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## Staff Report

TO: Honorable Mayor Noon and Members of City Council

THROUGH: Elisha Thomas, Deputy City Manager

FROM: Jeff Cadiz, Revenue Manager

DATE OF MEETING: November 7, 2016

DATE OF SUBMITTAL: November 2, 2016

SUBJECT: Resolution to Adopt the City of Centennial Revised 2016 Budget and 2017 Proposed Budget and to Appropriate Sums of Money

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### **1. Executive Summary:**

The 2016 Revised / 2017 Proposed Budgets are being presented for review by City Council as required by the City's Home Rule Charter and Ordinance 2012-O-09. Article XI, Section 11.12 of the Home Rule Charter – Adoption of Budget and Appropriation, which requires that City Council adopt the annual budget and appropriate funds by December 15<sup>th</sup> of each year. Staff requests City Council's approval for adoption of the 2016 Revised and 2017 Proposed Budgets and to appropriate funds required for the operations of the City. The proposed budgets are balanced in accordance with State law.

### **2. Discussion:**

The budget process is an ongoing, year-long effort that results in the adoption of the current year revised and future year proposed budgets. This document provides the City the legal authority to appropriate and expend funds each budget year and serves as an operations guide for the City by detailing service levels for projects and programs in accordance with the policy directions of City Council. As required by State law and the City's Home Rule Charter, all Funds in the 2016 Revised and 2017 Proposed Budgets are balanced.

Throughout this year's budget process, the Centennial Budget Committee met to review the City's finances, revenue projections, departmental budget variances, and decision packages for 2016 and 2017. As a result of the meetings, the Centennial Budget Committee provided recommendations to City Council. The Centennial Budget Committee will provide City Council with a formal report at the November 7<sup>th</sup> public hearing and budget presentation.

The 2016 Revised / 2017 Proposed Budgets, as currently presented, include changes from the City Manager's Proposed Budget previously presented on September 12, 2016. The changes made from the City Manager's Proposed Budget are the result of updated revenue information, estimates for insurance, and the additional of a budget supplemental for Open Space that was included after the September 12<sup>th</sup> Workshop . The largest change is the transfer of funds

exceeding 35% of the General Fund fund balance to the major capital project reserve in the Capital Improvement Fund. These changes are detailed in Attachment 1 and 2 and are subject to Council approval.

### **3. Recommendation:**

Staff recommends that Council approve the 2016 Revised / 2017 Proposed Budget as presented.

### **4. Alternatives:**

According to the Home Rule Charter, the final budget must be approved by December 15, 2016. If changes are necessary, Staff will need to revise the budget document and bring it back to Council for adoption and expenditure appropriation prior to the required December 15<sup>th</sup> adoption date.

### **5. Fiscal Impact:**

By adopting the budget document, Council will approve the 2016 Revised and 2017 Proposed Budgets in addition to appropriating funds for use.

### **6. Next Steps:**

If approved, Staff will continue to make minor changes to the budget document and finalize remaining sections of the budget document. The budget will then be sent to a printer for final printing. The final adopted budget will be available on the City's website and in hard-copy at the Centennial Civic Center by December 31, 2016.

It is Staff's goal to submit the 2016 Revised / 2017 Proposed Budget document to the Government Finance Officers Association (GFOA) for consideration of the Distinguished Budget Presentation Award by December 31, 2016.

### **7. Previous Actions:**

- The first budget workshop was held in April to review preliminary 2015 financial information, discuss 2016 revenue and expenditure forecasts, discuss the capital improvement program, and obtain Council direction on other requests for the 2016 Revised / 2017 Proposed Budgets.
- At the September 2016 Budget Workshop, the City had five months of revenue data to utilize as a basis to revise 2016 estimates and to create 2017 projections. After reviewing the 2016 data, Staff updated 2016 revenues based on current trends. The 2017 proposed revenues were forecast based on expected trends through 2016 with a level of conservatism, while considering anomalies such as new retail centers and incentive agreements.

Also at the September Budget Workshop, decision packages associated with the 2016 Revised / 2017 Proposed Budgets were discussed in detail and Council was asked to

provide direction on specific items. Based on Council's direction, Staff has made all changes and incorporated all comments into the budget as presented.

**8. Suggested Motion:**

**Suggested Motion:** Move to approve Resolution 2016-R-75 adopting the City of Centennial 2016 Revised and 2017 Proposed Budgets and appropriating sums of money.

**Alternative Motion:** Move to deny Resolution 2016-R-75 adopting the City of Centennial 2016 Revised and 2017 Proposed Budgets and appropriating sums of money.

**Attachments**

- Attachment 1: Changes from City Manager's Proposed Budget – Summary
- Attachment 2: Changes from City Manager's Proposed Budget – Detail
- Resolution 2016-R-75
- All City Funds Summary