sup>th</sup>, the City Manager submits to the City Council a proposed operating budget by fund, department and object for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Upon receipt of the proposed budget, City Council publishes a notice indicating that such proposed budget is available for inspection and open for public hearing.
- Prior to December 15<sup>th</sup>, the budget is legally adopted through City Council resolution. All operating budget appropriations lapse at year-end, although unexpended appropriations may be re-appropriated for the next year.
- The legal level of budgetary control is exercised at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within the same fund, with subsequent notification to City Council. City Council must approve any revisions that alter the total expenditures of any fund.



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... A Land of

My Vision of the City of Centennial is...



INDIVIDUAL FUND FINANCIAL STATEMENTS & SCHEDULES

COLORING CONTEST FINALIST  
CHERRY CREEK SCHOOL DISTRICT  
DRY CREEK ELEMENTARY  
SOPHIE M.



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**CITY OF CENTENNIAL, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL IMPROVEMENT FUND**  
**For the Year Ended December 31, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Intergovernmental	\$ 146,500	\$ 3,133,911	\$ 1,583,745	\$ (1,550,166)
Charges for services	58,000	58,000	51,566	(6,434)
Miscellaneous income	-	35,000	-	(35,000)
Total revenue	<u>204,500</u>	<u>3,226,911</u>	<u>1,635,311</u>	<u>(1,591,600)</u>
<b>EXPENDITURES</b>				
Rehabilitation				
Non capital infrastructure	-	-	77,124	(77,124)
Street rehabilitation program	3,375,000	5,597,055	5,525,827	71,228
Professional services	425,000	416,798	291,932	124,866
Capital outlay				
Land Improvements	-	400,000	387,397	12,603
Streets	150,000	3,672,783	2,296,783	1,376,000
Sidewalks	100,000	110,543	-	110,543
Traffic control & signals	96,500	1,877,844	541,584	1,336,260
Major Capital Project Reserve	300,000	4,339,440	-	4,339,440
Buildings	100,000	4,032,854	2,759,009	1,273,845
Vista Verde Neighborhood Improvements	100,000	390,934	167,720	223,214
Total expenditures	<u>4,646,500</u>	<u>20,838,251</u>	<u>12,047,376</u>	<u>8,790,875</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	(4,442,000)	(17,611,340)	(10,412,065)	7,199,275
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>4,442,000</u>	<u>14,931,665</u>	<u>14,931,665</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(2,679,675)	4,519,600	7,199,275
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>195,133</u>	<u>2,922,311</u>	<u>2,922,311</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 195,133</u>	<u>\$ 242,636</u>	<u>\$ 7,441,911</u>	<u>\$ 7,199,275</u>

See the accompanying Independent Auditors' Report.

**CITY OF CENTENNIAL, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL IMPROVEMENT DISTRICT FUNDS**  
**For the Year Ended December 31, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Property tax	\$ 262,732	\$ 260,758	\$ 261,150	\$ 392
Specific ownership tax	16,742	16,022	16,874	852
Investment income	1,300	1,600	1,828	228
Miscellaneous income	-	-	198	198
Total revenue	<u>280,774</u>	<u>278,380</u>	<u>280,050</u>	<u>1,670</u>
<b>EXPENDITURES</b>				
Current				
City infrastructure	297,508	297,629	134,974	162,655
Debt service				
Principal	65,000	65,000	65,000	-
Interest	137,371	137,371	137,521	(150)
Contingencies	-	476,412	-	476,412
Total expenditures	<u>499,879</u>	<u>976,412</u>	<u>337,495</u>	<u>638,917</u>
<b>NET CHANGE IN FUND BALANCE</b>	(219,105)	(698,032)	(57,445)	640,587
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>219,105</u>	<u>826,131</u>	<u>826,131</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 128,099</u>	<u>\$ 768,686</u>	<u>\$ 640,587</u>

See the accompanying Independent Auditors' Report.

**CITY OF CENTENNIAL, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**LAND USE FUND**  
**For the Year Ended December 31, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Building permits, licenses, and fees	\$ 1,800,000	\$ 2,500,000	\$ 2,511,260	\$ 11,260
Contractor's licenses and bus shelter fees	318,000	338,000	325,585	(12,415)
Land use permits and other income	439,000	439,000	372,675	(66,325)
Transfers in	60,699	325,000	-	(325,000)
Total revenue	2,617,699	3,602,000	3,209,520	(392,480)
<b>EXPENDITURES</b>				
Personnel services	707,329	732,709	728,994	3,715
Contracted services	1,645,600	2,370,600	2,133,938	236,662
Services & supplies	264,770	404,369	250,273	154,096
Transfers out	-	94,322	72,662	21,660
Total expenditures	2,617,699	3,602,000	3,185,867	416,133
<b>CHANGE IN NET POSITION - BUDGETARY BASIS</b>	\$ -	\$ -	23,653	\$ 23,653
<b>ADJUSTMENT TO GAAP BASIS</b>				
Depreciation			(23,653)	
<b>CHANGE IN NET POSITION - GAAP BASIS</b>			\$ -	

See the accompanying Independent Auditors' Report.



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My Vision of the City of Centennial is...



STATISTICAL SECTION

STATISTICAL SECTION

COLORING CONTEST FINALIST  
LITTLETON PUBLIC SCHOOLS  
HIGHLAND ELEMENTARY  
OLIVIA P.



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## **STATISTICAL SECTION OVERVIEW**

Statistical tables are used to provide a historical financial review. The various tables provide information which is useful in analyzing the existing financial position of the City and identifying potential trends.

### **FINANCIAL TRENDS**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

### **REVENUE CAPACITY**

These schedules contain information to help the reader assess the City's significant local revenue sources which are sales and use tax and property tax.

### **DEBT CAPACITY**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

### **DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### **OPERATING INFORMATION**

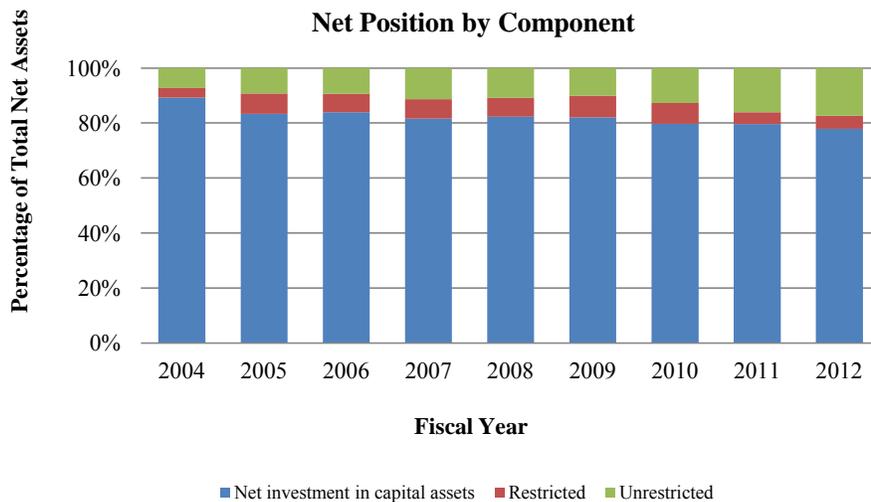
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**TABLE 1  
CITY OF CENTENNIAL, COLORADO**

**NET POSITION BY COMPONENT**

**LAST NINE FISCAL YEARS  
(Accrual basis of accounting)  
(Unaudited)**

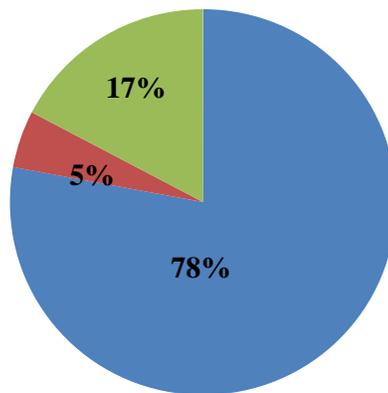
	Fiscal Year		
	2004	2005	2006
Governmental activities			
Net investment in capital assets	\$ 113,805,659	\$ 108,778,435	\$ 130,732,395
Restricted	4,468,387	9,733,262	10,433,346
Unrestricted	9,318,118	12,042,726	14,505,095
Total governmental activities net position	<u>127,592,164</u>	<u>130,554,423</u>	<u>155,670,836</u>
Business-type activities			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Unrestricted	-	-	-
Total business-type activities net position	<u>-</u>	<u>-</u>	<u>-</u>
Primary government			
Net investment in capital assets	113,805,659	108,778,435	130,732,395
Restricted	4,468,387	9,733,262	10,433,346
Unrestricted	9,318,118	12,042,726	14,505,095
Total primary government net position	<u>\$ 127,592,164</u>	<u>\$ 130,554,423</u>	<u>\$ 155,670,836</u>



The information for this table was obtained from the Statement of Net Position, a statement required by GASB Statement No. 34 and updated by GASB Statement No. 63. The City of Centennial implemented GASB Statement No. 34 in 2004 and GASB Statement No. 63 in 2012. 2011 net position has been restated.

<b>Fiscal Year</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 127,795,949	\$ 134,743,623	\$ 137,465,454	\$ 137,094,255	\$ 144,592,118	\$ 150,533,967
11,038,753	11,127,772	13,226,398	12,652,880	7,656,451	9,180,350
17,798,842	17,882,572	17,002,149	22,116,122	29,311,672	33,582,988
156,633,544	163,753,967	167,694,001	171,863,257	181,560,241	193,297,305
-	-	96,713	65,256	39,654	31,891
-	-	94,714	89,755	88,726	94,106
-	-	(191,427)	(155,011)	(128,380)	(125,997)
-	-	-	-	-	-
127,795,949	134,743,623	137,562,167	137,159,511	144,631,772	150,565,858
11,038,753	11,127,772	13,321,112	12,742,635	7,745,176	9,274,456
17,798,842	17,882,572	16,810,722	21,961,111	29,183,292	33,456,991
\$ 156,633,544	\$ 163,753,967	\$ 167,694,001	\$ 171,863,257	\$ 181,560,241	\$ 193,297,305

**2012 Net Position**



■ Net investment in capital assets   ■ Restricted   ■ Unrestricted

**TABLE 2  
CITY OF CENTENNIAL, COLORADO**

**CHANGE IN NET POSITION**

**LAST NINE FISCAL YEARS  
(Accrual basis of accounting)  
(Unaudited)**

	Fiscal Year		
	2004	2005	2006
<b><u>Governmental activities</u></b>			
Expenses			
General government	\$ 2,679,505	\$ 3,861,990	\$ 4,726,923
Community services	17,570,884	18,254,999	19,258,142
City infrastructure	14,997,851	17,672,259	20,548,344
Culture and recreation	8,510	838	154
Urban redevelopment	-	-	-
Interest on long-term debt	54,850	69,443	155,962
Total governmental activities expenses	<u>35,311,600</u>	<u>39,859,529</u>	<u>44,689,525</u>
Program Revenues			
Charges for services			
General government	44,162	45,165	47,089
Community services	1,692,980	1,896,948	1,611,702
City infrastructure	123,420	149,891	177,056
Urban redevelopment	-	-	-
Operating grants and contributions	4,107,516	3,953,546	4,388,857
Capital grants and contributions	2,497,721	1,901,246	3,285,607
Total governmental activities program revenues	<u>8,465,799</u>	<u>7,946,796</u>	<u>9,510,311</u>
Total governmental activities net program expense	<u>26,845,801</u>	<u>31,912,733</u>	<u>35,179,214</u>
General revenues and other changes in net position			
Taxes			
Sales tax	16,465,668	17,617,030	17,570,207
Use tax	1,100,610	1,151,536	1,126,889
Property tax	7,172,283	7,190,345	7,440,169
Auto use tax	3,647,367	4,376,188	3,515,870
Other taxes	1,035,487	960,794	957,501
Unrestricted franchise fees	3,557,619	4,043,502	4,208,875
Investment income	151,448	665,845	1,264,658
Intergovernmental revenues not restricted to specific programs	-	-	-
Miscellaneous	20,338	19,069	66,093
Contributions	3,523,662	-	150,421
Insurance proceeds	-	-	44,783
Transfers	(599,461)	(1,149,317)	(961,648)
Total general revenues and other changes in net position	<u>36,075,021</u>	<u>34,874,992</u>	<u>35,383,818</u>
Total governmental activities change in net position	<u>\$ 9,229,220</u>	<u>\$ 2,962,259</u>	<u>\$ 204,604</u>

The information for this table was obtained from the Statement of Activities, a statement required by GASB Statement No. 34 and updated by GASB Statement No. 63. The City of Centennial implemented GASB Statement No. 34 in 2004 and GASB Statement No. 63 in 2012. 2011 net position has been restated.

<b>Fiscal Year</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 5,533,732	\$ 6,747,868	\$ 5,854,992	\$ 5,927,832	\$ 8,491,057	\$ 10,953,335
20,838,991	21,354,389	21,549,041	21,408,592	21,577,444	21,736,983
20,656,685	17,720,544	17,487,628	20,013,733	20,568,461	22,482,835
91,185	84,784	581,646	367,583	496,048	736,800
607,222	952,348	519,967	1,231,387	5,000,756	5,843,043
165,240	146,415	144,466	142,238	139,905	137,299
<u>47,893,055</u>	<u>47,006,348</u>	<u>46,137,740</u>	<u>49,091,365</u>	<u>56,273,671</u>	<u>61,890,295</u>
47,070	74,780	148,014	208,659	160,262	245,346
2,059,722	2,300,601	2,293,552	2,368,455	2,236,483	2,095,843
202,963	354,223	486,346	321,054	375,545	387,630
683,752	1,979,802	1,293,553	-	-	-
4,319,189	4,070,855	4,308,859	4,847,044	5,111,685	5,354,851
4,038,680	5,257,705	4,741,687	3,947,075	6,654,649	7,872,115
<u>11,351,376</u>	<u>14,037,966</u>	<u>13,272,011</u>	<u>11,692,287</u>	<u>14,538,624</u>	<u>15,955,785</u>
<u>36,541,679</u>	<u>32,968,382</u>	<u>32,865,729</u>	<u>37,399,078</u>	<u>41,735,047</u>	<u>45,934,510</u>
18,736,167	18,620,968	17,992,951	20,624,581	27,917,744	32,782,443
1,237,313	3,265,367	2,001,964	2,060,641	1,677,317	2,003,344
7,525,978	7,989,318	8,132,734	9,506,280	12,930,171	13,301,715
3,994,315	3,522,055	3,084,446	3,064,792	3,178,645	3,458,033
964,459	890,664	819,445	797,403	519,284	539,677
4,253,003	4,827,977	4,235,611	4,653,673	4,749,865	4,646,174
1,657,727	832,298	131,382	84,158	40,173	146,534
-	-	255,033	252,382	253,944	267,307
264,919	534,366	582,696	367,958	277,132	453,685
-	-	-	-	-	-
-	-	-	-	-	-
(1,129,494)	(394,208)	(175,466)	408,848	(112,244)	72,662
<u>37,504,387</u>	<u>40,088,805</u>	<u>37,060,796</u>	<u>41,820,716</u>	<u>51,432,031</u>	<u>57,671,574</u>
<u>\$ 962,708</u>	<u>\$ 7,120,423</u>	<u>\$ 4,195,067</u>	<u>\$ 4,421,638</u>	<u>\$ 9,696,984</u>	<u>\$ 11,737,064</u>

**TABLE 2  
CITY OF CENTENNIAL, COLORADO**

**CHANGE IN NET POSITION**

**LAST NINE FISCAL YEARS  
(Accrual basis of accounting)  
(Unaudited)**

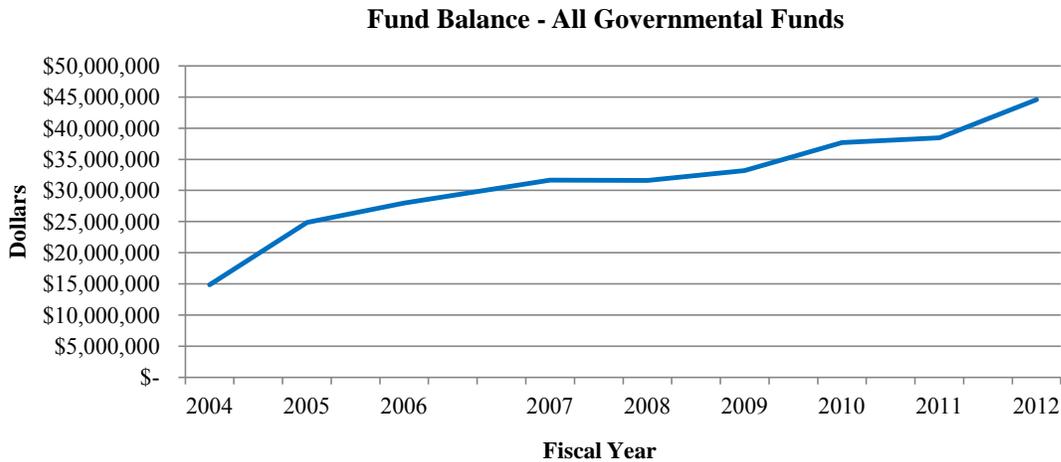
	Fiscal Year		
	2004	2005	2006
<b><u>Business-type activities</u></b>			
Expenses			
Land use fund	\$ 2,673,733	\$ 3,418,462	\$ 3,274,235
Total expenses	<u>2,673,733</u>	<u>3,418,462</u>	<u>3,274,235</u>
Revenues			
Land use service fees	2,074,272	2,269,145	2,312,587
Total revenues	<u>2,074,272</u>	<u>2,269,145</u>	<u>2,312,587</u>
Operating income (loss) before transfers	<u>(599,461)</u>	<u>(1,149,317)</u>	<u>(961,648)</u>
Transfers	599,461	1,149,317	961,648
Total business-type activities change in net position	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government change in net position	<u>\$ 9,229,220</u>	<u>\$ 2,962,259</u>	<u>\$ 204,604</u>

The information for this table was obtained from the Statement of Activities, a statement required by GASB Statement No. 34 and updated by GASB Statement No. 63. The City of Centennial implemented GASB Statement No. 34 in 2004 and GASB Statement No. 63 in 2012. 2011 net position has been restated.

<b>Fiscal Year</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 4,029,924	\$ 3,548,937	\$ 3,157,146	\$ 2,991,828	\$ 2,957,524	\$ 3,136,858
<u>4,029,924</u>	<u>3,548,937</u>	<u>3,157,146</u>	<u>2,991,828</u>	<u>2,957,524</u>	<u>3,136,858</u>
2,900,430	3,154,729	2,901,680	3,400,676	2,845,280	3,209,520
<u>2,900,430</u>	<u>3,154,729</u>	<u>2,901,680</u>	<u>3,400,676</u>	<u>2,845,280</u>	<u>3,209,520</u>
(1,129,494)	(394,208)	(255,466)	408,848	(112,244)	72,662
<u>1,129,494</u>	<u>394,208</u>	<u>175,466</u>	<u>(408,848)</u>	<u>112,244</u>	<u>(72,662)</u>
-	-	(80,000)	-	-	-
<u>\$ 962,708</u>	<u>\$ 7,120,423</u>	<u>\$ 4,115,067</u>	<u>\$ 4,421,638</u>	<u>\$ 9,696,984</u>	<u>\$ 11,737,064</u>

**TABLE 3**  
**CITY OF CENTENNIAL, COLORADO**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
**(Modified accrual basis of accounting)**  
**(Unaudited)**

	Fiscal Year		
	2004	2005	2006
General fund			
Restricted	\$ 1,350,000	\$ 2,206,000	\$ 1,350,000
Unrestricted	8,758,227	13,051,979	13,016,866
Total general fund	<u>10,108,227</u>	<u>15,257,979</u>	<u>14,366,866</u>
All other governmental funds			
Restricted	4,728,278	5,787,262	7,184,418
Unrestricted, reported in Capital improvement fund reserve	-	3,810,951	6,452,295
Total all other governmental funds	<u>4,728,278</u>	<u>9,598,213</u>	<u>13,636,713</u>
Total all governmental funds	<u>\$ 14,836,505</u>	<u>\$ 24,856,192</u>	<u>\$ 28,003,579</u>



The information for this table was obtained from the Balance Sheet. The City of Centennial incorporated during 2001. Statistical information is presented from 2004 through the current year to correspond with the implementation of GASB Statement No. 34. 2011 fund balance has been restated.

<b>Fiscal Year</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 1,490,558	\$ 1,298,064	\$ 1,261,298	\$ 1,288,696	\$ 1,486,008	\$ 1,375,311
13,199,627	13,507,740	16,806,731	20,701,513	28,028,751	28,276,576
<u>14,690,185</u>	<u>14,805,804</u>	<u>18,068,029</u>	<u>21,990,209</u>	<u>29,514,759</u>	<u>29,651,887</u>
9,683,858	9,916,754	11,981,515	11,379,095	6,184,205	7,809,048
7,294,171	6,875,088	3,143,991	4,294,525	2,766,780	7,127,165
<u>16,978,029</u>	<u>16,791,842</u>	<u>15,125,506</u>	<u>15,673,620</u>	<u>8,950,985</u>	<u>14,936,213</u>
<u>\$ 31,668,214</u>	<u>\$ 31,597,646</u>	<u>\$ 33,193,535</u>	<u>\$ 37,663,829</u>	<u>\$ 38,465,744</u>	<u>\$ 44,588,100</u>

**TABLE 4**  
**CITY OF CENTENNIAL, COLORADO**  
**CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
**(Modified accrual basis of accounting)**  
**(Unaudited)**

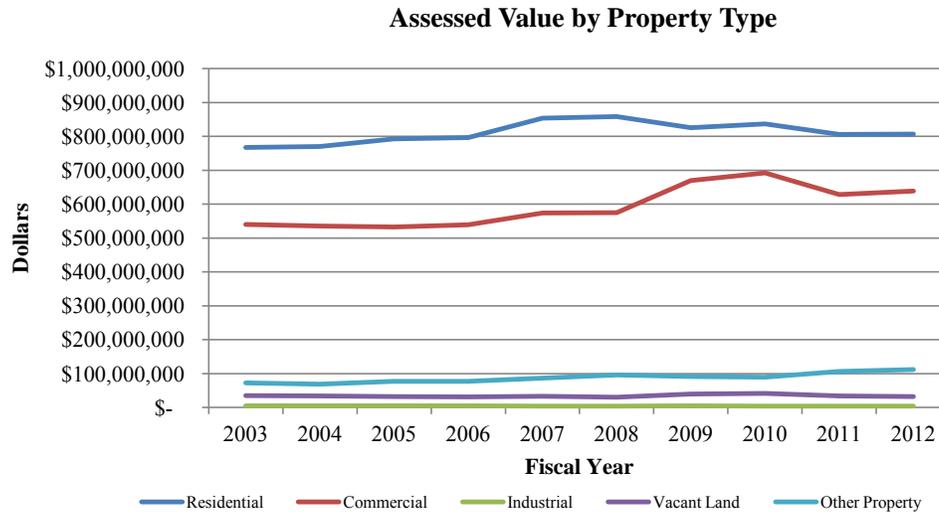
	Fiscal Year		
	2004	2005	2006
<b>Revenues</b>			
Taxes	\$ 29,421,415	\$ 31,295,893	\$ 30,610,636
Intergovernmental	6,605,237	5,854,792	7,674,464
Charges for services	1,860,562	2,092,004	1,835,847
Franchise fees	3,557,619	4,043,502	4,208,875
Investment income	151,448	665,845	1,264,658
Miscellaneous	20,338	19,069	66,093
Total revenues	<u>41,616,619</u>	<u>43,971,105</u>	<u>45,660,573</u>
<b>Expenditures</b>			
Current			
General government	2,769,544	3,790,743	4,414,270
Community services	17,600,603	18,275,441	19,456,398
City infrastructure	9,801,216	11,331,710	15,251,848
Culture & recreation	8,510	135,308	154
Urban redevelopment	-	-	-
Capital Outlay			
General government	75,081	15,000	-
Capital improvement	1,330,240	2,173,292	1,115,982
Debt Service			
Principal	-	-	1,305,966
Interest and fiscal charges	61,502	41,903	202,124
Debt issuance costs	-	42,954	-
Total expenditures	<u>31,646,696</u>	<u>35,806,351</u>	<u>41,746,742</u>
Revenue over expenditures	<u>9,969,923</u>	<u>8,164,754</u>	<u>3,913,831</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	2,219,700	2,807,000	5,058,700
Transfers out	(2,819,161)	(3,956,317)	(6,020,348)
Debt proceeds	-	3,004,250	-
Contributions	-	-	150,421
Insurance proceeds	-	-	44,783
Total other financing sources (uses)	<u>(599,461)</u>	<u>1,854,933</u>	<u>(766,444)</u>
Net change in fund balances	<u>\$ 9,370,462</u>	<u>\$ 10,019,687</u>	<u>\$ 3,147,387</u>
Debt service as a percentage of noncapital expenditures	0.20%	0.25%	3.85%

The information for this table was obtained from the Statement of Revenue, Expenditures, and Changes in Fund Balances. The City of Centennial incorporated during 2001. Statistical information is presented from 2004 through the current year to correspond with the implementation of GASB Statement No. 34. 2011 fund balance has been restated.

<b>Fiscal Year</b>						
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	
\$ 32,458,232	\$ 34,288,372	\$ 32,031,540	\$ 36,053,697	\$ 46,223,161	\$ 52,085,212	
8,153,516	9,120,836	9,462,623	8,005,719	10,602,518	11,030,082	
2,993,507	4,709,406	4,221,465	2,898,168	2,772,290	2,728,819	
4,253,003	4,827,977	4,235,611	4,653,673	4,749,865	4,646,174	
1,657,727	832,298	131,382	84,158	40,173	146,534	
264,919	534,366	582,696	367,958	277,132	453,685	
49,780,904	54,313,255	50,665,317	52,063,373	64,665,139	71,090,506	
5,535,338	6,707,616	5,837,442	6,053,572	8,433,765	10,929,433	
20,877,510	21,354,389	21,549,041	21,408,592	21,577,444	21,736,983	
13,729,987	13,843,150	11,620,237	16,015,936	16,708,347	18,465,990	
91,185	84,784	581,646	367,583	496,048	736,800	
607,222	952,348	421,892	1,231,387	5,000,756	5,843,043	
20,615	7,839,369	1,138,228	2,428,907	11,329,499	6,884,042	
3,948,517	3,006,383	7,540,825	293,519	-	242,000	
15,000	55,000	60,000	60,000	65,000	65,000	
161,401	146,576	144,651	142,431	140,121	137,521	
-	-	-	-	-	-	
44,986,775	53,989,615	48,893,962	48,001,927	63,750,980	65,040,812	
4,794,129	323,640	1,771,355	4,061,446	914,159	6,049,694	
3,880,306	900,000	2,483,847	5,882,430	4,686,487	15,004,327	
(5,009,800)	(1,294,208)	(2,659,313)	(5,473,582)	(4,798,731)	(14,931,665)	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
(1,129,494)	(394,208)	(175,466)	408,848	(112,244)	72,662	
\$ 3,664,635	\$ (70,568)	\$ 1,595,889	\$ 4,470,294	\$ 801,915	\$ 6,122,356	
0.43%	0.47%	0.51%	0.45%	0.39%	0.35%	

**TABLE 5**  
**CITY OF CENTENNIAL, COLORADO**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<b>Taxable Real and Personal Property</b>				
<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Vacant Land</b>
2003	\$ 767,535,380	\$ 540,023,460	\$ 5,156,170	\$ 35,234,110
2004	770,384,790	535,337,130	4,945,820	33,564,130
2005	792,602,600	532,113,790	4,864,190	32,511,050
2006	796,434,140	539,134,290	4,762,920	30,744,550
2007	853,954,730	574,216,450	4,300,230	32,639,130
2008	858,294,520	575,249,170	4,073,630	30,689,950
2009	825,768,350	669,231,830	5,188,900	39,676,100
2010	836,719,860	692,470,620	4,342,740	41,195,980
2011	805,653,220	628,640,180	3,950,100	33,667,080
2012	806,330,190	639,120,040	3,749,580	31,861,900

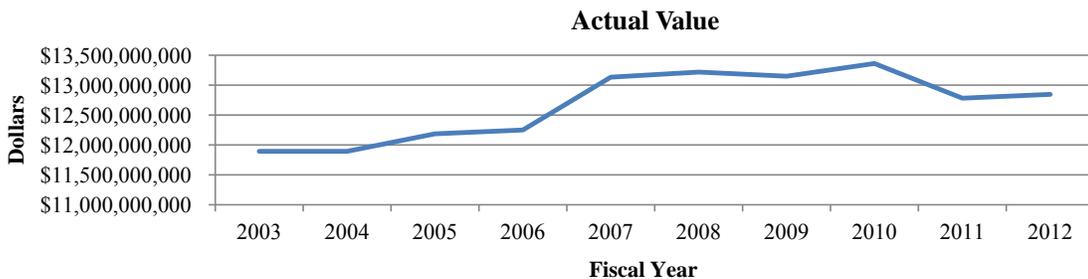
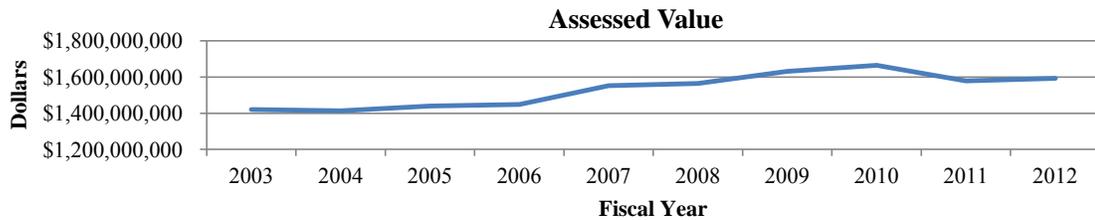


The information for this table was provided by Public Finance Associates and the Arapahoe County Assessor's Office.

The City of Centennial incorporated during 2001. Statistical information is presented from 2003 through the current year to correspond with the first year information is available.

**Taxable Real and Personal Property**

	<b>Other Property<sup>1</sup></b>	<b>Total Taxable Assessed Value<sup>3</sup></b>	<b>Mill Levy<sup>2</sup></b>	<b>Actual Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
\$	72,511,980	\$ 1,420,461,100	5.015	\$ 11,893,128,947	11.94%
	68,285,440	1,412,517,310	5.031	11,891,705,582	11.88%
	77,203,820	1,439,295,450	5.031	12,186,690,250	11.81%
	76,888,530	1,447,964,430	5.031	12,251,481,778	11.82%
	86,587,340	1,551,697,880	4.958	13,133,258,542	11.82%
	95,876,250	1,564,183,520	5.054	13,215,858,210	11.84%
	91,294,120	1,631,159,300	5.047	13,150,665,012	12.40%
	89,317,930	1,664,047,130	5.077	13,363,879,048	12.45%
	105,985,000	1,577,895,580	5.077	12,783,754,657	12.34%
	112,373,110	1,593,434,820	5.129	12,843,506,833	12.41%



(1) Includes State assessed, Agriculture and Other assessed values.

(2) The reduction in the 2007 mill levy is a temporary reduction and is the mill levy applicable to only the City of Centennial, not the General Improvement Districts.

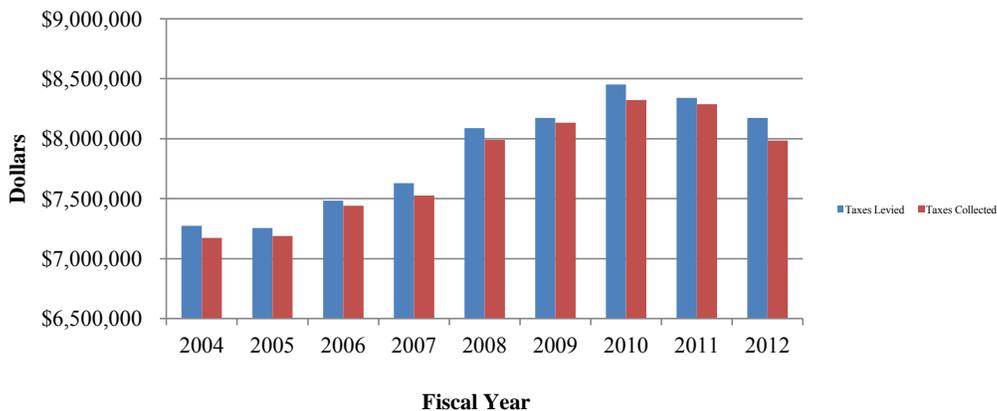
(3) Beginning in 2008, total taxable assessed value includes the valuation of property included in the Centennial Urban Redevelopment Authority; this amount has been excluded in the City's Certification of Tax.

**TABLE 6**  
**CITY OF CENTENNIAL, COLORADO**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST NINE FISCAL YEARS**

(Unaudited)

Fiscal Year	Taxes Levied for Collection in the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of the Levy	
		Amount <sup>2</sup>	Percentage of Levy
2004	\$ 7,272,920	\$ 7,172,283	98.616%
2005	7,255,601	7,190,345	99.101%
2006	7,483,962	7,440,169	99.415%
2007	7,628,936	7,525,978	98.650%
2008	8,088,081	7,989,318	98.779%
2009	8,172,853	8,132,734	99.509%
2010	8,450,787	8,322,818	98.486%
2011	8,339,583	8,286,203	99.360%
2012	8,172,727	7,984,301	97.694%

**Taxes Levied Compared to Taxes Collected**



(1) Data obtained from Certification of Tax Levies for the General Fund and each General Improvement District; amount does not include taxes levied for collection for the Centennial Urban Redevelopment Authority as this amount represents the increment attributable to the redevelopment area and applicable tax levies.

(2) Data obtained from Table 10, Revenues by Source, Governmental Funds.

Arapahoe County is the collection agent for the City and does not provide data indicating to which levy year delinquent tax collections relate, and therefore the collection of delinquent taxes are not reported on this table. Typically less than 2% of the total taxes levied each year are delinquent. Further, delinquent taxes collected each year are generally less than 1%.

The City of Centennial incorporated during 2001. Statistical information is presented from 2004 through the current year to correspond with the implementation of GASB Statement No. 34.

**TABLE 7  
CITY OF CENTENNIAL, COLORADO**

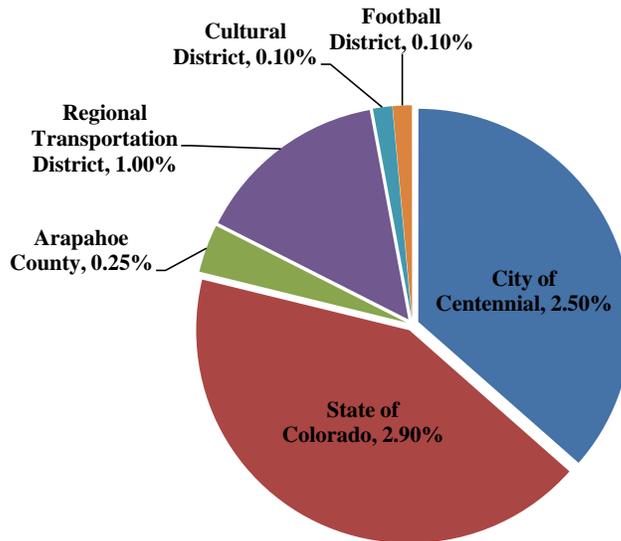
**DIRECT AND OVERLAPPING SALES TAX RATES**

**LAST EIGHT FISCAL YEARS**

(Unaudited)

<b>Fiscal Year</b>	<b>City of Centennial</b>	<b>State of Colorado</b>	<b>Arapahoe County</b>	<b>Regional Transportation</b>	<b>Cultural District</b>	<b>Football District</b>	<b>Total</b>
2005	2.50%	2.90%	0.25%	1.00%	0.10%	0.10%	6.85%
2006	2.50%	2.90%	0.25%	1.00%	0.10%	0.10%	6.85%
2007	2.50%	2.90%	0.25%	1.00%	0.10%	0.10%	6.85%
2008	2.50%	2.90%	0.25%	1.00%	0.10%	0.10%	6.85%
2009	2.50%	2.90%	0.25%	1.00%	0.10%	0.10%	6.85%
2010	2.50%	2.90%	0.25%	1.00%	0.10%	0.10%	6.85%
2011	2.50%	2.90%	0.25%	1.00%	0.10%	0.10%	6.85%
2012	2.50%	2.90%	0.25%	1.00%	0.10%	0.10%	6.85%

**Direct and Overlapping Sales Tax Rates**



The information for this table was obtained from annual Colorado Municipal League (CML) Financial Condition Reports, City annual financial statements, and the Arapahoe County Finance Department. Information has been presented for all years available.

**TABLE 8  
CITY OF CENTENNIAL, COLORADO**

**GENERAL SALES TAX REVENUE, REMITTERS BY TYPE**

**LAST EIGHT FISCAL YEARS**

(Unaudited)

Fiscal Year	Accommodation and Food Service	Administrative Support, Waste Management and Remediation	Arts, Entertainment and Recreation	Construction	Educational Services
2005	\$ 2,666,571	\$ 148,641	\$ 6,253	\$ 94,371	\$ 37,382
2006	2,784,120	208,292	5,430	125,629	48,998
2007	2,907,889	221,959	6,277	167,805	33,423
2008	2,916,546	201,703	11,142	108,623	12,884
2009	2,710,339	128,220	13,916	185,144	29,399
2010	3,154,244	187,868	6,685	242,605	50,597
2011	3,478,385	204,754	50,884	245,183	74,579
2012	3,907,917	235,344	88,912	390,521	76,669

(continued)

The information for this table was obtained from the Colorado Department of Revenue.

The City of Centennial incorporated during 2001. Statistical information is presented from 2005 through the current year to correspond with the first year information is available.

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	<b>Finance and Insurance</b>	<b>Healthcare and Social Assistance</b>	<b>Information</b>	<b>Mining</b>	<b>Professional, Scientific and Technical Services</b>
\$	187,863	\$ 75,589	\$ 1,998,341	\$ 34,362	\$ 492,929
	145,008	70,079	2,308,814	44,370	366,530
	134,518	75,176	2,430,547	44,339	400,002
	144,254	79,692	2,488,893	48,218	443,339
	129,778	66,424	1,859,609	24,562	244,087
	110,647	83,936	2,344,054	28,308	620,785
	121,119	96,535	2,498,242	30,980	639,787
	147,666	103,892	2,460,400	40,721	1,118,743

(continued)

**TABLE 8**  
**CITY OF CENTENNIAL, COLORADO**  
**GENERAL SALES TAX REVENUE, REMITTERS BY TYPE**  
**LAST EIGHT FISCAL YEARS**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>Public Administration</b>	<b>Real Estate, Rental and Leasing</b>	<b>Utilities</b>	<b>Wholesale Trade</b>	<b>Other Remitters</b>	<b>Total</b>
2005	\$ 23,082	\$ 594,342	\$ 918,030	\$ 527,308	\$ 9,811,966	\$ 17,617,030
2006	23,789	571,768	935,920	512,835	9,418,625	17,570,207
2007	18,038	579,290	946,226	641,626	10,129,052	18,736,167
2008	17,989	581,958	1,106,171	694,251	9,765,305	18,620,968
2009	28,195	498,303	978,302	328,524	10,768,149	17,992,951
2010	39,197	772,453	1,147,683	699,110	11,136,408	20,624,581
2011	46,140	899,378	1,193,441	809,886	17,528,451	27,917,744
2012	45,575	1,197,449	1,172,699	827,769	21,330,588	33,144,865

The information for this table was obtained from the Colorado Department of Revenue.

The City of Centennial incorporated during 2001. Statistical information is presented from 2005 through the current year to correspond with the first year information is available.



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**TABLE 9**  
**CITY OF CENTENNIAL, COLORADO**  
**PRINCIPAL PROPERTY TAXPAYERS**

2004 and 2012

(Unaudited)

<u>Taxpayer</u>	<b>2004</b>		
	<u>Taxable Assessed Value</u>	<u>Ranking</u>	<u>Percentage of Total City Assessed Value</u>
Cacade Investments LLC	\$ 7,830,000	1	0.554%
Oppenheimer Funds LLC	7,395,010	2	0.524%
California State Teachers	7,279,000	3	0.515%
Peakview Place LP	7,250,000	4	0.513%
National Digital Television	6,815,000	5	0.482%
California State Teachers	6,554,000	6	0.464%
RREEF America REIT II Corporation	5,655,000	7	0.400%
Walton Southglenn	5,192,450	8	0.368%
Bedford Property Investors	5,075,000	9	0.359%
Alliant Food Service Incorporated	5,075,000	10	0.359%
Total	<u>\$ 64,120,460</u>		<u>4.539%</u>
<u>Taxpayer</u>	<b>2012</b>		
	<u>Taxable Assessed Value</u>	<u>Ranking</u>	<u>Percentage of Total City Assessed Value</u>
IKEA Property, Inc	\$ 12,180,000	1	0.764%
Legacy III Centennial, LLC	10,150,000	2	0.637%
GS Centennial, LLC	8,555,010	3	0.537%
Oppenheimerfunds, Inc	7,540,000	4	0.473%
Cole of Centennial CO, LLC	7,250,010	5	0.455%
Southglenn Property	6,786,000	6	0.426%
GK Peakview Tower, LLC	6,670,000	7	0.419%
Southglenn Property Holdings	6,003,000	8	0.377%
LTF Real Estate Company, Inc	5,540,980	9	0.348%
National Digital Television	5,510,000	10	0.346%
Total	<u>\$ 76,185,000</u>		<u>4.781%</u>

Information on this table was obtained from the Arapahoe County Assessor's Office.

Total assessed value represents values reported on Table 5, Assessed and Actual Value of Taxable Property.

Information is presented for the first year information is available; information for nine years ago is not available.

**TABLE 10  
CITY OF CENTENNIAL, COLORADO**

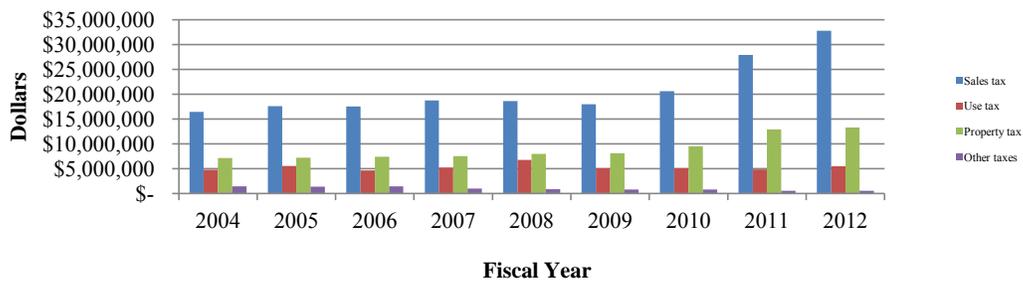
**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS**

**LAST NINE FISCAL YEARS**

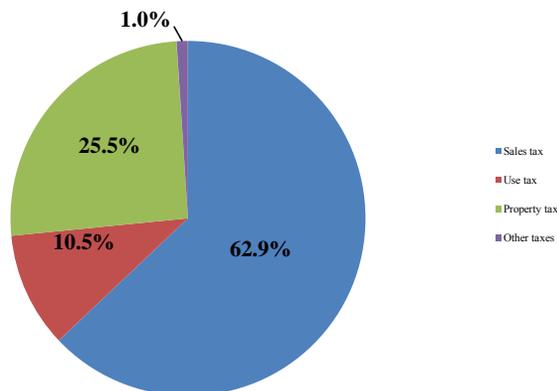
**(Unaudited)**

<b>Fiscal year</b>	<b>Sales tax</b>	<b>Use tax</b>	<b>Property tax</b>	<b>Other taxes</b>	<b>Total</b>
2004	\$ 16,465,668	\$ 4,747,349	\$ 7,172,283	\$ 1,456,991	\$ 29,842,291
2005	17,617,030	5,527,724	7,190,345	1,381,243	31,716,342
2006	17,570,207	4,642,760	7,418,809	1,409,224	31,041,000
2007	18,736,167	5,231,628	7,525,978	964,459	32,458,232
2008	18,620,968	6,787,422	7,989,318	890,664	34,288,372
2009	17,992,951	5,086,410	8,132,734	819,445	32,031,540
2010	20,624,581	5,125,433	9,506,280	797,403	36,053,697
2011	27,917,744	4,855,962	12,930,171	519,284	46,223,161
2012	32,782,443	5,461,377	13,301,715	539,677	52,085,212

**Tax Revenues By Source**



**2012 Tax Revenues by Source**



The information for this table was obtained from the Statement of Revenue, Expenditures and Changes in Fund Balances.

The City of Centennial incorporated during 2001. Statistical information is presented from 2004 through the current year 1 correspond with the implementation of GASB Statement No. 34.

**TABLE 11  
CITY OF CENTENNIAL, COLORADO**

**RATIOS OF:  
OUTSTANDING DEBT BY TYPE,  
OUTSTANDING GENERAL BONDED DEBT  
AND LEGAL DEBT MARGIN**

**LAST NINE FISCAL YEARS**

(Unaudited)

	Fiscal Year		
	2004	2005	2006
<b>Outstanding debt by type</b>			
Governmental activities			
General obligation bonds	\$ -	\$ -	\$ 3,050,000
Total Primary Government outstanding debt	\$ -	\$ -	\$ 3,050,000
Percentage of personal income <sup>1</sup>	0.0%	0.0%	0.1%
Per capita <sup>1</sup>	\$ -	\$ -	\$ 30
<b>Outstanding general bonded debt</b>			
General obligation bonds	\$ -	\$ -	\$ 3,050,000
Percentage of personal income <sup>1</sup>	0.0%	0.0%	0.1%
Per capita <sup>1</sup>	\$ -	\$ -	\$ 30
<b>Legal debt margin</b>			
Debt limit <sup>2</sup>	\$ 356,751,167	\$ 365,600,708	\$ 367,544,453
Total net debt applicable to limit	-	-	3,050,000
Legal debt margin	\$ 356,751,167	\$ 365,600,708	\$ 364,494,453
Legal debt margin as a percentage of the debt limit	100.0%	100.0%	99.2%

<sup>1</sup> Refer to Table 13, Demographic and Economic Statistics for personal income and population.

<sup>2</sup> State statutes limit the City's outstanding general debt to no more than 3% of actual property values.

Beginning in 2008, the City was no longer subject to the 3% statutory limitation as the City became home rule. Article XII of the City's Home Rule Charter does not provide a limit on bonded indebtedness; rather, it is left to the discretion of the City Council subject to the constitutional requirements of TABOR or other constitutional provisions.

The City of Centennial incorporated during 2001. Statistical information is presented from 2004 through the current year to correspond with the implementation of GASB Statement No. 34.

Demographic and economic statistical data was not available for this report from sources consistent with those in the prior years. Although the City believes demographic and economic statistics have remained relatively consistent with the prior years, "NA" or "Not Applicable" has been reported here as the actual data is not available.

<b>Fiscal Year</b>						
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	
\$ 3,035,000	\$ 2,980,000	\$ 2,920,000	\$ 2,860,000	\$ 2,795,000	\$ 2,730,000	
\$ 3,035,000	\$ 2,980,000	\$ 2,920,000	\$ 2,860,000	\$ 2,795,000	\$ 2,730,000	
0.1%	NA	NA	0.1%	NA	0.1%	
\$ 31	NA	NA	\$ 28	NA	\$ 27	
\$ 3,035,000	\$ 2,980,000	\$ 2,920,000	\$ 2,860,000	\$ 2,795,000	\$ 2,730,000	
0.1%	NA	NA	0.1%	NA	0.1%	
\$ 31	NA	NA	\$ 28	NA	\$ 27	
\$ 393,997,756	\$ -	\$ -	\$ -	\$ -	\$ -	
3,035,000	-	-	-	-	-	
\$ 390,962,756	\$ -	\$ -	\$ -	\$ -	\$ -	
99.2%	0.0%	0.0%	0.0%	0.0%	0.0%	

**TABLE 12  
CITY OF CENTENNIAL, COLORADO**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**AS OF DECEMBER 31, 2012**

(Unaudited)

<b>Governmental Unit</b>	<b>General Obligation Debt Outstanding</b>	<b>Estimated Percentage Applicable <sup>1</sup></b>	<b>Estimated Share of Overlapping Debt</b>
Antelope Water System General Improvement District	\$ 2,730,000	100.00%	\$ 2,730,000
Arapahoe Estates Water District	480,017	100.00%	480,017
Arapahoe Park and Recreation District	11,650,000	35.77%	4,167,205
Arapahoe Water and Wastewater Authority	132,385,000	42.59%	56,382,772
Centennial 25 Metropolitan District	1,185,000	98.52%	1,167,462
Cherry Creek School District No. 5	563,905,000	17.18%	96,878,879
Columbia Metropolitan District	935,000	30.95%	289,383
Dove Valley Metropolitan District	49,030,000	39.31%	19,273,693
East Smoky Hill Metropolitan District 1	3,920,000	26.70%	1,046,640
East Smoky Hill Metropolitan District 2	7,765,000	0.06%	4,659
East Valley Metropolitan District	451,324	100.00%	451,324
Estancia Metropolitan District	4,110,000	100.00%	4,110,000
Goodman Metropolitan District	3,885,000	0.01%	389
Havana Water and Sanitation District	4,065,000	9.17%	372,761
Heritage Greens Metropolitan District	3,520,000	100.00%	3,520,000
Littleton Public Schools	77,095,000	36.27%	27,962,357
Panorama Metropolitan District	6,735,000	64.67%	4,355,525
Parker Jordan Metropolitan District	15,190,000	51.38%	7,804,622
Piney Creek Metropolitan District	1,745,000	96.63%	1,686,194
Piney Creek Village Metropolitan District	6,285,000	100.00%	6,285,000
South Suburban Recreation Park District	21,025,000	37.57%	7,899,093
Southeast Public Improvement Metropolitan District	3,695,000	39.60%	1,463,220
Southgate at Centennial Metropolitan District	235,000	100.00%	235,000
Southglenn Metropolitan District	80,800,000	100.00%	80,800,000
Valley Club Pointe Metropolitan District	6,300,000	100.00%	6,300,000
Total Direct and Overlapping Debt	<u>\$1,009,121,341</u>		<u>\$ 335,666,191</u>

(1) The stated percentage represents the amount of the governmental unit which lies within the boundaries of the City. These percentages were provided by each of the governmental units.

As of December 31, 2012, there was not direct debt to be reported.

The information for this table was primarily obtained from each governmental unit.

**TABLE 13  
CITY OF CENTENNIAL, COLORADO**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS**

(Unaudited)

<b>Fiscal Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Median Age<sup>3</sup></b>	<b>High School Graduation Rates<sup>4</sup></b>	<b>Unemployment Rate<sup>5</sup></b>
2003	100,692	4,424,507,172	43,941	35.1	89.64%	6.30%
2004	101,049	4,588,635,090	45,410	35.4	88.52%	5.60%
2005	100,463	4,723,067,019	47,013	35.6	85.49%	5.20%
2006	100,309	4,961,082,522	49,458	35.9	78.18%	4.30%
2007	98,826	4,887,736,308	49,458	36.2	78.13%	3.80%
2008	** NA	NA	NA	NA	NA	NA
2009	** NA	NA	NA	NA	NA	NA
2010	100,377	3,878,968,788	38,644	40.5	95.60%	4.80%
2011	** NA	NA	NA	NA	NA	NA
2012	102,603	4,171,222,362	40,654	40.5	96.80%	7.00%

(1) 2003-2005 data was obtained from Colorado Municipal League (CML) reports; 2006-2007 data was obtained from the Denver Regional Council of Governments (DRCOG). 2010-2012 data was obtained from the U.S. Census Bureau.

(2) Data was obtained from the Colorado Department of Labor and Employment and is county-wide (Arapahoe County). 2007 Per Capita Personal Income is carry-over from 2006 as current data was not available at the time of this report. 2010-2012 data was obtained from the U.S. Census Bureau.

(3) Data obtained from the Department of Local Government (DOLA) website and is county-wide (Arapahoe County). 2010 - 2012 data was obtained from the U.S. Census Bureau.

(4) Data is based upon Colorado Department of Education and is county-wide (Arapahoe County). Graduation rate calculation modified beginning in 2006. 2010 data was calculated based on information from Applied Geographic Solutions. 2012 data was obtained from the U.S. Census Bureau.

(5) Data represents the Unemployment Rate for Arapahoe County and is based on information from the Colorado Department of Labor and Employment. 2010 data was obtained from Applied Geographic Solutions. 2012 data was obtained from the Bureau of Labor Statistics

\*\* Demographic and economic statistical data was not available for this report from sources consistent with those in the prior years. Although the City believes demographic and economic statistics have remained relatively consistent with the prior years, "NA" or "Not Applicable" has been reported here as the actual data is not available.

**TABLE 14  
CITY OF CENTENNIAL, COLORADO**

**PRINCIPAL EMPLOYERS**

**2012 and 2005**

**(Unaudited)**

<b><u>Top Ten Employers</u></b>	<b>2012</b>	<b><u>Top Ten Employers</u></b>	<b>2005</b>
<b><u>Rank</u></b>	<b><u>Rank</u></b>	<b><u>Rank</u></b>	<b><u>Rank</u></b>
Comcast (formerly Mediaone Group, Inc)	1	Oppenheimer Management Corporation	1
Oppenheimer Management Corporation	2	US Foodservice, Incorporated	2
United Lauch Alliance	3	Citicorp Diners Club, Incorporated	3
Pearson eCollege	4	Charles Schwab & Company, Incorporated	4
Dillion Companies, Inc.	5	Galileo International, Incorporated	5
US Foodservice, Inc.	6	Mediaone Group, Incorporated	6
Walmart	7	American Family Mutual Insurance Company	7
AlloSource	8	McGraw Hill Incorporated	8
SEAKR Engineering	9	Nationwide Mutual Insurance	9
Jones Knowledge, Inc.	10	First Tennessee Bank	10
<b><u>Employees by NAICS Industries</u></b>	<b>Total</b>	<b><u>Employees by NAICS Industries</u></b>	<b>Total</b>
<b><u>Employees</u></b>	<b><u>Employees</u></b>	<b><u>Employees</u></b>	<b><u>Employees</u></b>
Finance and Insurance	5,814	Finance and Insurance	8,203
Professional, Scientific, and Technical Services	5,528	Professional, Scientific, and Technical Services	5,039
Health Care and Social Assistance	4,473	Construction	4,467
Administrative and Support and Waste Management	3,737	Retail Trade	4,065
Wholesale Trade	3,389	Administrative and Support and Waste Management	3,843
Construction	3,378	Health Care and Social Assistance	3,532
Retail Trade	3,133	Accommodation and Food Services	3,459
Accommodation and Food Services	3,053	Wholesale Trade	3,332
Information	2,924	Information	3,014
Management of Companies and Enterprises	1,650	Educational Services	2,282
Retail Trade	1,317	Retail Trade	1,756
Other Services (except Public Administration)	1,224	Real Estate and Rental and Leasing	1,314
Educational Services	1,043	Other Services (except Public Administration)	1,287
Public Administration	950	Public Administration	1,119
Manufacturing	845	Manufacturing	916
Real Estate and Rental and Leasing	782	Management of Companies and Enterprises	900
Arts, Entertainment, and Recreation	763	Arts, Entertainment, and Recreation	503
Manufacturing	403	Transportation and Warehousing	324
Transportation and Warehousing	279	Manufacturing	292
Transportation and Warehousing	269	Transportation and Warehousing	162
Mining	170	Mining	154
Manufacturing	72	Manufacturing	56
Utilities	31	Utilities	18
Agriculture, Forestry, Fishing and Hunting	9	Agriculture, Forestry, Fishing and Hunting	12
Unclassified Establishments	7	Unclassified Establishments	5
Total	<u>45,243</u>	Total	<u>50,054</u>

The classification codes are obtained from the North American Industry Classification System (NAICS).

The information for this table was obtained from the Colorado Department of Labor (2012) and the Denver Regional Council of Governments.

Data is presented for the first and last year information is available. Information for ten years ago is not available.

**TABLE 15  
CITY OF CENTENNIAL, COLORADO**

**FULL-TIME EQUIVALENT EMPLOYEES AS OF DECEMBER 31**

**LAST NINE FISCAL YEARS**

(Unaudited)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	4.0	5.0	5.0	8.0	12.0	13.5	12.5	10.0	13.5
Community services	7.0	10.0	11.0	11.0	5.0	5.0	6.0	5.0	5.5
Finance & administration	4.0	12.0	12.0	13.0	13.0	13.0	16.0	17.0	13.5
Planning & development	0.0	0.0	1.0	9.0	15.5	14.0	14.0	13.0	9.0
City infrastructure	0.0	0.0	0.0	0.0	1.0	1.5	1.5	5.0	5.0
<b>Total</b>	<b>15.0</b>	<b>27.0</b>	<b>29.0</b>	<b>41.0</b>	<b>46.5</b>	<b>47.0</b>	<b>50.0</b>	<b>50.0</b>	<b>46.5</b>

The information for this table was obtained from the City's Finance Department.

The City of Centennial incorporated during 2001. Statistical information is presented from 2004 through the current year to correspond with the implementation of GASB Statement No. 34.

**TABLE 16**  
**CITY OF CENTENNIAL, COLORADO**  
**CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM**  
**LAST NINE FISCAL YEARS**

(Unaudited)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Recreation <sup>(1)</sup>									
Cultural arts facility	-	-	-	-	-	-	-	-	-
Acres of developed park	-	-	-	-	-	-	-	-	17.12
Acres of open space parks	-	-	-	-	-	-	-	-	54.62
Miles of trails	-	-	-	-	-	-	-	-	-
Police <sup>(2)</sup>									
Patrol and investigations vehicles	NA	NA	NA	NA	NA	NA	NA	NA	NA
Police motorcycles	NA	NA	NA	NA	NA	NA	NA	NA	NA
Public Works <sup>(3)</sup>									
Maintenance facility	-	-	-	-	-	-	-	-	-
Miles of streets	408	408	408	408	408	412	412	412	418
Number of street lights	3,620	3,626	3,642	3,711	3,979	3,987	3,992	4,057	4,042
Number of fleet vehicles	1	2	2	6	6	6	6	6	6
Number of equipment pieces in the fleet	NA	NA	NA	NA	NA	NA	NA	NA	NA

(1) Prior to 2012 all parks and recreation services, including assets, were provided through the South Suburban Parks & Recreation (SSPRD) District and the Arapahoe Park and Recreation District (APRD). While SSPRD and APRD still provide these services, the City's has begun to purchase its own infrastructure for recreation purposes.

(2) Law Enforcement services, including assets, are provided by the Arapahoe County Sheriffs Office through an Intergovernmental Agreement.

(3) Public Works services, including assets, are provided by the Arapahoe County Public Works Department through an Intergovernmental Agreement (through June, 2008) and by CH2MHill OMI (beginning July 1, 2009). Therefore, the number of fleet vehicles reported represents only those fleet vehicles belonging to the City, and does not include any equipment pieces in the fleet as these assets are owned by the City's service provider. The number of fleet vehicles reported here are used for all City purposes.

The information for this table was obtained from the City's Public Works Department.

The City of Centennial incorporated during 2001. Statistical information is presented from 2004 through the current year to correspond with the implementation of GASB Statement No. 34.



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**TABLE 17**  
**CITY OF CENTENNIAL, COLORADO**  
**OPERATING INDICATORS BY FUNCTION / PROGRAM**  
**LAST NINE FISCAL YEARS**

(Unaudited)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Government</b>									
Administrative Services									
Citations processed	13,402	14,493	14,506	17,837	20,694	21,405	19,372	19,654	18,645
Employment applications processed	352	637	709	771	764	1,906	2,172	1,040	950
New hires processed	7	15	13	23	22	16.5	9.0	9.0	12.0
Computer service requests	NA	NA	185	265	529	1,710	1,856	1,250	1,175
Finance									
Accounts payable checks issued <sup>(1)</sup>	NA	1,270	1,567	1,795	1,951	2,067	2,131	2,207	2,545
Purchasing card transactions	76	287	296	381	680	706	812	1,050	1,148
Payroll checks/direct deposits processed <sup>(7)</sup>	NA	NA	NA	NA	NA	NA	NA	NA	NA
Sales/use tax accounts <sup>(2)</sup>	3,199	3,807	4,322	3,597	2,783	2,922	3,245	3,618	3,855
Tax audits conducted and completed	NA	NA	NA	NA	NA	1	115	91	113
City Management									
Ordinances and resolutions approved									
by City Council	97	119	139	160	146	113	119	131	108
Citizen surveys received	NA	NA	NA	2	-	-	1	1	1
Community Development									
Building permits issued	3,704	4,827	3,866	4,329	4,031	7,592	6,490	5,151	7,256
Building inspections performed	11,780	13,683	11,639	13,048	13,187	14,646	14,600	14,745	15,454
Code enforcement cases <sup>(3)</sup>	NA	645	762	1,504	2,085	3,581	3,264	2,756	1,539
Public Safety									
Calls for service	46,818	49,371	48,931	48,876	46,652	44,770	44,318	45,360	46,086
Average response time to Priority 1 calls <sup>(4)</sup>	6.5	6.4	6.5	6.6	10.0	10.0	10.0	8.6	6.3
Hours spent on proactive patrol <sup>(5)</sup>	4.3	4.4	4.4	4.2	3.7	3.6	3.6	3.6	1.5
Total arrests	4,574	4,620	4,936	4,903	3,525	3,490	3,027	3,025	2,572
Public Works									
Vehicles in fleet	1	2	2	6	6	6	6	6	6
Turf areas repaired with sod or seed	-	-	-	-	-	-	-	-	-
Athletic field inspections	-	-	-	-	-	-	-	-	-
Lane miles receiving snow & ice control maintenance <sup>(6)</sup>	125,994	130,014	89,163	171,042	41,756	73,009	43,238	66,828	34,584
Lane miles swept	8,054	7,364	7,287	5,562	8,467	7,216	4,415	5,811	7,579

- (1) The number of checks issued is based upon the number of check stock used during the calendar year.
- (2) The number of Sales and Use tax accounts is based upon vendors actively filing sales tax returns.
- (3) The number of cases includes code enforcement of residential and commercial properties, and does not include the total number of violations, inspections, or right-of-way sign removal.
- (4) The response time is in the number of minutes.
- (5) The number of hours is based upon the average daily hours on patrol per Deputy.
- (6) The number of lane miles receiving snow & ice control maintenance is based upon the total number of miles driven. During 2008, the City's snow routes did not change from prior years, rather the City changed snow removal providers.
- (7) The number of payroll checks/direct deposits processed is not applicable as the City utilizes an outside payroll provider. The City generally processes a total of 38 payroll wire transfers per year.

The information for this table was obtained from the following City departments/divisions/offices: Municipal Court, Human Resources, Information Technology, Finance, City Clerk, Building, Public Safety, Code Enforcement and Public Works.

The City of Centennial incorporated during 2001. Statistical information is presented from 2004 through the current year to correspond with the implementation of GASB Statement No. 34.



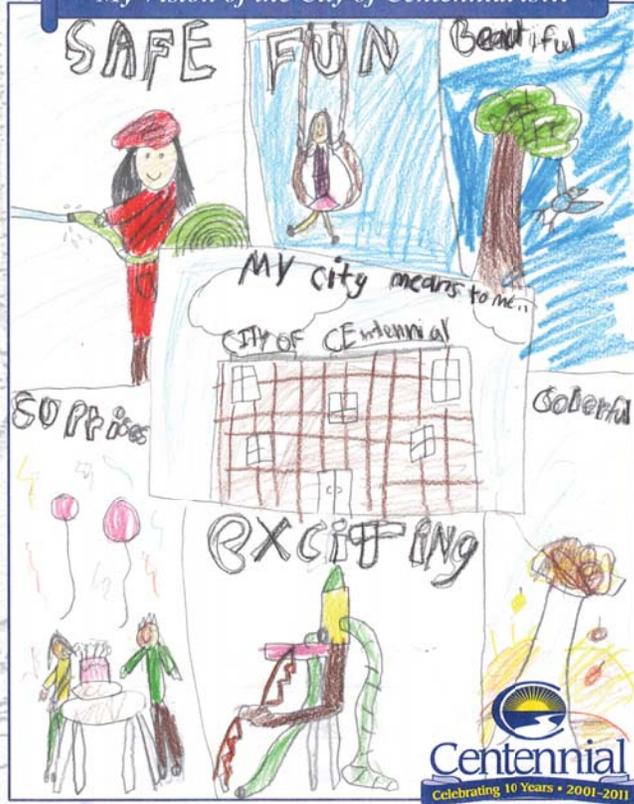
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SAFE

FUN

Beautiful

My Vision of the City of Centennial is...



COMPLIANCE SECTION

COMPLIANCE SECTION

EXCITING

COLORING CONTEST FINALIST  
CHERRY CREEK SCHOOL DISTRICT  
TRAILS WEST ELEMENTARY  
ASHLEE R.



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## **COMPLIANCE SECTION OVERVIEW**

### **SINGLE AUDIT**

Schedule of Expenditures of Federal Awards, which is required for all state and local governments with more than \$500,000 of federal expenditures.

### **OTHER REPORTS**

Local Highway Finance Report, which is an annual statement of receipts and expenditures required to be submitted annually to the Colorado Department of Transportation as part of the mileage certification process.



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Honorable Mayor and Members of the City Council  
City of Centennial  
Centennial, Colorado

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centennial as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Centennial, and have issued our report thereon dated May 21, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Centennial's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Centennial's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Centennial's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Centennial's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the City of Centennial's internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Centennial's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Centennial's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Centennial's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



May 21, 2013



Honorable Mayor and Members of the City Council  
City of Centennial  
Centennial, Colorado

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,  
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133**

**Report on Compliance for Each Major Federal Program**

We have audited the City of Centennial's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Centennial's major federal programs for the year ended December 31, 2012. The City of Centennial's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Centennial's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Centennial's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Centennial's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Centennial complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

## **Report on Internal Control Over Compliance**

Management of the City of Centennial is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Centennial's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Centennial's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the City of Centennial's internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centennial as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Centennial. We issued our report thereon dated May 21, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Centennial's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



May 21, 2013

**CITY OF CENTENNIAL, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2012**

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
  
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes      x   no

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
  
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

\_\_\_\_\_ yes      x   no

Identification of major program:

20.205 Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes      x   no

**Financial Statement Findings**

The audit of the financial statements did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose fraud, violations of provisions of contracts and grant agreements, or abuse that were material to those financial statements.

**Federal Awards Findings and Questioned Costs**

The audit of federal awards did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose instances of noncompliance or abuse that were material to those federal awards.

**CITY OF CENTENNIAL, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2012**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Energy ARRA - Energy Efficiency and Conservation Block Grant	81.128	\$ 290,402
U.S. Department of Transportation Passed through Colorado Department of Transportation Highway Planning and Construction	20.205	1,026,498
Passed through Denver Regional Council of Governments Highway Planning and Construction	20.205	<u>45,911</u>
Total U.S. Department of Transportation		<u>1,072,409</u>
U.S. Department of Housing and Urban Development Passed through Arapahoe County, Colorado Community Development Block Grant	14.218	<u>167,720</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 1,530,531</u></u>

**CITY OF CENTENNIAL, COLORADO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2012**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

The public report burden for this information collection is estimated to average 380 hours annually.

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: City of Centennial
	YEAR ENDING : December 2012

This Information From The Records Of (example - City of \_ or County of \_ City of Centennial) Prepared By: Amanda Fladland  
Phone: 303-754-3368

**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	4,077,686
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	11,402,278
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	968,591
2. General fund appropriations	7,268,814	b. Snow and ice removal	257,056
3. Other local imposts (from page 2)	7,784,280	c. Other	858,184
4. Miscellaneous local receipts (from page 2)	27,916	d. Total (a. through c.)	2,083,831
5. Transfers from toll facilities		4. General administration & miscellaneous	2,906,067
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,382,598
a. Bonds - Original Issues		6. Total (1 through 5)	21,852,460
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	15,081,010	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	5,354,851	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	1,416,599	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	21,852,460	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	
			21,852,460

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		21,852,460	21,852,460		0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2012	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	2,800,000	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	387,630	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	4,596,650	g. Other Misc. Receipts	
6. Total (1. through 5.)	7,784,280	h. Other	27,916
c. Total (a. + b.)	7,784,280	i. Total (a. through h.)	27,916
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	4,846,842	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	508,009	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	1,416,599
f. Total (a. through e.)	508,009	g. Total (a. through f.)	1,416,599
4. Total (1. + 2. + 3.f)	5,354,851	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		1,215,366	1,215,366
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		2,266,229	2,266,229
(4). System Enhancement & Operation		596,091	596,091
(5). Total Construction (1) + (2) + (3) + (4)		0	2,862,320
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	4,077,686
			(Carry forward to page 1)
<b>Notes and Comments:</b>			



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# Centennial

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(303) 325-8000

"NEVER DOUBT THAT A SMALL GROUP OF  
THOUGHTFUL, COMMITTED PEOPLE CAN  
CHANGE THE WORLD. INDEED, IT IS THE  
ONLY THING THAT EVER HAS."  
— MARGARET MEADE

