

# INTRODUCTION & OVERVIEW



# CITY MANAGER'S BUDGET MESSAGE



Honorable Mayor Piko and Members of City Council:

The Annual Budget constitutes the legal authority of the City to appropriate and expend public funds. For the community, a budget also serves as a communications and operations guide for the City by detailing strategic projects, service levels, and programs that fulfill the policy direction of City Council.

Section 11.5 of the Centennial Home Rule Charter requires the City Manager deliver a Proposed Budget to City Council on or before September 20<sup>th</sup> of each year. A Proposed Budget was delivered to City Council on September 16<sup>th</sup>. Publicly-noticed budget workshops were held to review the Proposed Budget on September 30<sup>th</sup>, October 7<sup>th</sup>, October 14<sup>th</sup>, and 15<sup>th</sup>. A public hearing prior to adoption of the 2020 budget took place on November 4<sup>th</sup>.

As required by the Centennial Home Rule Charter and the Colorado Local Government Budget Law, each Fund in the 2020 Annual Budget is balanced.

### Strategic Planning

Centennial continued its strategic planning efforts throughout 2019, and the Strategic Plan was the foundation in the preparation of the 2020 Budget. With the adoption of Resolution 2019-R-17, the City Council established a vision, mission, and values for the organization:

- Vision (provides a clear and inspirational view of how the community will be known by others)
  - The City of Centennial is a connected community, where neighborhoods matter, education is embraced, businesses are valued, and innovation absolute.
- Mission (guides how City operations will work to fulfill the vision)
  - Driven to provide exceptional service to the Centennial community.
- Core Values (set the standard for the behavior of the organization and illustrate what people can expect when they receive service from or interact with City staff and contract partners)
  - Collaborative, Intentional, Service-Oriented, Innovative

The 2020 Budget reflects intentional steps toward implementing the vision for the community developed by the City Council. Specific goals and strategies (also adopted in Resolution 2019-R-17) have been revised from prior years and reflect the evolution in strategic planning in which Council has invested significant time and resources. Consistent with the 2019 Budget, working toward implementation or achievement of these goals and strategies formed the basis for Staff budget proposals and funding recommendations.

The 2020 Budget describes operations and major changes from 2019. The summaries in this message do not fully reflect ongoing budget expenditures that also support or fulfill the goals and strategies of the City. Within the adopted budget, departments are responsible for utilizing each of the individual strategic planning elements when developing annual work plans. These work plans further allocate public resources to the policy direction of the City Council and the fulfillment of municipal operations.

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The six goals and strategies and the total dollar amount committed to major projects in 2020 that received Council consensus for funding are included below:

- [Economic Vitality](#)
  - Centennial's access to an educated workforce, superior infrastructure, and predictable policies provide an environment where businesses flourish.
  - \$381,480 - one decision package, two budget highlights – 0.4% of All Funds Expenditures
- [Fiscal Sustainability](#)
  - Through prudent budgeting and investment practices, Centennial demonstrates fiscal responsibility and is resilient to economic change.
  - Reduction of \$350,000 – one budget highlight
- [Future Ready City Government](#)
  - Our City government is attentive to the community's current needs while anticipating change. Centennial is innovative and prepared to leverage technology and resources to benefit our community.
  - \$1,148,200 – six decision packages, three budget highlights – 1.1% of All Funds Expenditures
- [Public Safety & Health](#)
  - Centennial strives to be the safest City in Colorado and partners with other agencies to ensure access to public safety and health services that meet the needs of the community.
  - \$152,980 – one decision package, one budget highlight – 0.2% of All Funds Expenditures
- [Signature Centennial](#)
  - Through intentional planning and community investment, Centennial is a desirable, inclusive community with a lasting built environment, memorable places, and experiences that bring people together.
  - \$4,153,560 – five decision packages, five budget highlights – 4.1% of All Funds Expenditures
- [Transportation & Mobility](#)
  - Centennial's transportation network provides alternatives for the safe, efficient, and reliable movement of people, goods, and services.
  - \$23,191,722 – one decision package, ten budget highlights – 22.9% of All Funds Expenditures

### [2020 Annual Budget – Summary –](#)

There are two structural changes in the 2020 Budget that improve transparency and increase the utility of the City's budget as a policy and operations document:

- creation of a separate Street Fund to capture the funding sources (revenues) and costs (expenditures) that are related to the City's most significant public infrastructure obligations; and
- identification of Committed Fund Balances for specific future projects or warranted operational changes to clearly communicate the purposes for the City's various Fund Balances.



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The Street Fund accounts for maintenance and improvements to roadways, maintenance and installation of traffic signals, bike and pedestrian improvements, and street lighting, among other costs. Revenues for the Street Fund include sources that are restricted for use on street-related expenses, including a portion of the City's sales tax receipts, the motor vehicle use tax, the Highway Users Tax Fund, road and bridge shareback funding, pavement degradation fees, and grants. The creation of this separate fund leads to changes in the comparisons to prior year revenues and expenditures, particularly within the General and Capital Funds. Review of year-over-year comparisons should be considered together with comparisons at the All Funds level to ensure a complete and accurate assessment of the City's financial picture.

Committed Fund Balances allocate a portion of unappropriated funding for a specific, identified purpose. This formal allocation by Council resolution ties a specific portion of the City's healthy fund balance to a particular purpose. This allows the City to clearly identify what projects are partially- or fully-funded, and ensure that funding is available for significant, long-term needs. Any use of Committed Fund Balance will require appropriation and action by Council before being available for expenditure.

### Revenues

General Fund revenues for 2020 are budgeted at \$64.1 million, a decrease of approximately \$11.9 million (15.7%) from the 2019 Adopted Budget (\$76.0 million). The year-over-year decrease in General Fund revenues reflects the addition of the Street Fund, and the movement of various revenue sources from the General Fund to the Street Fund. If the fund structure remained the same in the 2020 Budget, General Fund revenues would have increased slightly compared to the 2019 Adopted Budget. When compared to General Fund expenditures, General Fund revenues remain in a strong position, leading to an operating margin (revenues less expenditures) of \$3.4 million.

Revenues for All Funds are budgeted at \$86.9 million, an increase of approximately \$2.3 million (2.7%) from the 2019 Adopted Budget (\$84.6 million). The increased revenues are attributed to the overall sales tax receipts, grant opportunities and development activity in the Land Use Fund, and other miscellaneous revenues.

To support ongoing management of Centennial's revenues, the City's first revenue manual was produced. This revenue manual enables Council and the public to more clearly understand the revenue sources, rates, restrictions, and other factors that influence the overall revenue picture for the City.

### Expenditures

General Fund expenditures for 2020 are budgeted at \$60.7 million, a decrease of \$6.7 million (9.9%) from the 2019 Adopted Budget (\$67.4 million). The year-over-year decrease in General Fund expenditures is due to the addition of the Street Fund to the budget structure and the movement of various street-related expenditures out of the General Fund. Primary drivers for General Fund expenditures remain the provision of Law Enforcement and Public Works services. Further detail for expenditure changes is provided in the Executive Summary of Budget Variances.

# CITY MANAGER'S BUDGET MESSAGE

Expenditures for All Funds are budgeted at \$99.7 million, an increase of approximately \$12.5 million (14.2%) from the 2019 Adopted Budget (\$87.3 million). The increased expenditures are attributed to increased expenditures within the Open Space Fund and the Street Fund, with the most significant portion attributed to one-time projects and re-budgeting unspent funds from 2019 projects for 2020.

Total budgeted expenditures exceed total budgeted revenues due to the use of fund balance to pay for anticipated large capital improvement projects. The use of fund balance to balance the budget is a result of the City's practice to save for capital projects instead of incurring debt which results in expenditures exceeding revenues in certain years.

Budgeted expenditure variances between the 2019 Adopted Budget and the 2020 Adopted Budget are included in this message. The table below shows fund expenditure comparisons to the 2019 Adopted Budget.

**All Funds Expenditures – Comparison to 2019 Adopted Budget (Excluding Transfers)**

Fund	2019 Adopted Budget	2020 Adopted Budget	Amount Change	Percentage Change
General Fund	\$67,404,910	\$60,700,960	(\$6,703,950)	(9.9%)
Land Use Fund	3,505,900	3,767,340	261,440	7.5%
Fiber Fund	272,000	365,000	93,000	34.2%
Conservation Trust Fund	632,500	540,000	(92,500)	(14.6%)
Open Space Fund	2,000,000	7,436,000	5,436,000	271.8%
Capital Improvement Fund	13,466,200	4,161,120	(9,305,080)	(69.1%)
Street Fund*	N/A	22,736,170	22,736,170	N/A
<b>Total</b>	<b>\$87,281,510</b>	<b>\$99,706,590</b>	<b>\$12,425,080</b>	<b>14.2%</b>

*\*Created in the 2020 Annual Budget.*

## Decision Packages, Budget Highlights, and Major Projects

In addition to the goals and strategies with their associated funding in the 2020 Budget, the City continues to examine and improve the core services and programs. The focus remains efficiency, innovation and customer service with the intent of continuously striving to improve service delivery.

In preparing the 2020 budget, departments were directed to limit increases to core service delivery responsibilities. Contractual increases and costs beyond the control of the City (e.g., snow and ice control materials, gas, asphalt, concrete, among other material costs) were also authorized. Departments also proposed several budget revisions or changes to service delivery that resulted in the service efficiencies and alignment of resources with strategic priorities. These parameters ensure that the City continues to deliver services in an efficient and effective manner.

The 2020 budget reflects Council strategic direction, operational adjustments recommended by Staff, and contractually required changes. The priorities of the City are represented within the Annual Budget, including the six goals and strategies previously discussed.

Major 2020 budget changes occurred in these funds and departments:

# CITY MANAGER'S BUDGET MESSAGE

### *General Fund:*

- City Manager's Office – reorganization of personnel and associated costs to the Office of Strategic Initiatives, inclusion of City-wide services for budgeting and accounting purposes, new funding for Economic Development activities and services, 1.0 FE for a Neighborhood Services position;
- Finance – moving to an in-house model for sales tax services, saving on contract costs and continuing to provide the same level of service to the public;
- Office of Technology & Innovation – three full-time employees and one contracted staffing additions to support information technology responsibilities, operations, and maintenance, funding for an internet-of-things pilot project, and funding for new and replacement hardware and software;
- Communications – adjustments to personnel to reflect staffing needs, additional funding for specific projects;
- Office of Strategic Initiatives – reorganization of personnel from the City Manager's Office, inclusion of one-time funding for the Lifelong Homes initiative;
- Law Enforcement – funding for additional support services in the human resources area;
- Public Works – one additional engineer position in response to project demands, funding for the Dry Creek Station infrastructure requirements, and dedicated funds for security equipment and repair; and
- Community Development – funding for two additional Code Compliance contract position due to increased commercial code compliance needs.

### *Land Use Fund:*

- One additional planner position in response to Community Development's ongoing workload.

### *Fiber Fund:*

- Funding for potential regional interconnections and fiber lease opportunities for the FiberWorks backbone.

### *Conservation Trust Fund:*

- Ongoing funding for maintenance of the Centennial Center Park, including the pruning of trees.

### *Open Space Fund:*

- Funding for the design and infrastructure construction of the Centennial Center Park Master Plan;
- Project funds for several trail connections and crossings, including the Lone Tree Creek Trail; and
- Allocated funds for partner projects with the Arapahoe Parks and Recreation District and South Suburban Parks and Recreation District.

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### *Capital Improvement Fund:*

- Relocation of street-related expenses to the newly-created Street Fund;
- Funding for management of the City's buildings, including rehabilitation of a portion of the Eagle Street parking lot;
- Purchase of a new City vehicle;
- Continuation of the Intelligent Transportation System project to connect and manage the City's traffic network; and
- Continued funding for implementation of IT software systems.

### *Street Fund:*

- Creation of the Street Fund to capture revenues and expenditures for public streets, including traffic signals, sidewalks, street lights and roadway construction;
- Final year of funding for the roadside improvements pilot program;
- Land acquisition for the Arapahoe Road bridge at Big Dry Creek widening project;
- More than one mile of new sidewalk within the City;
- Two corridor studies to identify future configuration for vehicles, bicycles, and pedestrians;
- Crosswalk and signal improvements at several intersections in the City;
- Addressing operational backlog for concrete maintenance of more than 500 cubic yards; and
- Ongoing operations and maintenance for public streets, including fuel, asphalt, and snow removal expenses, the street rehabilitation program, and the Neighborhood Traffic Management Program, among others.

### Staffing and Benefits

The organization is staffed responsive to current City needs in the 2020 Annual Budget. Six additional full-time equivalent positions are authorized: five in the General Fund, and one in the Land Use Fund. The total staffing for 2020 reflects a net increase of 6.0 full-time equivalent positions compared to the 2019 Adopted Budget, for a total of 74.0 FTE.

Benefit changes are budgeted at 3% for health, 2% for dental, and 8% for short-term and long-term disability coverages. The 2020 Budget includes \$387,270 for the compensation pool to be used for merit increases, market adjustments, structure adjustments, and promotions.

For additional information regarding City Staffing, see the Organizational Chart and Staff Resources Summary by Position in this budget document.

### Fund Balance

The healthy condition of the City's fund balances demonstrate the fiscal strength of the City. The City utilizes fund balance in compliance with guidance from the Government Finance Officers Association (GFOA) and its own Fund Balance Policy. In the 2020 Budget, the City has strengthened its use of Committed Fund Balances in several funds. The Committed Fund Balances allocate a portion of unappropriated funding for a specific, identified purpose or project. This formal allocation by Council ties a specific portion of the City's fund balance to a particular purpose, clearly identifying the

# CITY MANAGER'S BUDGET MESSAGE

particular project, and helping to ensure that funding is available for significant, long-term needs. These Committed Fund Balances are identified in each Fund Summary.

The City has historically maintained a fund balance above 25% of expenditures as required by policy in the General Fund, and this will remain the case in the 2020 Budget.

The 2020 General Fund ending fund balance is budgeted at 35% of General Fund expenditures and net transfers, for a total of \$24.3 million. The 2020 Budget also establishes a 25% operating reserve within the Street Fund totaling \$1.9 million.

The City's debt policy states that the City will maintain outstanding debt limits at levels consistent with City Council direction. Following Council direction, major capital projects are funded with the use of cash, and as a result, the City remains debt-free. The City anticipates funding several major capital projects in upcoming years, which may affect fund balance.

### Centennial Budget Committee

The Centennial Budget Committee (CBC) comprises the Mayor, one Council Member, three citizen representatives, the City Manager, and the Finance Director. The CBC convened several times during the year to review and provide input on financial policies, projection methodologies, and the City Manager's Proposed Budget. As a result of these meetings, the citizen members of the CBC provided written comments and recommendations to Council. Highlights of the comments and recommendations made to Council include:

- The citizen members of the CBC remain satisfied with information received during the budget process, focused on strategic rather than tactical issues, and that all information and data requested by the Committee was provided by City Staff.
- The 2020 Budget reflects Council's policies about services desired by residents of Centennial, including an economic environment and revenue outlook allowing for high levels of service for Public Safety and Public Works.
- The City continues to have opportunities to make substantial investments in infrastructure while committing fund balances to known projects that will require considerable funds.
- Updates and changes to financial policies are timely and appropriate, as policy should reflect current conditions and expectations of potential future needs.
- Support for the establishment of the Street Fund, providing clarity and transparency by consolidating various sources of revenue and types of expenditures into a focused view of the City's financial commitment to streets and bike and pedestrian infrastructure.

### Conclusion

I would like to extend my thanks to the City Council who worked tirelessly in providing policy direction in developing this document. I would also like to express my gratitude to the members of the Centennial Budget Committee for volunteering their time to serve the City of Centennial. Finally, my thanks to the Staff members and City partners who assisted with the development and preparation of the 2020 Annual Budget.



# CITY MANAGER'S BUDGET MESSAGE

The 2020 Annual Budget reflects the City's focus on Council's strategic goals for the City. The alignment of City operations with these goals will continue, as Staff examines business strategies and core competencies to ensure the City is managed in the most effective and efficient manner possible. The success of our City is deliberate and this document reflects the careful planning and action that guides municipal operations. I look forward to working with Council to ensure that strategic planning continues to enhance the City's budget process.

Respectfully Submitted,

Matthew Sturgeon  
City Manager





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## INTRODUCTION & OVERVIEW

# NOTEWORTHY CHANGES

### EXECUTIVE SUMMARY OF CHANGES FROM 2019 TO 2020

VARIANCE DETAIL	2019 ADOPTED	2020 BUDGET	% CHANGE
<b>ALL FUNDS</b>			
<b>City-Wide</b>			
The 2020 Budget reflects an increase in healthcare and benefits costs for the General Fund and Land Use Fund, including an 8% increase for short term and long term disability.	\$ 1,969,391	\$ 2,303,540	17%
The 2020 Budget includes six additional Council-approved FTEs in order to support and address the current service needs of the City. Five staffed positions will work within the General Fund and one staffed position will support the Land Use Fund.	68.0 FTE	74.0 FTE	6.0 FTE
<b>GENERAL FUND</b>			
<b>Elected Officials</b>			
Benefits costs increased in 2020 due to anticipated benefits elections for new Council members.	\$ 30,560	\$ 96,010	214%
<b>City Clerk's Office</b>			
Election Services decreased in 2020 due to a non-election year. Municipal elections are held only in odd-numbered years, costs will increase during the next budget cycle.	\$ 250,000	\$ -	-100%
<b>City Attorney's Office (CAO)</b>			
Special Legal Services increased in 2020 due to anticipated costs for additional projects for which the CAO will support.	\$ 200,000	\$ 229,500	15%
<b>City Manager's Office (CMO)</b>			
Personnel Costs decreased in 2020 due to a re-organization of staff from the CMO to the Office of Strategic Initiatives to better reflect service areas within the City, as well as a re-alignment of costs from the CMO to the Economic Development division.	\$ 1,699,220	\$ 938,530	-45%
Professional Services in the Economic Development division increased in 2020 due to additional business development and retail strategy analyses. These program have been expended from 2019, reflected by a growth in budget.	\$ 162,500	\$ 205,000	26%
Sales Tax Incentives in the Central Services division decreased in 2020 due to the expiration of certain incentive agreements paid to retailers within the City.	\$ 5,439,800	\$ 3,789,200	-30%
<b>Finance</b>			
Professional Services in the Sales Tax division decreased in 2020 due to the expiration of the City's sales tax administrator contract with a third party, and bringing sales tax services in-house.	\$ 748,000	\$ 250,000	-67%
Property and Casualty in the Risk Management division increased in 2020 due to a possible increase for claims as well as additional cyber security coverage for the City.	\$ 368,000	\$ 420,000	14%
<b>Human Resources (HR)</b>			
No significant changes from 2019.	\$ -	\$ -	N/A

## INTRODUCTION & OVERVIEW

# NOTEWORTHY CHANGES

EXECUTIVE SUMMARY OF CHANGES FROM 2019 TO 2020

VARIANCE DETAIL	2019 ADOPTED	2020 BUDGET	% CHANGE
<b>Office of Technology and Innovation (OTI)</b>			
Personnel Costs increased in 2020 due to the addition of three FTEs in OTI. In 2020			
Personnel Costs have been re-aligned within the department divisions to better reflect service areas.	\$ 1,112,960	\$ 1,867,920	68%
Non-Capital Equipment decreased in 2020 due to			
Software License Maintenance increased in 2020 due to			
<b>Communications</b>			
Personnel Costs decreased in 2020 due to a reduction of FTEs within the department.	\$ 697,360	\$ 466,590	-33%
Professional Services in 2020 increased due to additional costs for design and photography projects and services.	\$ 35,000	\$ 60,000	71%
<b>Office of Strategic Initiatives (OSI)</b>			
Personnel Costs increased in 2020 due to a re-organization of staff from the CMO to the Office of Strategic Initiatives to better reflect service areas within the City.	\$ -	\$ 709,940	N/A
Project Specific decreased in 2020 due to the completion of several projects in 2019, including an ADA compliance project at the City's Civic Center building. The 2020 budget reflects a continuation of several 2019 programs including the Centennial Tree Program.	\$ 351,500	\$ 256,500	-27%
<b>Municipal Court</b>			
No significant changes from 2019.	\$ -	\$ -	N/A
<b>Law Enforcement</b>			
Public Safety Contract increased in 2020 due to a mandated 3% increase though the Arapahoe County Sheriff's Office.	\$ 29,220,660	\$ 30,056,400	3%
<b>Public Works</b>			
Personnel Costs increased in 2020 due to the addition of one FTE within the department.	\$ 645,000	\$ 794,450	23%
Public Works Contract decreased in 2020 due to street related costs within the contract being moved to the newly created Street Fund.	\$ 12,553,400	\$ 8,435,060	-33%
Street related costs in the Public Works department, totaling \$2.8M, have been re-allocated to the newly created Street Fund in 2020.			
Security Services in the Facilities division increased in 2020 due to additional costs for physical safety and security improvements to City facilities.	\$ -	\$ 40,000	N/A
General Repair and Maintenance in the Facilities division increased in 2020 due to projected cost increases from 2019 estimates. The budget has been increased in order to maintain the current maintenance needs of City facility components.	\$ 91,000	\$ 156,000	71%
<b>Community Development</b>			
Project Specific increased in 2020 due to the newly formed Neighborhood Beautification program which will seek to support community initiatives.	\$ -	\$ 700,000	N/A
Code Compliance Contract increased in 2020 due to the addition of two Code Compliance Officer contracted positions to help support the Code Compliance division.	\$ 640,140	\$ 849,020	33%



## INTRODUCTION & OVERVIEW

# NOTEWORTHY CHANGES

### EXECUTIVE SUMMARY OF CHANGES FROM 2019 TO 2020

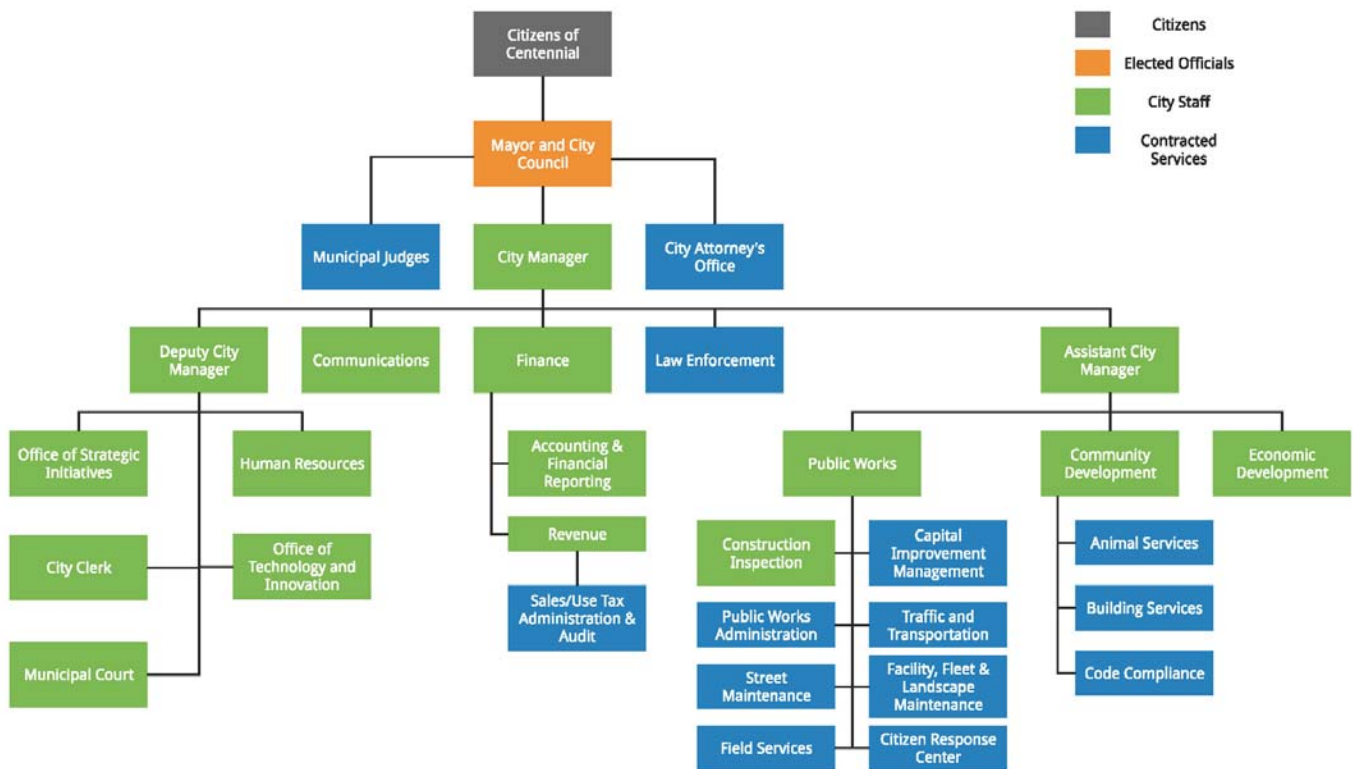
VARIANCE DETAIL	2019 ADOPTED	2020 BUDGET	% CHANGE
<b>LAND USE FUND</b>			
<b>Land Use</b>			
Professional Services decreased in 2020 due to additional costs for a document scanning project in 2019. The 2020 Professional Services budget reflects a baseline budget.	\$ 151,400	\$ 51,400	-66%
Permitting and Inspections increased in 2020 due to a greater level of anticipated building services costs compared to 2019 Adopted.	\$ 2,200,000	\$ 2,450,000	11%
<b>FIBER FUND</b>			
<b>Fiber Fund</b>			
Project Specific increased in 2020 due to anticipated regional interconnections with neighboring municipal networks, internet service providers (ISPs) and community anchor institutions for Fiber capability expansions within the City.	\$ 31,000	\$ 175,000	465%
<b>CONSERVATION TRUST FUND</b>			
<b>Conservation Trust Fund</b>			
Park Maintenance decreased in 2020 due to the completion of the Shade Structure project within Centennial Center Park in 2019. The 2020 budget reflects costs associated with general maintenance within the park.	\$ 602,500	\$ 510,000	-15%
<b>OPEN SPACE FUND</b>			
<b>Open Space Fund</b>			
Center Park Projects increased in 2020 due to the approval of the Center Park Master Plan project in 2020.	\$ -	\$ 2,420,000	N/A
Lone Tree Creek Trail increased in 2020 due to the approval of the continued construction of the Lone Tree Creek Trail, Phase I construction and Phases II and III design.	\$ 250,000	\$ 3,560,000	1324%
City Priority Projects increased in 2020 due to the approval of several projects including trail, undercrossing and open space projects.	\$ -	\$ 772,000	N/A
<b>CAPITAL IMPROVEMENT FUND</b>			
<b>Capital Improvements</b>			
Building Repair and Improvements increased in 2020 due to approved costs for a parking lot project that will repair and improve the parking lot at the City's Eagle Street facility.	\$ 185,000	\$ 600,000	224%
ITS Project increased in 2020 due to the continuation of the ITS project in the current year.	\$ 30,000	\$ 1,745,000	5717%
IT Systems reflects a carry forward of funds for remaining IT projects, PW system and Contract Administration system implementations.	\$ -	\$ 919,120	N/A
Street related costs in the Capital Improvement Fund, including capital expenditures, have been re-allocated to the newly created Street Fund in 2020.			



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# ORGANIZATIONAL CHART

CITY STAFF AND CONTRACTED SERVICES BY DEPARTMENT AND DIVISION



# GOVERNMENT STRUCTURE

The City Manager is responsible to City Council for the proper administration of all business of the City, and is required to present the City's Annual Budget to Council for approval. The City of Centennial provides the following major services: law enforcement, public works, capital improvement projects, municipal court, building services, economic and community development services, animal services, liquor licensing, business and sales tax licensing, sales tax administration and management, and communication services.

### HOME RULE CHARTER AS IT RELATES TO THE CITY BUDGET

Article XI of the Home Rule Charter defines all requirements of the Budget. In summary, a proposed preliminary budget must be presented to City Council on or before the 20th day of September of each year. City Council must have a public hearing on the proposed budget each year. Notice of the hearing is published at least once seven days prior and copies of the proposed budget are available to the public. The City Council may make changes to the Budget prior to the adoption of the Budget. The Annual Budget is adopted by Resolution no later than the 15th day of December of each year. The Budget will not be considered adopted unless a public hearing occurs prior to the vote of City Council and there is an affirmative vote of a majority of City Council to adopt the Budget.

In accordance with the Home Rule Charter, the adopted Budget must contain:

- an estimate of anticipated revenue from all sources for the ensuing year;
- an estimate of the general fund cash surplus at the end of the current fiscal year or of the deficit to be made up by appropriation;
- the estimated expenditures necessary for the operation of the departments, offices, and agencies of the City;
- debt service requirements for the ensuing fiscal year;
- an estimate of the sum required to be raised by the tax levy for the ensuing fiscal year and the rate of levy necessary to produce such sum;
- a balance between the total estimated expenditures, including any deficit to be met and monies set aside for public improvements and total anticipated revenue, plus any surplus.

The Budget estimates must be in detail showing revenues by source and expenditures by departments, organizational units, activities, character and object.

### ELECTED OFFICIALS

The City of Centennial was incorporated in 2001 and became a home-rule City under Article XX of the Colorado Constitution June 17, 2008. The Home Rule Charter established a Council-Manager form of government. City Council is the legislative power, which appoints the City Manager to execute the laws and administer the City Government. City Council is comprised of eight members, two elected from each District that serve four-year staggered terms. The Mayor serves a four-year term and is elected at-large.





## INTRODUCTION & OVERVIEW

# GOVERNMENT STRUCTURE

ELECTED OFFICIALS AND TERM OF OFFICE

### MAYOR



Stephanie Piko  
January 2022

### DISTRICT 1 COUNCIL MEMBERS



Candace Moon  
January 2020



Kathy Turley  
January 2022

### DISTRICT 2 COUNCIL MEMBERS



Carrie Penaloza  
January 2020



Tammy Maurer  
January 2022

### DISTRICT 3 COUNCIL MEMBERS



Ken Lucas  
January 2020



Mike Sutherland  
January 2022

### DISTRICT 4 COUNCIL MEMBERS

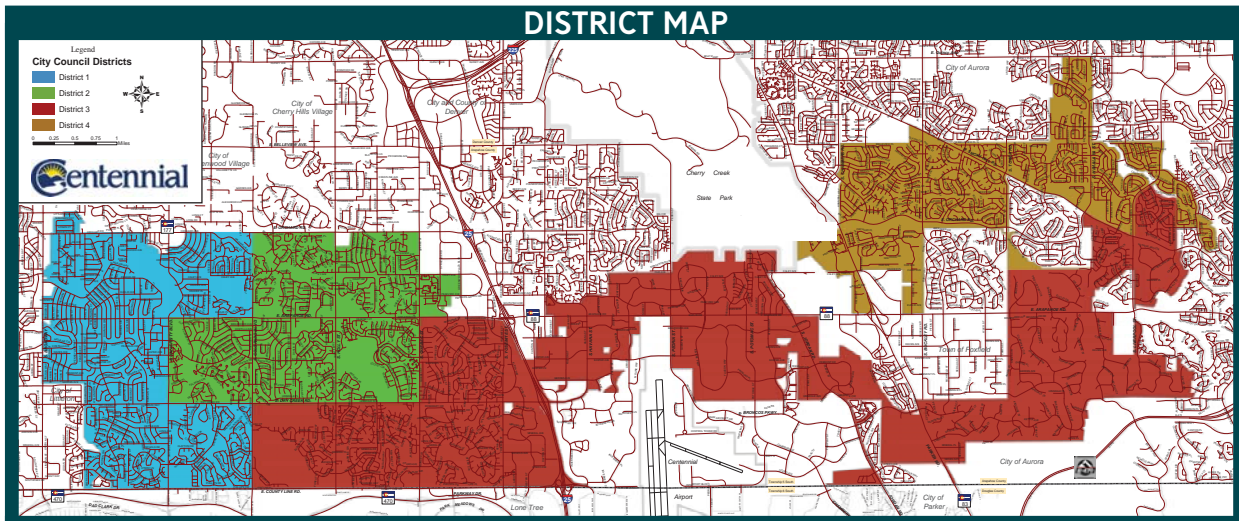


Ron Weidman  
January 2020



Marlo Alston  
January 2022

### DISTRICT MAP





# GOVERNMENT STRUCTURE

### CITY EMPLOYEES & BENEFITS

The City has 74.0 authorized Full-Time Equivalent (FTE) positions (exempt and non-exempt in the 2020 Budget). Contract employees are not included in the FTE count as they are not City employees. Centennial neither recognizes nor bargains with any employee union.

A benchmark survey is conducted each year using a variety of resources to establish salary adjustments. Employees are eligible to receive salary increases based on individual performance. Actual salaries and benefits are calculated assuming that each authorized position is filled for the entire Budget period at the current salary level.

Benefits provided to City employees include paid time off and paid holidays. Health care benefits include medical, dental and vision insurance; disability plans; and life insurance. The City offers pre-tax options on health insurance premiums, flexible spending accounts under Section 125 of the Internal Revenue Code, and 401(a) and 457 retirement savings plans.

### Contractors

Centennial contracts with private entities and builds partnerships with neighboring jurisdictions to provide services to the citizens of Centennial. Many of the City's core services, including Law Enforcement and Public Works, are contracted using third-party service providers.

### Scope of Services

The City of Centennial provides the following major services, through staff and contracted services:

- Law Enforcement
- Street Maintenance
- Traffic & Transportation Management
- Code Compliance
- Building Services
- General Administration
- Economic Development
- Community Development
- Animal Services
- Liquor Licensing
- Business & Sales Tax Licensing
- Sales Tax Administration
- Facilities & Park Maintenance

A major goal of the City is to provide responsive government. The City has a 24-hour, seven-day-a-week citizen response center that is ready to respond to the needs of the community. The utilization of contractors for government services provides flexibility in responding to the changing needs of the community.

## INTRODUCTION & OVERVIEW

# COMMUNITY PROFILE



**2ND MOST LIVABLE MID-SIZED CITY IN COLORADO**

SmartAsset

**MOST FAMILY-FRIENDLY CITY IN COLORADO**

Apartment List



**Founded: 2001**



**Median household income: \$106,012**



**Population: 110,277  
Median age: 41**

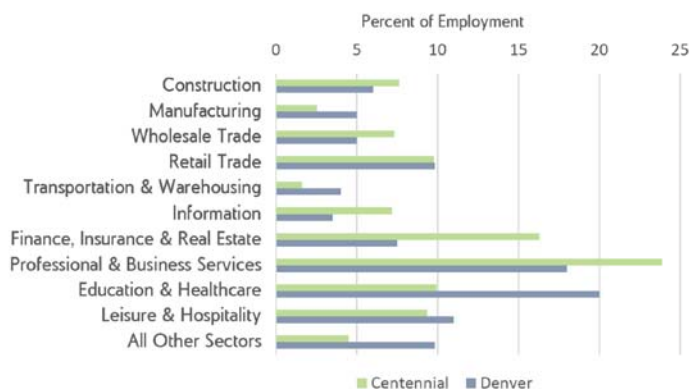


**% of people age 25+ who have Bachelor's degrees or higher: 61.1%**



**Jobs: 64,850**

## LOCAL & REGIONAL EMPLOYMENT



## TOP 10 EMPLOYERS

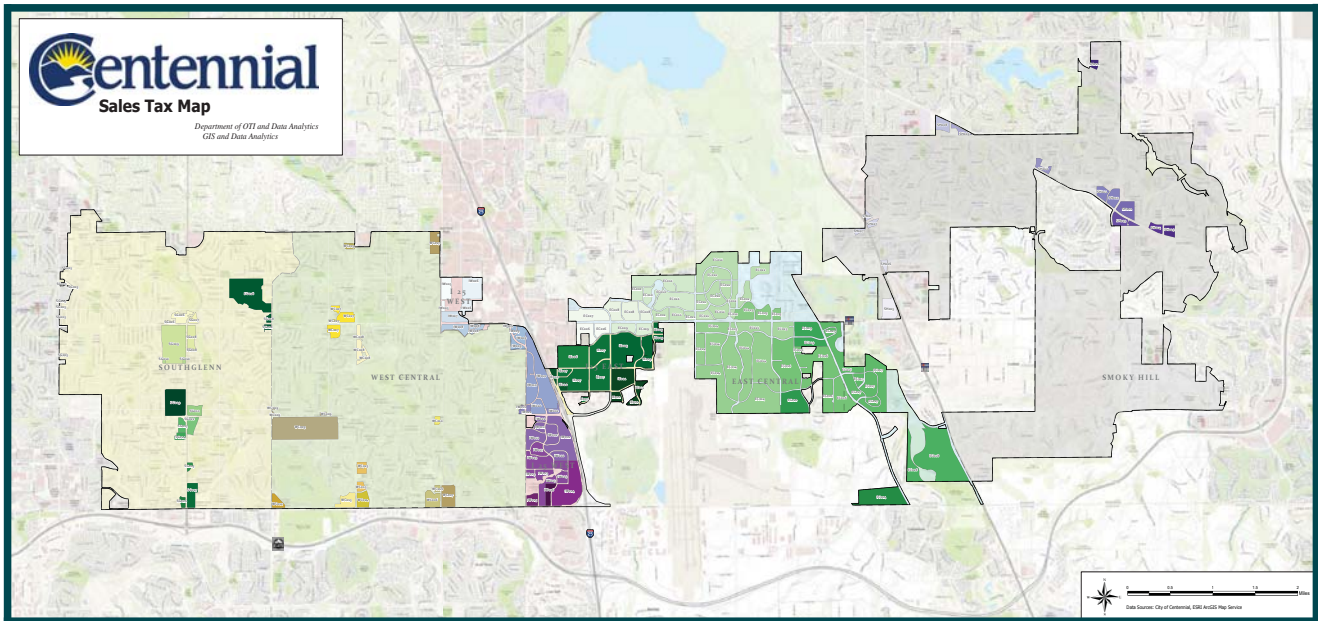
1. Comcast
2. Arrow Electronics
3. UnitedHealthcare
4. Centura Health
5. United Launch Alliance
6. Nordstrom
7. Sierra Nevada Corporation
8. Zillow Group
9. Standard & Poor's (McGraw-Hill Companies)
10. SEAKR Engineering

## INTRODUCTION & OVERVIEW

# COMMUNITY PROFILE

### RETAIL MARKET AREAS & SALES TAX DISTRICTS

More than half of Centennial's General Fund Revenues are derived from retail sales tax. The majority of sales tax generation occurs in four of the six retail market areas: SouthGlenn, West Central, I-25 West and East Central. I-25 East and East Central experienced the largest percentage increase from 2017 to 2018 while I-25 West remains the City's largest sales tax-generating retail market area by total amount generated in 2018.



#### SouthGlenn

Major retailers include, Macys, Best Buy, Whole Foods, and Trice Jewelers, all located in The Streets at SouthGlenn. Other retailers outside the Streets at SouthGlenn include American Furniture Warehouse, King Soopers and PetSmart.

#### West Central

Major retailers include Highlands Garden Center, King Soopers and Stein Mart.

#### I-25 West

Major retailers include IKEA, J. Alexanders, Jared Galleria of Jewelry, Ross and HomeGoods.

#### I-25 East

Major retailers include Walmart, Viewhouse, and Topgolf.

#### East Central

Major retailers include Autonation Toyota, Tagawa's, and Centennial Gun Club.

#### Smoky Hill

Major retailers include King Soopers, Davidson's and Walmart Market.

Retail Market Areas	*2018 Sales Tax	2018 Increase from 2017	*2017 Sales Tax	2017 Increase from 2016	*2016 Sales Tax
I-25 West	\$ 7,818,307	-6%	\$ 8,335,421	-1%	\$ 8,412,128
East Central	\$ 7,467,384	13%	\$ 6,599,630	7%	\$ 6,190,809
SouthGlenn	\$ 5,175,728	-1%	\$ 5,250,827	1%	\$ 5,208,412
West Central	\$ 2,615,050	-5%	\$ 2,762,559	1%	\$ 2,731,094
Smoky Hill	\$ 2,422,439	9%	\$ 2,213,596	4%	\$ 2,133,523
I-25 East	\$ 2,774,399	39%	\$ 1,993,376	2%	\$ 1,954,352

\*Totals do not include one-time tax audit revenue

City of Centennial Finance Department - 2019



## INTRODUCTION & OVERVIEW

# COMMUNITY PROFILE

### SALES TAX COMPARISON

The City of Centennial continues to provide services on one of the lowest sales tax rates in the metropolitan area. Retail sales tax in Centennial is the largest source of revenue and represents approximately 60 percent of the total General Fund's 2020 Budget. Centennial produces less sales tax revenue on a per capita basis compared to other jurisdictions with smaller populations and similar sales tax rates. It is a goal of the City through the Retail Market Analysis project to align competitively and capture more sales tax.

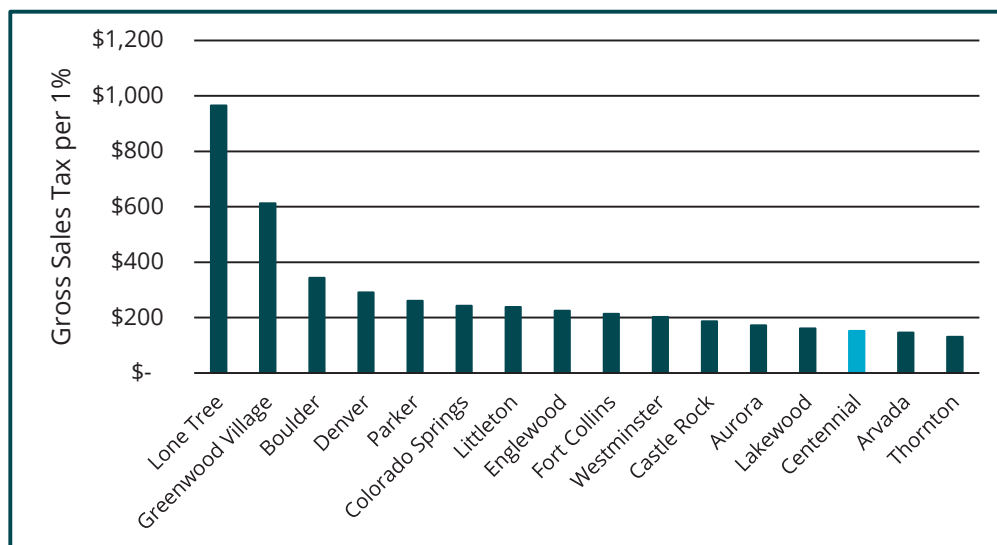
### SALES TAX COLLECTION BY JURISDICTION (2018)

Sorted by gross sales tax per 1% capita

City	Sales Tax Rate	Gross Sales Tax	Population	Sales Per 1% per Capita
Lone Tree	1.8125%	\$ 25,649,105	14,653	\$ 966
Greenwood Village	3.00%	\$ 29,042,770	15,801	\$ 613
Boulder	3.86%	\$ 142,344,000	107,353	\$ 344
Denver	3.65%	\$ 762,201,000	716,492	\$ 291
Parker	3.00%	\$ 43,639,741	55,636	\$ 261
Colorado Springs	2.50%	\$ 286,918,740	472,688	\$ 243
Littleton	3.00%	\$ 34,239,121	48,007	\$ 238
Englewood	3.50%	\$ 27,329,655	34,690	\$ 225
Fort Collins	3.85%	\$ 138,560,000	167,830	\$ 214
Westminster	3.85%	\$ 88,203,338	113,479	\$ 202
Castle Rock	4.00%	\$ 48,608,882	64,827	\$ 187
Aurora	3.75%	\$ 240,897,674	374,114	\$ 172
Lakewood	3.00%	\$ 75,962,721	156,798	\$ 161
Centennial	2.50%	\$ 42,143,309	110,831	\$ 152
Arvada	3.46%	\$ 60,002,050	118,998	\$ 146
Thornton	3.75%	\$ 68,650,875	139,436	\$ 131
Average Tax Rate		3.28%	Average Tax Collected	\$ 284

\*Source: 2018 Comprehensive Annual Financial Report (CAFR) for each respective City

\*\*Source: U.S. Census Bureau 2018 estimates





## INTRODUCTION & OVERVIEW

# ADDITIONAL INFORMATION

### PARTNERSHIPS & SERVICE PROVIDERS

#### LAW ENFORCEMENT

The City of Centennial contracts with the Arapahoe County Sheriff's Office for law enforcement and related law enforcement services.

##### [Arapahoe County Sheriff's Office](#)

13101 Broncos Parkway  
Centennial, CO 80112  
Emergency ONLY - 911  
Non-Emergency Line - (303) 795-4711  
<http://www.co.arapahoe.co.us/>

CQ Press ranks Centennial as one of the safest cities in Colorado with a population of more than 75,000.

(CQ Press)

#### EDUCATION

Centennial's youngest residents have access to two of the finest primary education districts in the state through Littleton Public Schools and Cherry Creek School District.

##### [Littleton Public Schools](#)

5776 South Crocker Street  
Littleton, CO 80120  
(303) 347-3300  
[www.littletonpublicschools.net](http://www.littletonpublicschools.net)

#### FIRE PROTECTION SERVICES

Fire protection services are provided by South Metro Fire Rescue Authority.

##### [South Metro Fire Rescue Authority](#)

9195 East Mineral Avenue  
Centennial, CO 80112  
(720) 989-2000  
<http://www.southmetro.org>

##### [Cherry Creek School District](#)

4700 South Yosemite Street  
Greenwood Village, CO 80111  
(303) 773-1184  
[www.cherrycreekschools.org](http://www.cherrycreekschools.org)

##### [Arapahoe Community College](#)

[www.arapahoe.edu](http://www.arapahoe.edu)

Arapahoe Community College (ACC) was founded in 1965 as the first community college in the Denver area. With over 21,000 students spread across three campuses — Littleton, Parker, and Castle Rock — ACC offers more than 100 degree and certificate programs. ACC is accredited by The Higher Learning Commission and a member of the North Central Association of Colleges and Schools.

##### [Community College of Aurora](#)

[www.ccaurora.edu](http://www.ccaurora.edu)

The Community College of Aurora (CCA) was established in 1983. CCA has more than 7,000 students across two campuses—Aurora and the Lowry area. Offering more than 40 degrees and certificate programs, CCA has an open door admissions policy, meaning all students are accepted to the college.

For more information on Performance Ratings and School Report Cards, visit the Colorado Department of Education website at:

<http://www.schoolview.org>

# ADDITIONAL INFORMATION

## PARTNERSHIPS & SERVICE PROVIDERS

SCHOOL	CITY	CONTACT
Field Elementary (80121)	Littleton	(303) 347-4475
Franklin Elementary (80121)	Centennial	(303) 347-4500
Highland Elementary (80121)	Centennial	(303) 347-4525
Hopkins Elementary (80122)	Centennial	(303) 347-4550
Lois Lenski Elementary (80121)	Centennial	(303) 347-4575
Peabody Elementary (80121)	Centennial	(303) 347-4625
Sandburg Elementary (80122)	Centennial	(303) 347-4675
Mark Twain Elementary (80122)	Centennial	(303) 347-4700
John Wesley Powell Middle (80122)	Centennial	(303) 347-7950
Isaac Newton Middle (80122)	Centennial	(303) 347-7900
Arapahoe High (80122)	Centennial	(303) 347-6000
Antelope Ridge Elementary (80015)	Aurora	(720) 886-3300
Aspen Crossing Elementary (80015)	Aurora	(720) 886-3700
Cottonwood Creek Elementary (80111)	Englewood	(720) 554-3200
Creekside Elementary (80016)	Centennial	(720) 886-3500
Dry Creek Elementary (80112)	Centennial	(720) 554-3300
Endeavor Academy (80112)	Centennial	(720) 886-3800
Heritage Elementary (80111)	Centennial	(720) 554-3500
High Plains Elementary (80111)	Englewood	(720) 554-3600
Homestead Elementary (80112)	Centennial	(720) 554-3700
Indian Ridge Elementary (80015)	Centennial	(720) 886-8400
Peakview Elementary (80015)	Centennial	(720) 886-3100
Red Hawk Ridge Elementary (80016)	Aurora	(720) 886-7200
Rolling Hills Elementary (80015)	Aurora	(720) 886-3400
Timberline Elementary (80015)	Centennial	(720) 886-3200
Trails West Elementary (80015)	Centennial	(720) 886-8500
Walnut Hills Elementary (80112)	Centennial	(720) 554-3800
Willow Creek Elementary (80112)	Centennial	(720) 554-3900
Falcon Creek Middle (80016)	Centennial	(720) 886-7714
Thunder Ridge Middle (80015)	Centennial	(720) 886-1500
Eaglecrest High (80015)	Aurora	(720) 886-1000
Cherry Creek High (80111)	Englewood	(720) 554-2285
Grandview High (80016)	Aurora	(720) 886-6500
Smoky Hill High (80015)	Aurora	(720) 886-5300



## INTRODUCTION & OVERVIEW

# ADDITIONAL INFORMATION

### PARTNERSHIPS & SERVICE PROVIDERS

#### LIBRARY SERVICES

##### [Arapahoe Libraries](#)

[www.arapahoelibraries.org](http://www.arapahoelibraries.org)

Centennial residents are served by Arapahoe Libraries, which was established in April 1966. The public library service operates ten branch libraries, four of which are located within the City of Centennial:

##### [Castlewood Library](#)

6739 South Uinta Street (80112)  
(303) 542-7279

##### [Smoky Hill Library](#)

5430 South Biscay Circle (80015)  
(303) 542-7279

##### [Koelbel Library](#)

5955 South Holly Street (80121)  
(303) 542-7279

##### [SouthGlenn Library](#)

6972 South Vine Street (80122)  
(303) 542-7279

#### RECREATION & AMENITIES

Centennial parks and recreation services are provided by the Arapahoe Park and Recreation District and South Suburban Parks and Recreation District. Both entities provide physical and operational amenities to the City's residents. Cherry Creek State Park is accessible through a series of multi-modal connections allowing Centennial's residents to enjoy the regional amenity and its trail connections.

##### [Arapahoe Park and Recreation District](#)

Trails Recreation Center  
16799 East Lake Avenue  
Centennial, CO 80016  
(303) 269-8400  
[www.aprd.org](http://www.aprd.org)

The Arapahoe Park and Recreation District (APRD) was formed in 1982 by the Arapahoe County Commissioners. APRD encompasses 10.5 square miles and approximately 46,000 residents.

##### [South Suburban Parks and Recreation District](#)

6631 South University Boulevard  
Centennial, CO 80121  
(303) 798-5131  
[www.sspr.org](http://www.sspr.org)

South Suburban Parks and Recreation District is a quasi-municipal corporation and a political subdivision of the State of Colorado, formed in 1959. It operates and maintains 1,206 acres of developed parks, 1,997 acres of natural areas, 79 miles of trails, and 492 acres of special facilities.





## INTRODUCTION & OVERVIEW

# ADDITIONAL INFORMATION

### PARTNERSHIPS & SERVICE PROVIDERS

#### TRANSPORTATION

##### Regional Transportation District (RTD)

1600 Blake Street  
Denver, CO 80202  
(303) 299-6000  
[www.rtd-denver.com](http://www.rtd-denver.com)

RTD provides service to 2.7 million people across 2,348 square miles, 40 municipalities and eight counties. Services include local bus services along major streets, express and regional bus routes providing non-stop services along longer distances, bus service to Denver International Airport, a free shuttle on the 16th Street Mall in downtown Denver, and light rail service serving Denver and its southern suburbs. In addition to the fixed route services, RTD provides services to sporting events and other special events, special services for the disabled and senior citizens, and door-to-door services in limited areas of the District.

Source: <http://www.rtd-denver.com/factsAndFigures.html>

##### Colorado Department of Transportation (CDOT)

(303) 757-9011  
<http://www.coloradodot.info>

The Colorado Department of Transportation (CDOT) is responsible for a 9,146-mile highway system, including 3,447 bridges. Each year, this system handles 27.4 billion vehicle miles of travel. While the interstate system accounts for roughly 10 percent of system miles, 40 percent of all travel miles take place on the Interstate system.

Source: <http://www.coloradodot.info/about>

#### HEALTHCARE

##### Centennial Medical Plaza

14200 East Arapahoe Road  
Centennial, CO 80112  
(303) 699-3000  
<http://auroramed.com/centennial-medical-plaza/index.htm>

An affiliate of The Medical Center of Aurora, Centennial Medical Plaza treats injuries and illnesses with virtually all the support services of a hospital setting. Centennial has a full-service ER with special expertise and staff for treating children's illnesses and injuries.

##### Kaiser Permanente

Arapahoe Medical Offices  
5555 East Arapahoe Road  
Centennial, CO 80122  
303-338-4545  
<https://www.kaiserpermanente.org>

##### Parker Adventist Hospital

9395 Crown Crest Boulevard  
Parker, CO 80138  
(303) 269-4000  
<http://www.parkerhospital.org>

##### Littleton Adventist Hospital

7700 South Broadway  
Littleton, Colorado 80122  
(303) 730-8900  
<http://www.mylittletonhospital.org>

##### Sky Ridge Medical Center

10101 RidgeGate Parkway  
Lone Tree, CO 80124  
720-225-1000  
<http://www.skyridgemedcenter.com>



# ADDITIONAL INFORMATION

PARTNERSHIPS & SERVICE PROVIDERS

UTILITIES – ELECTRIC & NATURAL GAS

Xcel Energy  
www.xcelenergy.com  
800-895-4999

Intermountain Rural Electric Association  
www.intermountain-rea.com  
303-688-3100

Utilities—Water & Sanitation Districts	Contact
Arapahoe Estates Water District	(303) 854-8282
Arapahoe County Water & Wastewater Authority (ACWWA)	(303) 790-4830
Castlewood Water & Sanitation District	(303) 773-1605
Cherry Creek Basin Water Quality Authority	(303) 779-4525
Denver Water	(303) 893-2444
East Cherry Creek Valley Water & Sanitation District	(303) 693-3800
East Valley Metropolitan District	(303) 841-3474
Havana Water District	(303) 779-4525
South Arapahoe Sanitation District	(303) 985-3636
South Englewood Sanitation District 1	(303) 797-6200
Southeast Metro Stormwater Authority (SEMSWA)	(303) 858-8844
Southgate Water & Sanitation District	(303) 779-0261
Willows Water District	(303) 770-8625

# ADDITIONAL INFORMATION

### PARTNERSHIPS & SERVICE PROVIDERS

Metropolitan Districts	Contact
Centennial 25 Metro District	(303) 758-3500
Chapparral Metropolitan District	(303) 381-4960
Columbia Metropolitan District	(303) 987-0835
Dove Valley Metropolitan District	(303) 987-0835
East Arapahoe Metropolitan District	(303) 986-1551
East Smoky Hill Metropolitan District #1	(303) 770-2700
East Valley Metropolitan District	(303) 841-3474
Greenwood South Metropolitan District	(303) 779-4550
Heritage Greens Metropolitan District	(303) 839-3800
Highland Park Metropolitan District	(303) 779-4525
Interstate South Metropolitan District	(303) 770-2700
Landmark Metropolitan District	(303) 779-4525
Liverpool Metropolitan District	(303) 779-5710
Marvella Metropolitan District	(303) 858-1800
Panorama Metropolitan District	(303) 987-0835
Parker Jordan Metropolitan District	(303) 779-4525
Piney Creek Metropolitan District	(303) 946-2015
Piney Creek Village Metropolitan District	(303) 987-0835
Smoky Hill Metropolitan District	(303) 693-3414
South Arapahoe Sanitation District	(303) 985-3636
Southeast Public Improvement Metropolitan District	(303) 773-1700
Southern Metropolitan District	(303) 986-1551
Southgate at Centennial Metropolitan District	(303) 649-9857
Southglenn Metropolitan District	(303) 779-4525



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## INTRODUCTION & OVERVIEW

# FINANCIAL POLICIES

### BUDGET POLICY OVERVIEW

The following outlines the City's Budget Policy. For further detail, or to review the policy in full as approved by City Council, please refer to the Appendix section of this document.

#### POLICY PURPOSE

This policy provides the financial framework for allocating resources responsibly among competing needs. The budget process guides consistent financial decision-making through budget development, review, adoption, and management. This policy reflects the principles and practices that have allowed the City to maintain financial stability and sustainability through economic downturns and uncertainties. The City considers its vision and mission, strategic planning, performance measurements, long-term fiscal stability and sustainability, and delivery of quality services to the community in the budgeting process.

#### BUDGET PHILOSOPHY

The City's annual budget is the long-range financial plan by which Council policy is implemented and controlled. In addition to the City's Charter, the Colorado Constitution and Colorado State Budget Law provide the basic legal requirements and timeliness for the City's budget process. City Council's goals, City-wide objectives, ordinances, and resolutions provide policy direction that respond to the needs and desires of the community.

Municipal services are funded through a variety of taxes, fees, charges for service, and intergovernmental revenues. Generally, the City:

- anticipates conservative growth and revenue forecasts for budgeting purposes;
- appropriates the budget in accordance with the City's Charter, Colorado Constitution, and Colorado State laws;
- adopts financial management policies that establish guidelines for financial plans and includes these policies in the annual budget document;
- establishes budgets for all funds based on adopted policies and practices;
- adjusts the budget to reflect changes in the local economy, changes in priorities, and receipt of unbudgeted revenues;
- organizes the budget so revenues are related to expenditures, to the extent possible;
- prepares a multi-year strategic plan for the City, including capital improvement projects;
- allows staff to manage the operating and capital budgets, with City Council's approval;
- provides department directors with immediate access to revenue and expenditure information to assist their efforts in controlling annual expenditures against budget appropriations.

#### BUDGET PROCESS

The annual budget is generally prepared in accordance with Governmental Accounting, Auditing, and Financial Reporting (GAAFR) requirements, generally accepted accounting principles (GAAP), and the Governmental Accounting Standards Board (GASB) requirements, in addition to the guidelines of the Government Finance Officers' Association of the U.S. and Canada (GFOA). The City prepares its budget on a calendar year basis as required under the City's Charter. The budget must be balanced, or present a revenue surplus. "Balanced Budget" is defined as a budget in which planned expenditures do not exceed forecasted revenues plus fund balance, including surpluses. This means that appropriated expenditures cannot exceed the sum of anticipated revenues and beginning fund balance.

#### BUDGET COMMITTEE

In accordance with Section 11.16(c) of the Charter, City Council passed Ordinance No. 2009-O-3, creating the Centennial Budget Committee. The purpose of this committee is to promote citizen involvement in the budgeting decisions of the City by having the committee study all phases of the budget and make recommendations and reports to City Council about those studies.



## INTRODUCTION & OVERVIEW

# FINANCIAL POLICIES

### BUDGET POLICY OVERVIEW

#### BUDGET TERM

The budget term is consistent with the City's fiscal year, which begins on the first day of January and ends on the last day of December.

#### BUDGET PREPARATION AND SCHEDULE

The City's financial and management policies guide the preparation of the budget. Staff is required to reference and incorporate into departmental budgets the community's goals and strategies. The goals and objectives that support community values and vision can be found throughout the budget document. A team comprised of City Staff develops the guidelines, which are consistent with budget and financial policies. During the development of the budget, all department directors provide their expertise to the budget team.

BUDGET TASK	MONTH											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Budget Committee Meeting		X										
Council/Staff Strategic Planning Sessions			X									
Budget Committee Meeting			X									
Budget Committee Meeting; 2019 Budget Amendment Resolution				X								
Strategic Planning & Council Workshop				X								
Budget Kick-off						X						
Budget Committee Meeting						X						
Ongoing departmental meetings with the Budget Team						X						
Department Requests Finalized							X					
Strategic Planning & Council Workshop; Five-Year Forecast and 2020 Decision Packages							X					
Departmental discussion on Proposed Budget							X					
Final discussions to prepare the 2020 Proposed Budget								X				
Finance finalizes Proposed Budget for the Budget Committee								X				
Proposed Budget Assembled								X				
Budget Committee Meeting; Review 2020 Proposed Budget									X			
City Council Budget Workshop; Review 2019-2020 Revenues and GIDs/CURA									X			
City Manager delivers 2020 Proposed Budget to City Council									X			
City Council Budget Workshop; 2020 Proposed Budget Review (Land Use Fund, Open Space Fund, and Conservation Trust Fund)									X			
City Council Budget Workshop; 2020 Proposed Budget Review (General Fund)										X		
City Council Budget Workshop; 2020 Proposed Budget Review (Capital Improvement Fund, Fiber Fund, and Street Fund)										X		
2020 Appropriation Resolution/Public Hearing											X	
2020 Mill Levies and 2020 Contracts Approved; 2020 Budget Amendment Resolution												X
2020 Printed Budget ready for public distribution												X
2020 Budget Book available to Council and the Public	X											

#### BUDGET PHASES

The budget process is structured each year to achieve the fiscal and policy goals for the upcoming year while adhering to the timeline defined in the City Charter. The budget process is composed of the following phases:

- Budget Development
- Budget Review
- Budget Adoption
- Budget Management



## INTRODUCTION & OVERVIEW

# FINANCIAL POLICIES

### BUDGET POLICY OVERVIEW

#### BUDGET DEVELOPMENT

During the Budget Development phase, Council and City Staff work together to consider strategic objectives that may impact the budget and to establish the process by which the City Manager will develop the Proposed Budget.

##### Strategic Planning

City Council works to develop and refine their strategic planning and vision through a review of community needs and desired services. During a series of workshops, City Council identifies goals and strategies that provide direction for City Staff to develop budget proposals for consideration.

##### Proposed Budget

Following the development of goals and strategies by Council, the City Manager - with the Budget Team - establishes the budget process, philosophy, and key deadlines for the upcoming Budget year. These items are communicated to all City departments. It is the responsibility of the City Manager, Finance Director, and the Leadership Team to thoroughly review each department's preliminary operating and capital budget in order to determine the financial impact of each budget request on the overall budget. The City Manager develops a Proposed Budget that is responsive to the City Council's vision. Pursuant to Section 11.5 of the Home Rule Charter, the City Manager presents a Proposed Budget for the ensuing Fiscal Year to the City Council on or before September 20th of each year.

#### BUDGET REVIEW

The Budget Review phase ensures Council has opportunity to discuss the Proposed Budget in order to further refine their vision and provide direction, prior to Budget Adoption.

##### Budget Workshops

Following the presentation of the Proposed Budget to Council, budget workshops are scheduled. These budget workshops are intended to allow for the City Manager and Staff to present additional detail as may be necessary and provide Council an opportunity to discuss points of interest. Direction provided at the budget workshops is used to develop revisions as may be necessary for the Proposed Budget prior to Adoption.

#### BUDGET ADOPTION

In accordance with Home Rule Charter Section 11.12, on or before the fifteenth (15th) day of December, the City Council shall adopt a Balanced Budget and appropriations by resolution for the ensuing Fiscal Year. Budget adoption requires a public hearing, and adoption of an ordinance or resolution by an affirmative vote of the majority of City Council.

#### BUDGET MANAGEMENT

During the Budget Management phase, City Staff is expected to effectively and transparently manage public resources. Monitoring and control may be exercised by department directors, the City Manager, or the Council.

##### Budget Control

Control of budgeted Expenditures is exercised at the Fund level. Department directors are responsible for all Expenditures made against appropriated funds within their respective departments. The Finance Department may allocate resources within a Fund for the purposes of monitoring and control, with the City Manager's written consent and quarterly notification to Council for the following:

- All intra-fund or project transfers; and
- All transfers from personnel services line items



#### Appropriations and Amendments

After commencement of the Fiscal Year, the amounts appropriated for the proposed Expenditures in the Adopted Budget are deemed appropriated for each purpose as specified. The expenditures of City funds cannot exceed the budgeted Appropriations for the respective Fund. The Adopted Budget can be amended to increase, decrease, or transfer amounts between Funds if:

- the transfer is made from a Fund in which the amount appropriated exceeds the amount needed to accomplish the purpose specified by the Appropriation; or
- the purpose for which the funds were initially appropriated no longer exists; or
- the transfer, if applicable, includes a subsidy of funding from one Fund to support program needs of another Fund; and
- in all cases, the transfer is approved by City Council through resolution following a Public Hearing.

#### Supplemental Appropriation(s)

On recommendation by the City Manager, and in accordance with Home Rule Charter Section 11.13, City Council can make supplemental Appropriations for unanticipated Expenditures required by the City not to exceed the actual and anticipated annual Revenues. No Appropriation can be made which exceeds the Revenues, Unreserved Fund Balance, or other funds anticipated or available except for emergencies endangering the public peace, health or safety after the adoption of the Adopted Budget.

#### Budget Decrease(s)

The Budget may be decreased below approved levels during the Fiscal Year. Changes in service demands, economic conditions, and City Council goals and direction may cause such Budget reductions. If the City Manager directs Budget reductions, Council will be informed immediately and may take action as deemed necessary to prevent or minimize any deficit through resolution. If the circumstances leading to the reduction in Budget changes, the Appropriation may be made available for expenditure.

#### Encumbrances and Lapsed Appropriations

Departments shall only encumber funds that will be spent in the current Fiscal Year. Departments shall review encumbrances throughout the year and unspent encumbrances will close at the end of the fiscal year. All Appropriations not spent at the end of the Fiscal Year lapse into the Fund Balance.

#### Budget Monitoring

The department directors have the responsibility to monitor their respective department's budget on a regular basis. The Finance Department provides a financial report comparison of year-to-date budgetary status in relation to the annual Budget at least quarterly to the City Council in accordance with Home Rule Charter Section 8.6.



## INTRODUCTION & OVERVIEW

# FINANCIAL POLICIES

### REVENUE POLICY OVERVIEW

The following outlines the City's Revenue Policy. For further detail, or to review the policy in full as approved by City Council, please refer to the Appendix section of this document.

#### POLICY PURPOSE

This policy provides the framework for the overall revenue management, including general structure and limitations.

#### GENERAL STRUCTURE

The City strives to maintain a strong, diverse, and balanced Revenue structure, recognizing that a dependence on any individual Revenue source may cause Revenue yields to be vulnerable to economic cycles. All Revenues are conservatively projected for budgetary purposes and are monitored regularly as amounts are received. Revenues which are considered to be "one-time" resources are used to fund one-time expenditures, including capital projects, or may be included in fund balance. These Revenue sources are not relied upon for future year, or ongoing, expenditures. Similarly, Revenues with unpredictable receipt patterns are projected conservatively, and any amount collected in excess of the amount projected may be applied to the fund balance. The City's Revenue sources includes Taxes, Fees, Interest Earnings, Intergovernmental Revenue, Grants, Fines, and other sources.

##### Taxes

Taxes are levied and collected by the City pursuant to state and City laws. The amount of any tax levied shall not exceed the rate or levy allowed by law or voter approval. Other Revenues derived from taxes imposed by other entities shall be collected by the City in accordance with established distribution formulas and methodologies.

##### Fees

Fees are established by City Council through ordinance or resolution or agreed upon pursuant to a contract or agreement. All Fees are reviewed periodically for propriety and consistency with any relevant agreements.

In accordance with the Charter, City Council shall determine the amount of any Fee, with the exception of franchise fees, by considering the costs incurred by the City in providing the service for which the Fee is charged. Fees for services are established based upon the full cost of the service provided, including both direct and indirect costs incurred by the City. Fees may be charged based upon a Cost Allocation method that most accurately reflects the cost of providing a service.

##### Investment Earnings

Investment earnings are based on amounts credited to City accounts and funds, based on the principal balance invested in accordance with the City's investment policy.

##### Grant Revenues

Grant Revenues are collected based upon awards received from applications submitted. These revenues are only budgeted when the grant is awarded.

#### REVENUE GUIDANCE

The City recognizes the importance of reviewing Revenue sources to align with the City's delivery of municipal services. The City's Revenue structure and receipts can be influenced by many determinants such as federal and state laws, citizens' preferences for local services, intergovernmental relations, and the City's policies towards new growth and economic development. The City utilizes the following guidelines to make decisions to initiate or modify revenues:

- Maintain stable Revenue sources to the extent possible; and
- Maintain a diversified mix of Revenue sources; and
- Cultivate Revenue sources that are equitable among citizens; and
- Generate adequate Revenue to maintain service levels in line with citizen expectations; and
- Maintain healthy reserves by adhering to State mandated reserve and internal fund balance reserve policies.



# FINANCIAL POLICIES

## REVENUE POLICY OVERVIEW

### FINANCIAL FORECASTING

The City has four major sources of Revenue aside from Intergovernmental Revenue—property tax, sales/use tax, building fees, and franchise fees—all of which are affected by changes in the local, State, or national economies. Economic data shall be evaluated from multiple sources to analyze short- and long-term revenue trends. A variety of indicators shall be considered such as housing market trends, interest rates, strength of tourism industry, retail sales, unemployment rates, consumer confidence measures, the Consumer Price Index (CPI), and others.

#### Short-Term Revenue Projections

Projections shall be based on the current economic conditions, legislation, and fiscal policy changes. The current economic indicators will assist in developing the growth rate for each major Revenue category. Short-term Revenue projections shall support budgetary and policy decisions for the current and upcoming fiscal year.

#### Long-Term Revenue Projections

Projections shall be based on analysis of the historical Revenue trends for each individual Revenue source. The historical trend analysis shall include, at minimum, a five-year performance history for each major Revenue source. In addition to the historical trend analysis and review of current economic conditions, the City shall consider potential legislative changes when forecasting the major Revenue growth rates.

### LIMITATIONS

The City shall remain in compliance with all applicable Revenue limitations including compliance with the Taxpayers Bill of Rights (TABOR), as supplemented by state law and interpreted by Colorado courts, in addition to any applicable restrictions on use of funds for specific purposes.

#### TABOR

In 1992, Colorado voters approved an amendment to the Colorado Constitution that placed limitations on revenue and expenditures of the State and all local governments. Even though the limit is placed on both revenue and expenditures, the constitutional amendment ultimately limits growth of revenue collections.

The amount of the limitation equals the increase in the Denver-Boulder-Greeley Consumer Price Index plus local growth (new construction and annexation minus demolition). This percentage is added to the preceding year's revenue base, giving the dollar limit allowed for revenue collection in the ensuing year. Any revenue collected over the allowable limit must be refunded in the subsequent year by refunding methods approved by law. Cities have the option of placing a ballot question before the voters asking for approval by the citizens to retain and spend revenue collected that is over the TABOR limit. Federal grants and/or gifts to the City are not included in the revenue limit. TABOR also requires a vote of the people before any tax rates are raised or a tax base is changed in a manner that would result in a net revenue gain.

In 2001, the Centennial voters permanently exempted the City from TABOR revenue limitations on sales tax, use tax and property tax. In 2006, the Centennial voters approved an initiative to waive the TABOR revenue limitations on all other sources of revenue through 2013, dedicating the excess revenues to Law Enforcement and Public Works programming. In 2012, voters approved an initiative to waive the TABOR revenue limitations on all current and future revenue sources permanently, authorizing the City to use excess revenues for any governmental purpose.

# INTRODUCTION & OVERVIEW

## FINANCIAL POLICIES

### EXPENDITURE POLICY OVERVIEW

The following outlines the City's Expenditure Policy. For further detail, or to review the policy in full as approved by City Council, please refer to the Appendix section of this document.

#### POLICY PURPOSE

This policy provides the framework for the overall classification and management of City Expenditures.

#### CITY FUND TYPES

Fund accounting is generally used for accounting purposes. Each fund is established by the City Council per Municipal Code Chapter 4, Article 8, for a specific purpose and is considered a separate accounting entity. All City funds are classified within a fund type.

##### General Fund

The General Fund is the general operating Fund of the City. It is used to account for all resources and expenditures except those required to be accounted for in another Fund.

##### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to Expenditures for specified purposes other than debt service or Capital Projects.

##### Debt Service Funds

Debt Service Funds are used to account for financial resources that are restricted, committed, or assigned to Expenditures for principal and interest.

##### Capital Project Funds

Capital Project Funds are used to account for resources that are restricted, committed, or assigned to Expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The City's Capital Improvement Fund is a Capital Projects Fund type.

##### Enterprise Funds

Enterprise Funds account for activities which are similar to those found in the private sector. Financial activity is reported in essentially the same manner as in commercial accounting where net income and capital maintenance are measured.

Service Area	Governmental Funds							Proprietary Fund	
	General Fund	Street Fund	Capital Improvement Fund	Conservation Trust Fund	Open Space Fund	General Improvement District Funds	Centennial Urban Redevelopment Authority Fund	Land Use Fund	Fiber Fund
Elected Officials	X								
City Clerk's Office	X								
City Attorney's Office	X								
City Manager's Office	X								
CM Administration	X								
Economic Development	X								
Central Services	X								
Finance	X								
Finance Administration	X								
Sales Tax	X								
Risk Management	X								
Human Resources	X								



# INTRODUCTION & OVERVIEW

## FINANCIAL POLICIES

### EXPENDITURE POLICY OVERVIEW

Service Area	Governmental Funds							Proprietary Fund	
	General Fund	Street Fund	Capital Improvement Fund	Conservation Trust Fund	Open Space Fund	General Improvement District Funds	Centennial Urban Redevelopment Authority Fund	Land Use Fund	Fiber Fund
<b>Office of Technology &amp; Innovation</b>	X								
OTI Administration	X								
Client Services	X								
Technical Services	X								
Analytical and GIS Services	X								
Enterprise Services	X								
<b>Communications</b>	X								
<b>Office of Strategic Initiatives</b>	X								
<b>Municipal Court</b>	X								
<b>Law Enforcement</b>	X								
<b>Public Works</b>	X								
PW Administration	X								
Facilities & Fleet	X								
Roadways		X							
Traffic Signals		X							
Bike & Pedestrian		X							
Street Lights		X							
Capital Improvement			X						
Fiber									X
<b>Community Development</b>	X								
CD Administration	X								
Code Compliance	X								
Animal Services	X								
Land Use								X	
<b>Culture &amp; Recreation</b>									
Conservation				X					
Open Space					X				
<b>General Improvement Districts</b>						X			
<b>Urban Redevelopment</b>							X		

### EXPENDITURE CLASSIFICATION

City expenditures are classified and reported within these classifications:

#### Personnel Services

Includes salaries for full-time and part-time employees, overtime pay, insurance, retirement, and other costs related to the City's employees.

#### Contracted Services

Includes services contracted by the City to enhance operations or perform specific services or projects, such as engineering, auditing, consulting or other professional service.



## INTRODUCTION & OVERVIEW

# FINANCIAL POLICIES

### EXPENDITURE POLICY OVERVIEW

#### Other Services & Supplies

Includes administrative Expenditures such as office supplies, subscriptions, professional development, utility charges, and operating leases.

Capital Expenditures may be recorded in any City Fund. When making capital purchases, the financial impacts for future years, including repairs and maintenance to the asset are considered in addition to the feasibility of purchases that may create cost savings in future years.

#### EXPENDITURE MONITORING

Expenditures will be monitored by Staff and City Council per City Budget Policy.

#### MULTI-YEAR FINANCIAL PROJECTIONS

Expenditure projections will be based on an established set of assumptions and updated each year. The projections will include inflationary projections. Expenditure classifications will be refined and customized for more accurate financial projections in reporting to the City Council and citizens.



## INTRODUCTION & OVERVIEW

# FINANCIAL POLICIES

## FUND BALANCE AND RESERVE POLICY

The following outlines the City's Fund Balance and Reserve Policy. For further detail, or to review the policy in full as approved by City Council, please refer to the Appendix section of this document.

### POLICY PURPOSE

This policy provides the framework for the overall fiscal management of the City.

### OVERVIEW

In budgeting, Revenue projections are conservative and authorized Expenditures are closely monitored. In stable economic times, the combination of these two strategies typically leads to Revenue collections higher than actual Expenditures. The accumulation of these Reserves protects the City from unanticipated increases in Expenditures or unforeseen reductions in Revenue, or a combination of the two, allowing for continuity of operations and the prudent financing of capital construction and asset maintenance. The City shall maintain adequate levels of Reserve to mitigate risks (e.g. Revenue shortfalls and unanticipated Expenditures). Reserves shall be set aside within each of the General and Street Fund, which funds are not available for Appropriation or Expenditure except when qualifying events occur. Meeting Reserve levels for each of the General Fund and the Street Fund is required by this policy, while meeting Target Levels for each of the General Fund and the Street Fund is a goal under this policy. Council's established Target Level for each of the General and Street Fund may be higher in any given Fiscal Year depending on budget situations, Revenue and/or Expenditure volatility, and other considerations. General and/or Street Fund Reserves in excess of the policy Reserve may be used to fulfill Council priorities.

### FUND BALANCE CLASSIFICATION

There are five different classifications of Fund Balance established by GASB that the City recognizes in its annual budgeting process:

#### Nonspendable Fund Balance

Amounts within a Fund that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact such as items that are not expected to be converted to cash, including inventories and prepaid Expenditures.

#### Restricted Fund Balance

The spending constraints placed on the use of Restricted Fund Balance are externally imposed by creditors, grantors, contributors, laws or regulations, or imposed by law through constitutional provisions or enabling legislation. TABOR Emergency Reserves are a required component of Restricted Fund Balance mandated by Article X, Section 20, of the Colorado Constitution, which has several limitations. TABOR requires local governments to set aside three percent (3%) or more of fiscal year spending (as defined by TABOR and excluding bonded debt service) to be used for declared emergencies only.

#### Committed Fund Balance

The Committed Fund Balance for each Fund cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same 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

The intent to assign funds to an Assigned Fund Balance is expressed by City Council through an informal action or Council can delegate the authority to express intent to a committee, the City Manager or other City official on a case by case basis.

#### Unassigned Fund Balance

The General Fund is the only City Fund that can have an Unassigned Fund Balance.



# FINANCIAL POLICIES

## FUND BALANCE AND RESERVE POLICY

### USE AND REPLENISHMENT OF RESERVES

The City will only utilize resources that will drop Fund Balance below the Reserve level when approved by the City Council and when one or more of these qualifying events occur:

- Economic recession
- Drastic revenue shortfall
- Early retirement of debt
- Emergencies, natural disasters and/or litigation
- Capital asset acquisition, construction and/or improvement projects

If Fund Balance falls below the Reserve, the City Manager will present a plan to the City Council when presenting the ensuing annual budget that would restore the Fund Balance level as soon as economically practical.