



CITY OF CENTENNIAL  
**INTRODUCTION & OVERVIEW**  
*2026*



# CITY OF CENTENNIAL CITY MANAGER'S MESSAGE



## Honorable Mayor Sweetland and Members of City Council:

Section 11.5 of the Centennial Home Rule Charter requires the City Manager to deliver a Proposed Budget to City Council on or before September 20th of each year. The Proposed 2026 Budget was delivered to Council and published on the City's website on September 17th. Budget workshops were held throughout the summer and fall, including a review of revenues and long-term fiscal projections on September 9th and a review of all funds on October 6th and 7th. A public hearing was held prior to final adoption by Council on November 18th. As required by the Centennial Home Rule Charter and the Colorado Local Government Budget Law, each Fund within the 2026 Budget considered and adopted by City Council is balanced.

The 2026 Budget is the second year of the 2025/2026 biennium. This process has strengthened the alignment between City operations, Council's strategic goals, and community priorities. It also provides the necessary framework for more meaningful long-range planning—an increasingly important need as the City faces rising costs, evolving service expectations, and a shifting revenue environment.

### **LONG-TERM FISCAL OUTLOOK AND STRUCTURAL BUDGET DISCUSSIONS**

Throughout the 2025/26 biennium, Staff and Council engaged in deeper, more frequent discussions about the City's long-term financial picture. These conversations have become essential as the City confronts structural budget pressures—particularly in the General, Street and Capital Improvement Funds.

The Street Fund continues to experience rising operational and capital costs while revenues remain relatively flat. The Transportation Master Plan identifies more than \$100 million in future needs, and maintaining current service levels will require sustained attention and strategic decision-making.

Because the General Fund, Street Fund and Capital Improvement Fund are interdependent, pressures in one inevitably affect the other. Staff and Council have

acknowledged that, without adjustments, the current revenue structure will not keep pace with street and public safety service costs and challenge the City's savings in-lieu-of debt model for capital projects.

These discussions have been candid, data-driven, and forward-looking. Staff has provided updated fiscal modeling and analysis for a long-range financial outlook. Council has emphasized the importance of maintaining service levels while ensuring the City remains financially resilient. These conversations will continue into 2026 as part of a broader strategic effort to address long-term sustainability before reactive decisions become necessary.

### **REVENUES**

General Fund revenues for 2026 are budgeted at \$87.1 million, a decrease of approximately \$1.3 million (1.5 percent) from the 2025 Adopted Budget. The City will continue to monitor the fiscal health of the City. The presentation at the September 9th Budget Workshop conveyed the longer-term outlook for our financial picture. This budget is an appropriate balance of responsive services with fiscal sustainability. We will need to continue to plan for and monitor the long-term fiscal situation. Policy conversations will continue to occur in 2026 as the City develops the 2027/28 biennial budget.

The Council has set aside, or saved, a committed fund balance of \$6.0 million for anticipated Sheriff's Office equipment replacement (\$1.0 million) and future City initiatives (\$5.0 million). In addition, there is an uncommitted fund balance of \$11.3 million. These committed amounts are in addition to the 25 percent General Fund Reserve as required by City policy. This is done with intention to protect these funds for known future uses and to have sufficient reserves for economic downturns.



Revenues for All City Funds are budgeted at \$125.2 million, an increase of approximately \$9.8 million (8.5%) from the 2025 Adopted Budget (\$115.4 million). Additional details are provided in the Revenue Manual, which was updated and revised with changes to the City’s revenue picture. The Revenue Manual will continue to be a key tool in fiscal planning for the City going forward.

Expenditures for All City Funds are budgeted at \$156.2 million, an increase of approximately \$17.0 million (12.2%) from the 2025 Budget (\$139.2 million). Increased expenditures are attributed to capital expenditures in the Street Fund.

**EXPENDITURES**

General Fund expenditures for 2026 are budgeted at \$74.0 million, an increase of approximately \$4.8 million (6.9%) from the 2025 Adopted Budget (\$69.2 million). As discussed previously, this increase reflects commitment to our strategic goals and the continuation of significant projects and programs. Primary drivers of overall General Fund expenditures remain the provision of Law Enforcement and Public Works services.

Across all funds, total budgeted expenditures exceed total budgeted revenues. This was done with intentionality and anticipated. The budget is balanced through the use of committed fund balances set aside over prior budget cycles to pay for planned, large capital improvement projects. The use of committed fund balance is a result of the City’s long-time practice of saving for capital projects instead of incurring debt.

Detail on changes in expenditures between the 2025 Adopted Budget and the 2026 Adopted Budget are included in this message and the budget variances. The table below shows each fund expenditure comparisons to the 2025 Adopted Budget.

**All Funds Expenditures – Comparison to 2025 Adopted Budget (Excluding Transfers)**

| Fund                     | 2025 Adopted Budget | 2026 Adopted Budget | Amount Change     | Percentage Change |
|--------------------------|---------------------|---------------------|-------------------|-------------------|
| General Fund             | \$69,194,870        | \$73,987,220        | 4,792,350         | 6.9%              |
| Street Fund              | 52,795,170          | 66,944,800          | 14,149,630        | 26.8%             |
| Capital Improvement Fund | 1,705,000           | 1,150,000           | (555,000)         | -32.5%            |
| Open Space Fund          | 13,166,385          | 13,402,950          | 236,565           | 1.8%              |
| Conservation Trust Fund  | 2,350,000           | 760,000             | (1,590,000)       | -67.6%            |
| <b>Total</b>             | <b>139,211,245</b>  | <b>156,244,970</b>  | <b>17,033,545</b> | <b>12.2%</b>      |

**DECISION PACKAGES, BUDGET HIGHLIGHTS, AND MAJOR PROJECTS**

In addition to the goals and strategies with their associated funding in the 2026 Budget, the City continues to examine and improve the core services and programs. Our focus remains efficiency, innovation and customer service with the intent of continuously striving to improve service delivery. This is summarized by our mission statement to provide exceptional customer service to the Centennial community.

In preparing the 2026 budget, departments were directed to prepare a budget demonstrating alignment with our strategic goals, limit increases limited to budget requests for new projects or programs and ensure that we have accounted for the costs of providing services in the workplan identified through the 2025/26 biennium. This included negotiations with our contract service partners. The City will continue to deliver services in an efficient and effective manner.

The 2026 budget reflects Council strategic direction, operational adjustments recommended by Staff, and contractually required changes. A summary of major increases by fund are included below.

**General Fund:**

- Set aside, or commit, Fund Balance for future capital needs, strategic City initiatives, adjustments in service levels and delivery, planning and community engagement efforts for current and future City efforts.

**Street Fund:**

- Construction projects were identified in 2026, including the use of previously committed fund balance for identified purposes. Continued work on the City’s traffic signals reflects additional costs as does our bridge infrastructure and capital maintenance. School traffic safety studies will be underway with future policy conversations anticipated.

**Capital Improvement Fund:**

- Facility upkeep and maintenance



**Open Space Fund:**

- Addressing wayfinding opportunities on the Centennial Link Trail. Continuing efforts on the Lone Tree Creek Trail, finalizing completed connections along Peakview Avenue, and funding for the Potomac Park in partnership with Cherry Creek School District. Funding for identified partner projects with South Suburban Parks and Recreation District and Trails Parks and Recreation District to improve access to parks and recreation within Centennial.

**Conservation Trust Fund:**

- No material changes.

**STAFFING AND BENEFITS**

The organization is staffed sufficiently to meet current City needs. Staffing levels remain stable, with no net change in full-time equivalent positions compared to the 2025 Adopted Budget. Benefit costs are projected to remain steady, with modest adjustments based on market conditions.

**FUND BALANCE**

The City utilizes fund balance in compliance with guidance from the Government Finance Officers Association (GFOA) and its own Fund Balance Policy. In the 2026 Budget, the City continues to rely upon the 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 projects, and helping to ensure that funding is available for significant, long-term needs. These Committed Fund Balances are clearly identified in each Fund Summary.

City Council policy establishes a General Fund Reserve of 25 percent of total expenditures. This is achieved in 2026 with the fund balance of the General Fund budgeted at \$35.8 million. Significant funding is anticipated to be transferred from the General Fund to the Street Fund and the Capital Improvement Fund for future projects.

As required by City policy, there is also an operational reserve maintained in the fund balance of the Street Fund. It will be important to consider the long-term future of the City in the context of strategic priorities and our vision. The Transportation Master Plan (TMP) has more than \$100 million in identified projects to benefit Centennial residents and businesses. The City will continue to encounter cost pressures affecting operations and maintenance service levels. Over the next two years, we anticipate engaging in strategic discussions with the Council and the community to proactively address these challenges and avoid being constrained by reactive decision-making.

The City’s debt policy requires that the City 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 is reflected in the committed and uncommitted fund balance; and will continue to seek grant funding for capital projects.

**CENTENNIAL BUDGET COMMITTEE**

The Centennial Budget Committee (CBC) includes the Mayor, one Council Member, three citizen representatives, the City Manager, and the Finance Director. During the 2025/26 budget development process, the Budget Committee focused primarily on two Key Performance areas in alignment with the strategic framework of the City: Public Safety and Health, and Transportation and Mobility. The Budget Committee also considered the development of the City’s budget in the context of our goals in Fiscal Sustainability.

The Budget Committee provided feedback on the continuation of biennial budgeting, fund balance levels and futures uses of the fund balances, Street Rehabilitation and grant funds for capital improvement projects. The Budget Committee also reviewed revenue assumptions and estimates and provided feedback on the overall Proposed Budget as well as the use of financial modeling tools to enhance revenue and expenditure projections. A formal report from the Budget Committee was presented to Council at the October 14<sup>th</sup> Budget Workshop.





## CONCLUSION

I would like to extend my thanks to the City Council for the significant time and effort spent providing policy direction in the development of 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. Lastly, I wish to extend my sincere appreciation to the Staff members and City partners who assisted with the development and preparation of the 2026 Annual Budget.

The 2025/26 biennium and associated Annual Budgets reflect the City Council's strategic goals. The Budget balances the need to maintain City operations, continue major construction projects, and prepare for the future with current resources with the vision, mission, and values of the City continuing to guide our work.

The alignment of City operations with strategic 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.

We look forward to working with Council and the community to identify opportunities to enhance the City's fiscal sustainability and ensure that we can continue to meet the service levels expected by the public. This topic will continue to be a significant focus of strategic planning efforts over the 2027/28 biennium.

I am pleased to recommend the adoption of the 2026 Annual Budget by the City Council.

Respectfully Submitted,

**Matt Sturgeon**  
*City Manager*





# NOTEWORTHY CHANGES

An Executive Summary of Changes for 2026 Budget Year

## ATTACHMENT 1 - Summary of Changes From City Manager's Proposed Budget for 2026 Budget Year

|   | 2026                  |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
|   | 9/16/2025             | 11/10/2025            | Difference            |
| <b>Beginning Fund Balance</b>           |                       |                       |                       |
| General Fund                            | \$ 40,740,009         | \$ 40,740,009         | \$ -                  |
| Street Fund                             | \$ 70,046,106         | \$ 69,346,106         | \$ (700,000)          |
| Capital Improvement Fund                | \$ 17,850,193         | \$ 17,850,193         | \$ -                  |
| Open Space Fund                         | \$ 20,774,958         | \$ 20,955,458         | \$ 180,500            |
| Conservation Trust Fund                 | \$ 3,033,540          | \$ 3,033,540          | \$ -                  |
| <b>All Funds Beginning Fund Balance</b> | <b>\$ 152,444,806</b> | <b>\$ 151,925,306</b> | <b>\$ (519,500)</b>   |
| <b>Revenues</b>                         |                       |                       |                       |
| General Fund                            | \$ 87,085,700         | \$ 87,085,700         | \$ -                  |
| Street Fund                             | 27,317,100            | 27,317,100            | -                     |
| Capital Improvement Fund                | -                     | -                     | -                     |
| Open Space Fund                         | 9,931,000             | 9,931,000             | -                     |
| Conservation Trust Fund                 | 850,000               | 850,000               | -                     |
| <b>All Funds Revenues</b>               | <b>\$ 125,183,800</b> | <b>\$ 125,183,800</b> | <b>\$ -</b>           |
| <b>Transfers In To Fund</b>             |                       |                       |                       |
| General Fund                            | \$ -                  | \$ -                  | \$ -                  |
| Street Fund                             | 15,000,000            | 15,000,000            | -                     |
| Capital Improvement Fund                | 3,000,000             | 3,000,000             | -                     |
| Open Space Fund                         | -                     | -                     | -                     |
| Conservation Trust Fund                 | -                     | -                     | -                     |
| <b>All Funds Transfers In</b>           | <b>\$ 18,000,000</b>  | <b>\$ 18,000,000</b>  | <b>\$ -</b>           |
| <b>Expenditures</b>                     |                       |                       |                       |
| General Fund                            | \$ 73,987,220         | \$ 73,987,220         | \$ -                  |
| Street Fund                             | 68,794,800            | 66,944,800            | (1,850,000)           |
| Capital Improvement Fund                | 1,150,000             | 1,150,000             | -                     |
| Open Space Fund                         | 13,222,450            | 13,402,950            | 180,500               |
| Conservation Trust Fund                 | 760,000               | 760,000               | -                     |
| <b>All Funds Expenditures</b>           | <b>\$ 157,914,470</b> | <b>\$ 156,244,970</b> | <b>\$ (1,669,500)</b> |
| <b>Transfers Out of Fund</b>            |                       |                       |                       |
| General Fund                            | \$ 18,000,000         | \$ 18,000,000         | \$ -                  |
| Street Fund                             | -                     | -                     | -                     |
| Capital Improvement Fund                | -                     | -                     | -                     |
| Open Space Fund                         | -                     | -                     | -                     |
| Conservation Trust Fund                 | -                     | -                     | -                     |
| <b>All Funds Transfers Out</b>          | <b>\$ 18,000,000</b>  | <b>\$ 18,000,000</b>  | <b>\$ -</b>           |
| <b>Ending Fund Balance</b>              |                       |                       |                       |
| General Fund                            | \$ 35,838,489         | \$ 35,838,489         | \$ -                  |
| Street Fund                             | \$ 43,568,406         | \$ 44,718,406         | \$ 1,150,000          |
| Capital Improvement Fund                | \$ 19,700,193         | \$ 19,700,193         | \$ -                  |
| Open Space Fund                         | \$ 17,483,508         | \$ 17,483,508         | \$ -                  |
| Conservation Trust Fund                 | \$ 3,123,540          | \$ 3,123,540          | \$ -                  |
| <b>All Funds Ending Fund Balance</b>    | <b>\$ 119,714,136</b> | <b>\$ 120,864,136</b> | <b>\$ 1,150,000</b>   |



**ATTACHMENT 2 - Detail of Changes from City Manager's Proposed Budget for 2026 Budget Year**

**SUMMARY OF NOTEWORTHY CHANGES**

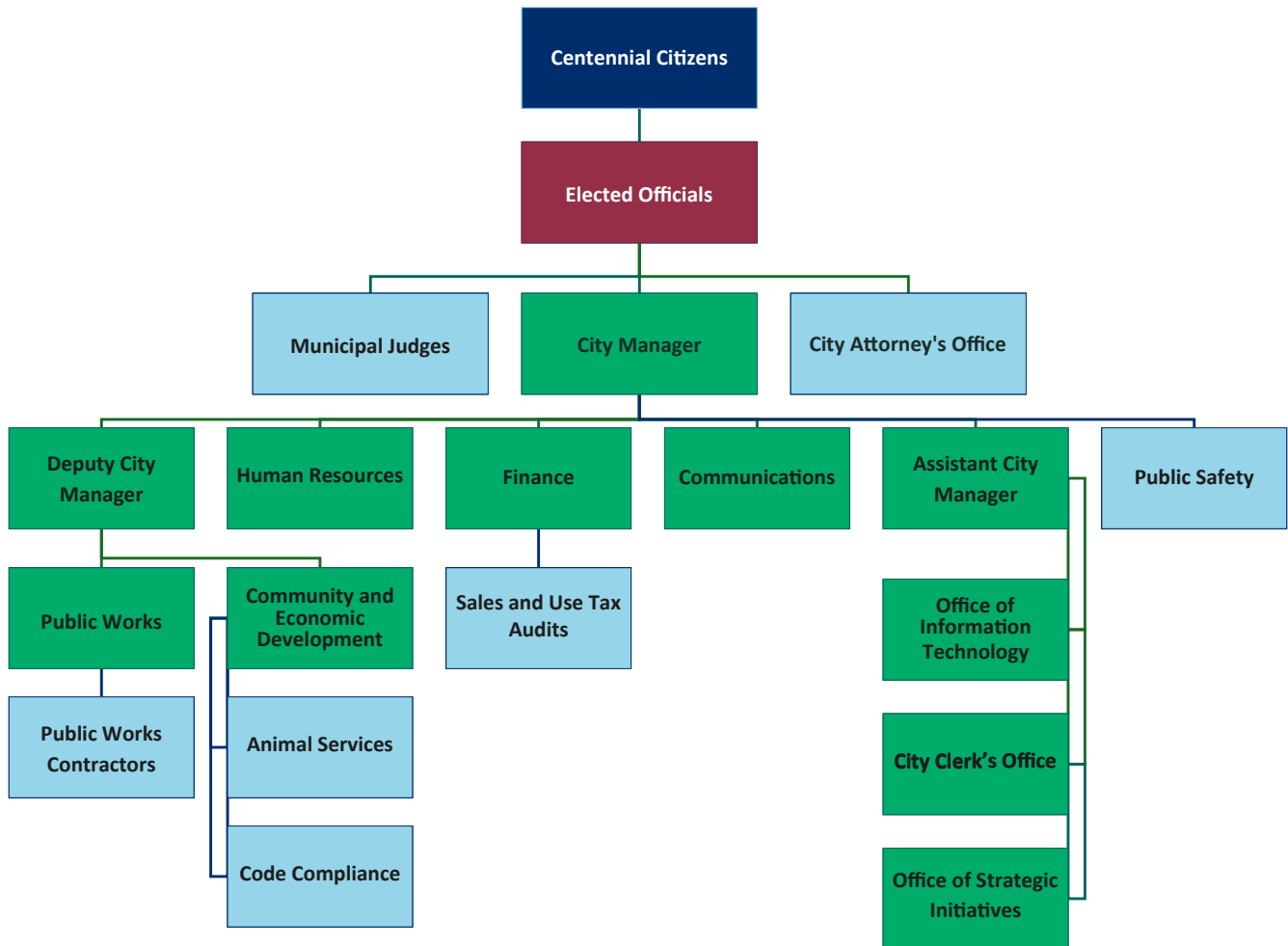
| Street Fund   | 9/16/2025 | 11/10/2025 | \$ CHANGE             | % CHANGE |
|---|-----------|------------|-----------------------|----------|
| <b>Traffic Signalization</b>  |           |            |                       |          |
| <b>Traffic Signals:</b> Decrease budget (\$1,150,000) since RFP and construction contract for two projects in this line item, NDST Priority 1 and Spanwire replacement construction, came in lower than budgeted. | 6,576,390 | 5,426,390  | (1,150,000)           | -17%     |
| <b>Street Light Maintenance &amp; Operations</b>  |           |            |                       |          |
| <b>Professional Services:</b> Decrease budget (\$700,000) since additional work was completed in 2025 than previously anticipated on LED conversion and smart controller installation.                            | 1,250,000 | 550,000    | (700,000)             | -56%     |
| <b>Change in Expenditures Steet Fund Budget</b>   |           |            | <b>\$ (1,850,000)</b> |          |
| <b>Open Space Fund</b>  |           |            |                       |          |
| <b>Lone Tree Creek Trail:</b> Rebudget (\$180,500) for Lone Tree Creek Trail project for work originally anticipated being completed in 2025.   | 8,874,500 | 9,055,000  | 180,500               | 2%       |
| <b>Change in Expenditures Open Space Fund Budget</b>  |           |            | <b>\$ 180,500</b>     |          |





# ORGANIZATIONAL CHART

A Depiction of the City's Departments and Hierarchy



**CITY OF CENTENNIAL** 92.0 FTE

● Citizens ● Elected Officials ● City Staff ● Contracted Services



# GOVERNMENT STRUCTURE

## A Description of Centennial's City Council and Government

### THE CITY

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 CITY BUDGETING

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; and
- 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.

### ELECTED OFFICIALS

The City of Centennial was incorporated in 2001 and became a home-rule city under Article XX of the Colorado Constitution on 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 composed 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.





# Centennial City Council

CITY OF CENTENNIAL MAYOR



CHRISTINE SWEETLAND



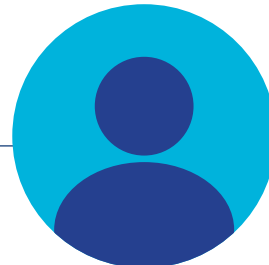
CINDY SANDHU



AMY THARP



ASHISH VAIDYA



PENDING



RYAN DWIGGINS



RICHARD HOLT



DURRELL MIDDLETON



DON SHEEHAN



# COMMUNITY PROFILE

## Retail Market Areas and Sales Tax



**SOUTHGLENN** - Major retailers include: Chick-Fil-A, Whole Foods, Marshall’s, Sephora 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, Los Dos Potrillos Mexican Restaurant and The Bridal Collection

**I-25 WEST** - Major retailers include IKEA, Total Wine & Spirits, Jared Galleria of Jewelry, Ross and HomeGoods

**I-25 EAST** - Major retailers include Walmart, Viewhouse, Topgolf, Performance Cycle and Embassy Suites

**EAST CENTRAL** - Major retailers include Autonation Toyota, Tagawa Gardens and Centennial Gun Club

**SMOKY HILL** - Major retailers include King Soopers, Davidson’s, Discount Tire and Walmart Market

### RETAIL SALES TAX REVENUE BY RETAIL MARKET AREA

| Retail Market Areas | *2023 Sales Tax | 2023 Increase from 2022 | *2022 Sales Tax | 2022 Increase from 2021 | *2021 Sales Tax |
|---------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|
| Southglenn          | \$ 4,701,903    | -3%                     | \$ 4,825,740    | 1%                      | \$ 4,772,864    |
| West Central        | 2,755,535       | 2%                      | 2,698,746       | 5%                      | 2,566,479       |
| I-25 West           | 8,211,029       | -5%                     | 8,611,388       | 8%                      | 7,966,036       |
| I-25 East           | 3,349,036       | 9%                      | 3,067,965       | 12%                     | 2,745,983       |
| East Central        | 9,356,019       | 3%                      | 9,058,228       | 15%                     | 7,883,334       |
| Smoky Hill          | 2,990,915       | 7%                      | 2,800,332       | 2%                      | 2,756,800       |

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



## 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 59 percent of the total General

Fund's 2025 Budget. Centennial produces less sales tax revenue on a per capita basis compared to other jurisdictions based on populations and sales tax rates. A low sales tax per capita typically means that a jurisdiction collects relatively modest sales tax revenue per resident.

## SALES TAX COLLECTION BY JURISDICTION

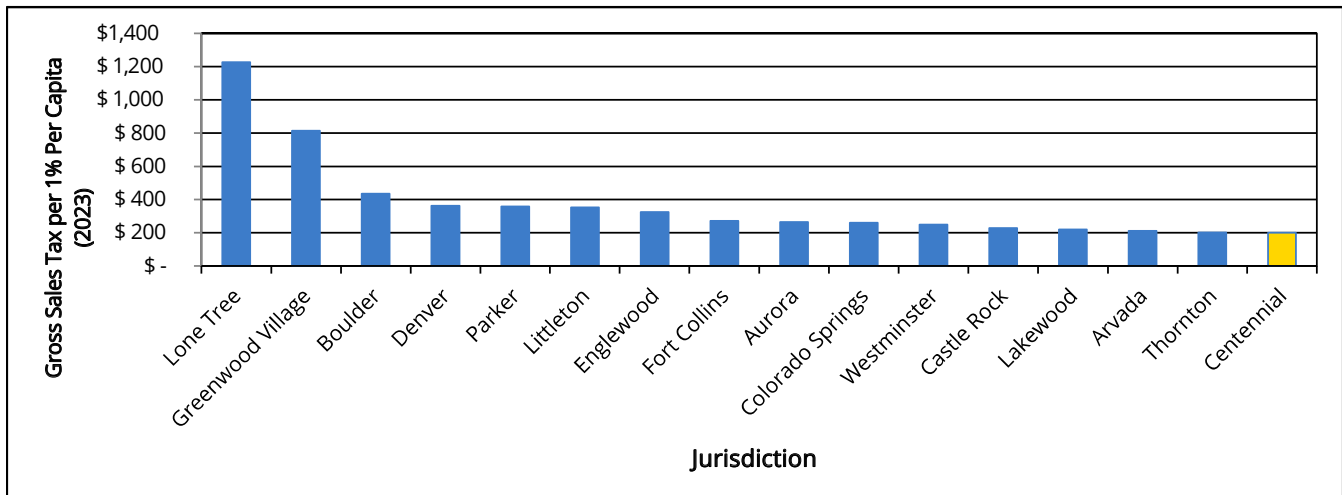
(Gross Sales Tax Per 1% Per Capita, 2023)

| City              | Sales Tax Rate | Gross Sales Tax*     | Population**   | Sales Per 1% per capita |
|-------------------|----------------|----------------------|----------------|-------------------------|
| Lone Tree         | 2.50%          | \$ 43,128,930        | 14,063         | \$ 1,227                |
| Greenwood Village | 3.00%          | 37,151,386           | 15,205         | 814                     |
| Boulder           | 3.86%          | 178,213,000          | 105,898        | 436                     |
| Denver            | 4.81%          | 1,249,309,000        | 716,577        | 362                     |
| Parker            | 3.00%          | 67,576,398           | 62,743         | 359                     |
| Littleton         | 3.75%          | 58,899,819           | 44,451         | 353                     |
| Englewood         | 3.80%          | 42,337,842           | 34,275         | 325                     |
| Fort Collins      | 3.85%          | 178,229,000          | 170,376        | 272                     |
| Aurora            | 3.75%          | 391,645,782          | 395,052        | 264                     |
| Colorado Springs  | 3.07%          | 390,885,602          | 488,664        | 261                     |
| Westminster       | 3.85%          | 110,246,686          | 114,875        | 249                     |
| Castle Rock       | 4.00%          | 74,502,890           | 81,415         | 229                     |
| Lakewood          | 3.00%          | 102,923,713          | 155,961        | 220                     |
| Arvada            | 3.46%          | 88,613,041           | 121,414        | 211                     |
| Thornton          | 3.75%          | 109,737,245          | 144,922        | 202                     |
| <b>Centennial</b> | <b>2.50%</b>   | <b>\$ 53,557,317</b> | <b>106,883</b> | <b>\$ 200</b>           |

|                         |              |                              |               |
|-------------------------|--------------|------------------------------|---------------|
| <b>Average Tax Rate</b> | <b>3.50%</b> | <b>Average Tax Collected</b> | <b>\$ 374</b> |
|-------------------------|--------------|------------------------------|---------------|

\*Source: 2023 Annual Financial Report (AFR) for each respective City

\*\*Source: U.S. Census Bureau 2023 estimates





# ADDITIONAL INFORMATION

Information about Community Services and Partners

## 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  
arapahoeco.gov/sheriff

### FIRE PROTECTION SERVICES

Fire protection services are provided by South Metro Fire Rescue.

#### South Metro Fire Rescue

9195 East Mineral Avenue  
Centennial, CO 80112  
(720) 989-2000  
southmetro.org



## LIBRARY SERVICES

### ARAPAHOE LIBRARIES

arapahoelibraries.org

Centennial residents are served by Arapahoe Libraries, which was established in April 1966. The public library service operates 9 branch libraries, four of which are located within the City of Centennial:



#### Castlewood Library

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

#### Koelbel Library

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

#### Smoky Hill Library

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

#### SouthGlenn Library

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



## SCHOOLS

### PUBLIC EDUCATION

Centennial's youngest residents have access to two of the finest primary public 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  
littletonpublicschools.net

#### Cherry Creek School District

4700 South Yosemite Street  
Greenwood Village, CO 80111  
(303) 773-1184  
cherrycreekschools.org

#### Arapahoe Community College

arapahoe.edu

Arapahoe Community College 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 has been accredited by The Higher Learning Commission since 1970.

#### Community College of Aurora

ccaaurora.edu

The Community College of Aurora (CCA) is a two-year public, open access community college in the Colorado Community College System. Accredited by The Higher Learning Commission since 1988, CCA has over 12,000 students across three campuses — Aurora, Lowry area and Centennial — and online. Offering more than 77 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:

[schoolview.org](http://schoolview.org)





## RECREATION & AMENITIES

Centennial owns and operates nearly 144 acres, collectively, of parks and open spaces that serve as communal gathering spots. This includes the newly expanded 15-acre Centennial Center Park, among others. Residents of Centennial also enjoy green spaces owned and maintained by Arapahoe County and Centennial's recreation districts. The City of Centennial partners with these entities to help fund new recreational amenities and upgrades to existing features with funds received from the voter-approved, quarter-cent, Arapahoe County Open Space Sales and Use Tax.

### TRAILS PARK AND RECREATION DISTRICT

Trails Recreation Center  
16799 East Lake Avenue  
Centennial, CO 80016  
(303) 269-8400  
tprd.org

### CITY OF CENTENNIAL CENTENNIAL CENTER PARK

13050 E. Peakview Ave.  
Centennial, CO 80112  
(303) 325-8000  
centennialco.gov/centerpark

### SMOKY HILL METROPOLITAN DISTRICT

7555 E. Hampden Ave., Suite 501  
Denver, CO 80231  
(720) 213-6621  
shmd.info

### SOUTH SUBURBAN PARKS AND RECREATION DISTRICT

4810 E. County Line Rd.  
Littleton, CO 80126  
(303) 798-5131  
ssprd.org

## TRANSPORTATION

### REGIONAL TRANSPORTATION DISTRICT

1600 Blake Street  
Denver, CO 80202  
(303) 299-6000  
rtd-denver.com

RTD provides service to over 3 million people across 2,342 square miles, 40 municipalities and eight counties. Services include local bus services along major streets, rail, shuttles, ADA paratransit services, demand responsive services like FlexRide, special event services, vanpools, service to Denver International Airport, a free shuttle on 16th Street in downtown Denver, and much more.

### COLORADO DEPARTMENT OF TRANSPORTATION

(303) 757-9011  
codot.gov

The Colorado Department of Transportation (CDOT) exists to ensure that Colorado has a safe and efficient highway system and is responsible for maintaining, repairing, and plowing over 23,000 total lane miles of highway, 3,447 bridges, 35 mountain passes, and much more. Each year, this system handles 28 billion miles of vehicle travel -- allowing businesses the capability to provide products and services to consumers, and allowing people to get to work, access healthcare, and enjoy recreational activities!





## HEALTHCARE

### HCA HEALTHONE CENTENNIAL HOSPITAL

14200 East Arapahoe Road  
Centennial, CO 80112  
(303) 699-3000  
healthonecares.com/centennial

### ADVENTHEALTH PARKER HOSPITAL

9395 Crown Crest Boulevard  
Parker, CO 80138  
(303) 269-4000  
adventhealth.com/parker

### KAISER PERMANENTE ARAPAHOE MEDICAL OFFICES

5555 East Arapahoe Road  
Centennial, CO 80122  
(303) 338-4545  
kaiserpermanente.org

### HCA HEALTHONE SKYRIDGE HOSPITAL

10101 RidgeGate Parkway  
Lone Tree, CO 80124  
(720) 225-1000  
healthonecares.com/skyridge

### ADVENTHEALTH LITTLETON HOSPITAL

7700 South Broadway  
Littleton, Colorado 80122  
(303) 730-8900  
adventhealth.com/littleton

## UTILITIES - ELECTRIC AND NATURAL GAS

### XCEL ENERGY

800-895-4999  
co.my.xcelenergy.com

### CORE ELECTRIC COOPERATIVE

(833) 267-3349 Outages (24/7)  
(800) 332-9540 Member Services  
core.coop

| 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) 292-9100 |
| 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) 880-4986 |
| Havana Water District                                | (303) 779-5710 |
| South Arapahoe Sanitation District                   | (303) 985-3636 |
| South Englewood Sanitation District 1                | (303) 985-3636 |
| Southeast Metro Stormwater Authority (SEMSWA)        | (303) 325-8000 |
| Southgate Water & Sanitation District                | (303) 779-0261 |
| Willows Water District                               | (303) 770-8625 |



# FINANCIAL POLICIES

## An Overview of the City's Financial Policies

### BUDGET POLICY

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.

#### ACCOUNTING BASIS FOR BUDGETING

The Budget parallels the City's governmental accounting basis. The modified accrual basis of accounting is used for all fund operations and financial statements, except for enterprise funds, which generally use the full accrual basis. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available and expenditures are generally recorded when a liability is incurred.

The City accounts for revenues and expenditures if collected or incurred within 60 days of fiscal year-end. In comparison, under the full accrual basis of accounting, which is used for the City's government-wide financial statements and proprietary fund financial statements, revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows.

#### 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; and
- Provides department directors with immediate access to revenue and expenditure information to assist their efforts in controlling annual expenditures against budget appropriations.





# FINANCIAL POLICIES

## Department of Finance

### BUDGET PROCESS

The Annual Budget is generally prepared in accordance with Governmental Accounting, Auditing and Financial Reporting requirements, generally accepted accounting principles and the Governmental Accounting Standards Board requirements, in addition to the guidelines of the Government Finance Officers' Association of the United States and Canada. 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.

### 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 composed of City Staff develops the guidelines, 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 |
| Council/Staff Strategic Planning Sessions                            |       | X   |     |     |     |     |     |     |     |     |     |     |
| Budget Committee Meeting   |       |     | X   |     |     |     |     |     |     |     |     |     |
| Budget Kick-Off  |       |     |     |     |     | X   |     |     |     |     |     |     |
| Budget Committee Meeting   |       |     |     |     |     | X   |     |     |     |     |     |     |
| Ongoing Departmental Meetings with the Budget Team                   |       |     |     |     |     | X   | X   |     |     |     |     |     |
| Department Requests Finalized  |       |     |     |     |     |     |     | X   |     |     |     |     |
| Budget Committee Meeting   |       |     |     |     |     |     |     | X   |     |     |     |     |
| Department Request Meetings & Finalization                           |       |     |     |     |     |     |     | X   |     |     |     |     |
| Budget Committee Meeting   |       |     |     |     |     |     |     | X   |     |     |     |     |
| Proposed Budget Finalized  |       |     |     |     |     |     |     | X   |     |     |     |     |
| Budget Committee Meeting   |       |     |     |     |     |     |     |     | X   |     |     |     |
| City Manager Presents Proposed Budget to Council                     |       |     |     |     |     |     |     |     | X   |     |     |     |
| City Council Budget Workshops  |       |     |     |     |     |     |     |     |     | X   |     |     |
| Open Meeting to Discuss Additional Budget Items                      |       |     |     |     |     |     |     |     |     | X   |     |     |
| Appropriation Resolution & Public Hearing                            |       |     |     |     |     |     |     |     |     |     | X   |     |
| Mill Levies (current year) & Contracts Approved (for the year ahead) |       |     |     |     |     |     |     |     |     |     |     | X   |
| Budget Completed for Distribution                                    |       |     |     |     |     |     |     |     |     |     |     | 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

### 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 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.

# **REVENUE POLICY**

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 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 toward 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;
- Maintain a diversified mix of revenue sources;
- Cultivate revenue sources that are equitable among citizens;
- 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 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 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, or 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 the Taxpayers Bill of Rights, or TABOR, 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.

# EXPENDITURE POLICY

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.





# EXPENDITURE POLICY

| SERVICE<br>AREA                    | GOVERNMENTAL FUNDS |             |                          |                         |                 |                                    |   |
|------------------------------------|--------------------|-------------|--------------------------|-------------------------|-----------------|------------------------------------|---|
|                                    | General Fund       | Street Fund | Capital Improvement Fund | Conservation Trust Fund | Open Space Fund | General Improvement District Funds | Centennial Urban Redevelopment Authority Fund |
| Elected Officials                  | X                  |             |                          |                         |                 |                                    |   |
| City Clerk's Office                | X                  |             |                          |                         |                 |                                    |   |
| City Attorney's Office             | X                  |             |                          |                         |                 |                                    |   |
| City Manager's Office              | X                  |             |                          |                         |                 |                                    |   |
| CM Administration                  | X                  |             |                          |                         |                 |                                    |   |
| Central Services                   | X                  |             |                          |                         |                 |                                    |   |
| Finance                            | X                  |             |                          |                         |                 |                                    |   |
| Finance Administration             | X                  |             |                          |                         |                 |                                    |   |
| Sales Tax                          | X                  |             |                          |                         |                 |                                    |   |
| Risk Management                    | X                  |             |                          |                         |                 |                                    |   |
| Human Resources                    | X                  |             |                          |                         |                 |                                    |   |
| Office of Information Technology   | X                  |             |                          |                         |                 |                                    |   |
| OIT Administration                 | X                  |             |                          |                         |                 |                                    |   |
| Client Services                    | X                  |             |                          |                         |                 |                                    |   |
| Technical Services                 | X                  |             |                          |                         |                 |                                    |   |
| Communications                     | X                  |             |                          |                         |                 |                                    |   |
| Office of Strategic Initiatives    | X                  |             |                          |                         |                 |                                    |   |
| Municipal Court                    | X                  |             |                          |                         |                 |                                    |   |
| Law Enforcement                    | X                  |             |                          |                         |                 |                                    |   |
| Public Works                       | X                  |             |                          |                         |                 |                                    |   |
| PW Administration                  | X                  |             |                          |                         |                 |                                    |   |
| Facilities & Fleet                 | X                  |             |                          |                         |                 |                                    |   |
| Roadways                           |                    | X           |                          |                         |                 |                                    |   |
| Traffic Signals                    |                    | X           |                          |                         |                 |                                    |   |
| Bike & Pedestrian                  |                    | X           |                          |                         |                 |                                    |   |
| Street Lights                      |                    | X           |                          |                         |                 |                                    |   |
| Capital Improvement                |                    |             | X                        |                         |                 |                                    |   |
| Community and Economic Development | X                  |             |                          |                         |                 |                                    |   |
| CD Administration                  | X                  |             |                          |                         |                 |                                    |   |
| Code Compliance                    | X                  |             |                          |                         |                 |                                    |   |
| Animal Services                    | X                  |             |                          |                         |                 |                                    |   |
| Planning                           | X                  |             |                          |                         |                 |                                    |   |
| Building                           | X                  |             |                          |                         |                 |                                    |   |
| Economic Development               | X                  |             |                          |                         |                 |                                    |   |
| Culture & Recreation               |                    |             |                          |                         |                 |                                    |   |
| Conservation                       |                    |             |                          | X                       |                 |                                    |   |
| Open Space                         |                    |             |                          |                         | X               |                                    |   |
| General Improvement Districts      |                    |             |                          |                         |                 | X                                  |   |
| Urban Redevelopment                |                    |             |                          |                         |                 |                                    | 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.

### Other Services and 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.





# FUND BALANCE 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 Funds, which 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 and Street Funds 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 the Governmental Accounting Standards Board that the City recognizes in its annual budgeting process:

### Non-Spendable 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 3 percent 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.

## USE AND REPLENISHMENT OF RESERVES

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. 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