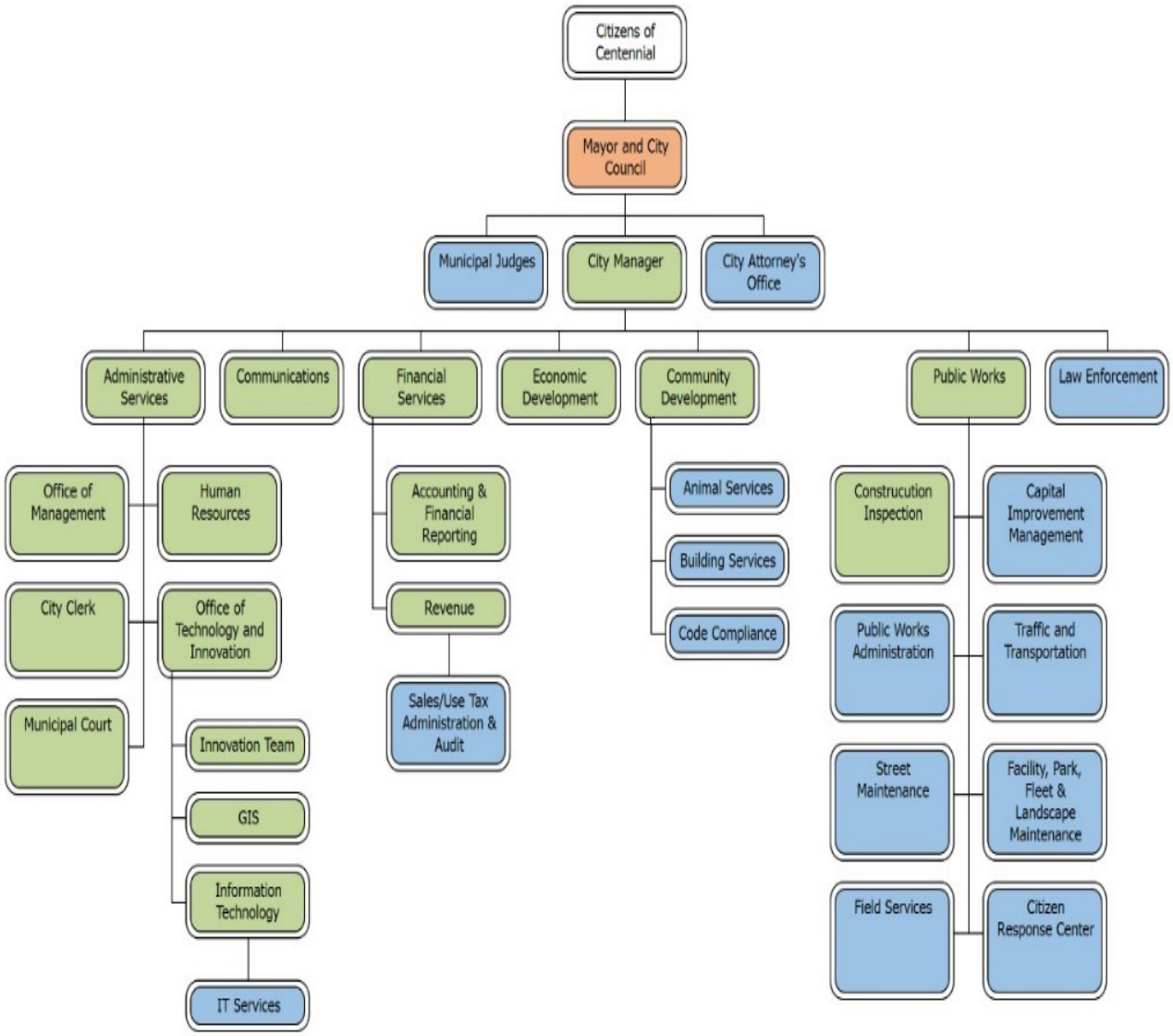
Introduction

ORGANIZATION CHART

Chart by Service Area



Note: The following services are provided by Districts within the City, and are therefore not provided directly by the City: Fire Protection Services, Water and Sanitation and Parks and Recreation.

Government Structure

The City Manager is responsible to the 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 as it Relates to the 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 the City Council and there is an affirmative vote of a majority of the 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. The 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.

Elected Officials and Term of Office:

Mayor

Cathy Noon
January 2018

Council District 1

Candace Moon
January 2020

Kathy Turley
January 2018

Council District 2

Carrie Penaloza
January 2020

Doris Truhlar
January 2018

Elected Officials and Term of Office (Continued):

Council District 3

Ken Lucas
January 2020

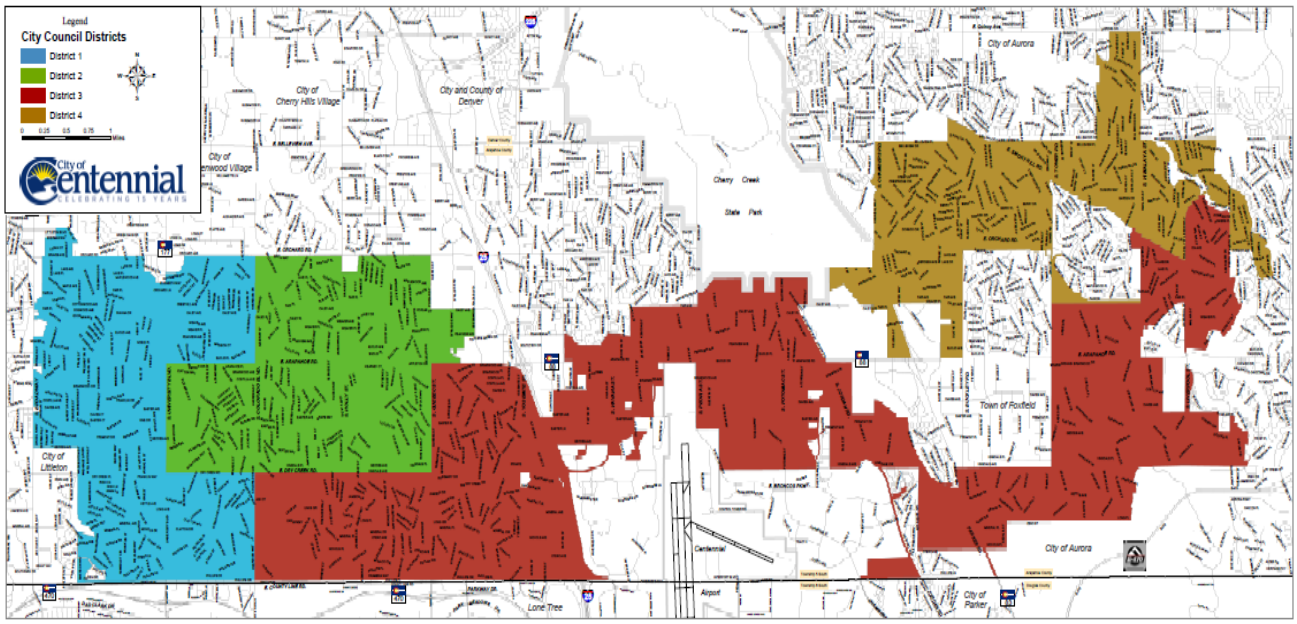
Mark Gotto
January 2018

Council District 4

Stephanie Piko
January 2020

Charles Whelan, Mayor Pro Tem (2016)
January 2018

District Map



Government Structure (Continued)

City Employees & Benefits

The City has 66.25 authorized Full-Time Equivalent (FTE) positions (exempt and non-exempt in the 2017 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.

Other 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:

- 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. In addition, utilizing contractors for government services provides flexibility in responding to the changing needs of the community.

Community Profile

Community Vision

We are a proud, thriving community committed to excellence and reinforced by a unifying community vision of a dynamic, healthy, and safe Centennial. We honor the integrity and values of our neighborhoods and support a government that is responsive, respectful, and accountable to our citizens.

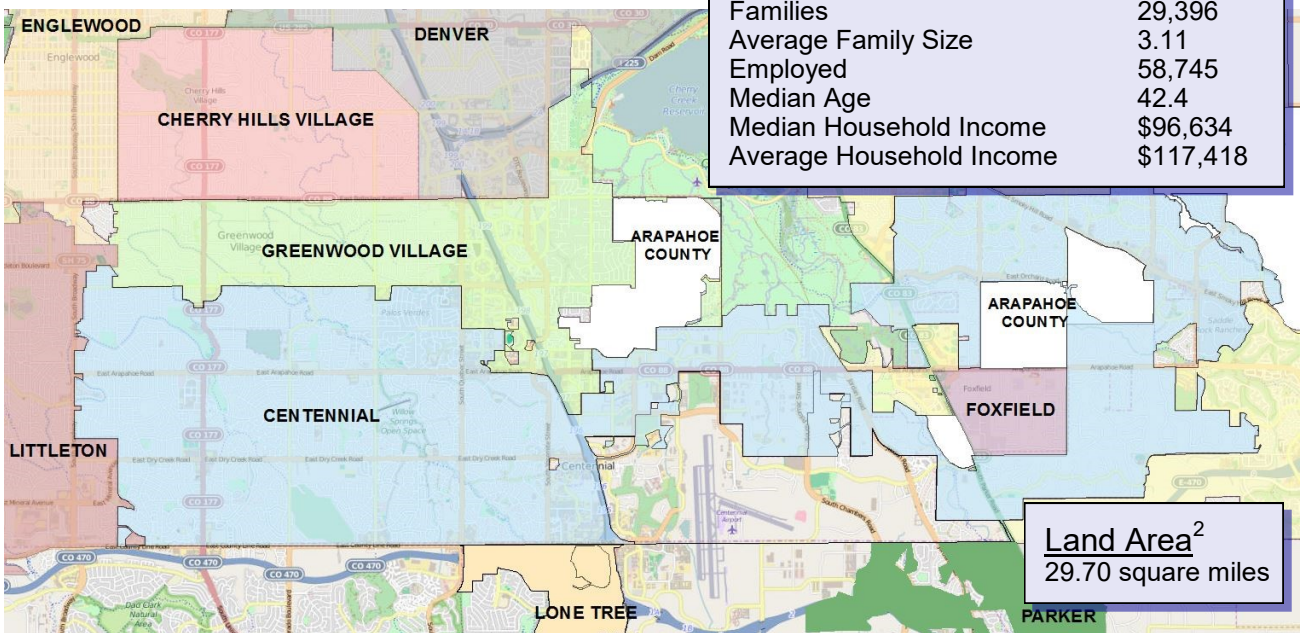
We are committed to the conservation of the environmental beauty of our City and promoting a vibrant economy with a sustainable future. Our City strives to provide outstanding services to all residents and nurture a supportive community that enhances the lives of all our citizens.

Our fiscally responsible values integrate sustainable policies and practices into the fabric of our community and emphasize a healthy balance of economic development and quality of life. As we aspire to establish a community that leads by example, from the top down, we celebrate our past and embrace our future.

~ Our Voice. Our Vision. Centennial 2030

Demographic Profile (2015)[1]

Population	109,726
Households	40,543
Families	29,396
Average Family Size	3.11
Employed	58,745
Median Age	42.4
Median Household Income	$96,634
Average Household Income	$117,418



Land Area[2]
29.70 square miles

History

Centennial was incorporated from portions of unincorporated Arapahoe County in 2001. Located entirely within Arapahoe County, and part of the Denver Metropolitan Area, Centennial was formed February 7, 2001 (the day after its first City officials were elected). The citizens of the formerly unincorporated portion of Arapahoe County had voted to incorporate on September 12, 2000, choosing Centennial as the official name during the vote. Incorporation was approved by 77 percent of the voters, and the 100,000+ person population of the area made it the largest incorporation in U.S. history at the time.

Location

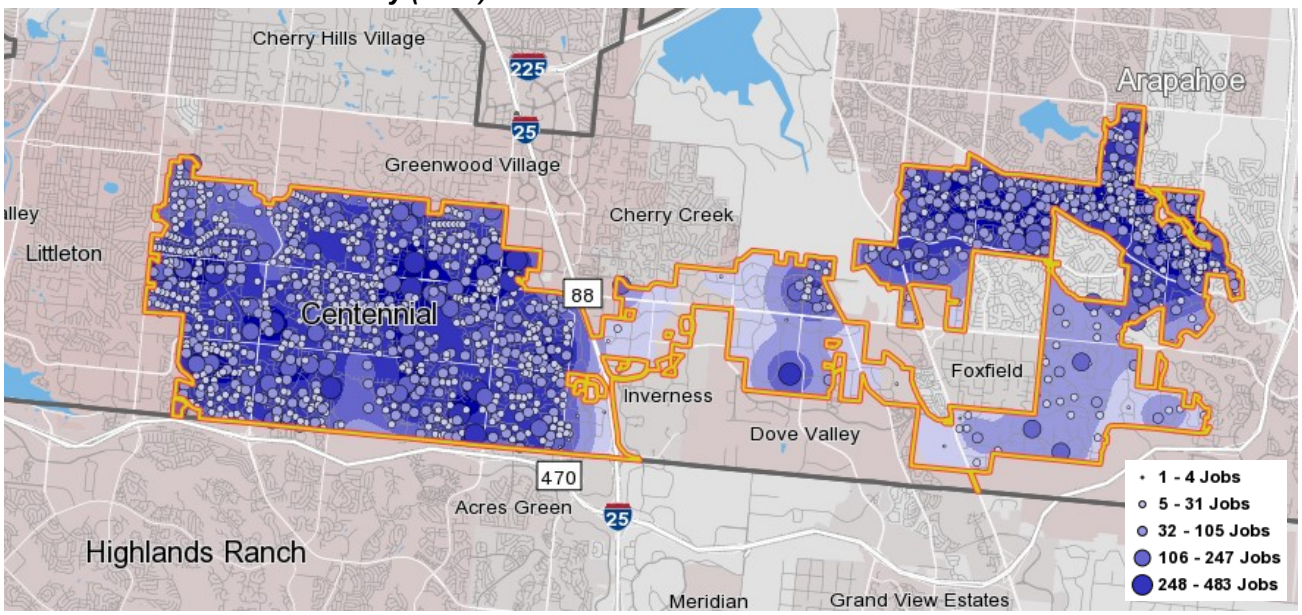
The City of Centennial is located in the southern region of the Denver Metropolitan Area. The City shares boundaries with the cities of Littleton, Greenwood Village, Aurora, Lone Tree, Town of Foxfield, and unincorporated areas of Arapahoe and Douglas counties. The City's current incorporated area is more than 29 square miles located entirely within Arapahoe County.

[1] *US Census Bureau, American Community Survey 2015 1-Year Estimates*
[2] *City of Centennial GIS Division-October 2016*

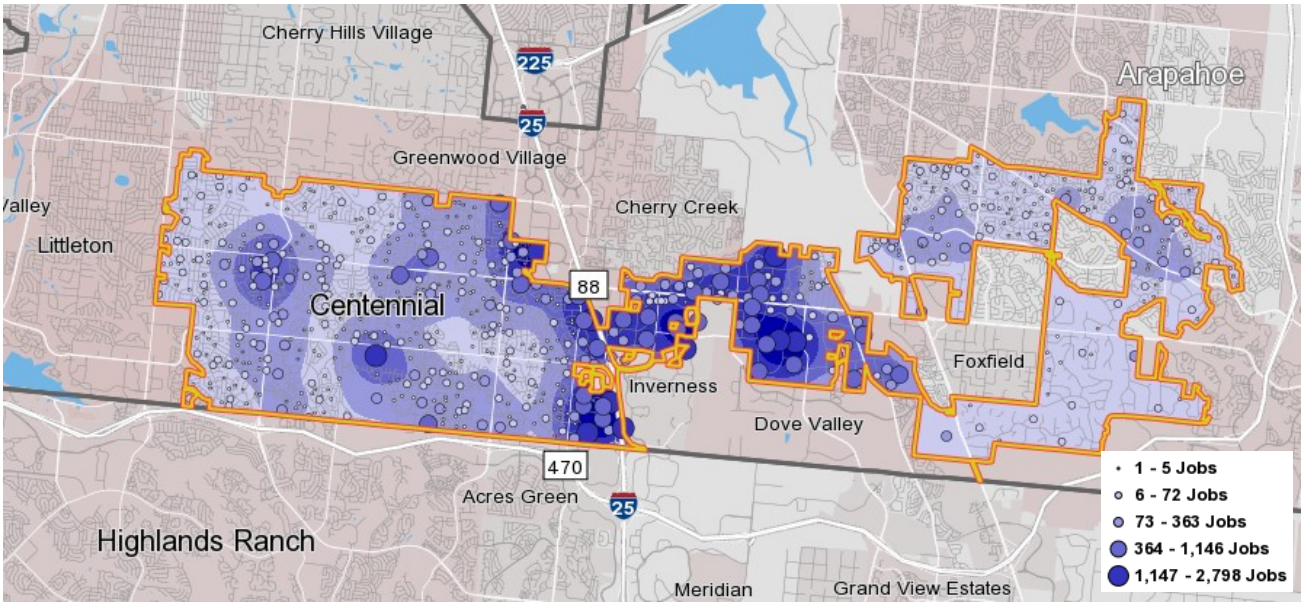
Labor Force and Employment Density

Approximately 60,000 people work in Centennial on an average weekday and approximately 60,000 Centennial residents are employed. Approximately ten percent of employed Centennial residents also work in Centennial; the remaining commute to other cities, primarily within metro Denver, for work each day. Centennial's labor force is concentrated west of Interstate 25 and east of Parker Road in the city's residential areas while employment is concentrated in the central areas of Centennial.

Centennial Labor Force Density (2015)



Centennial Employment Density (2015)

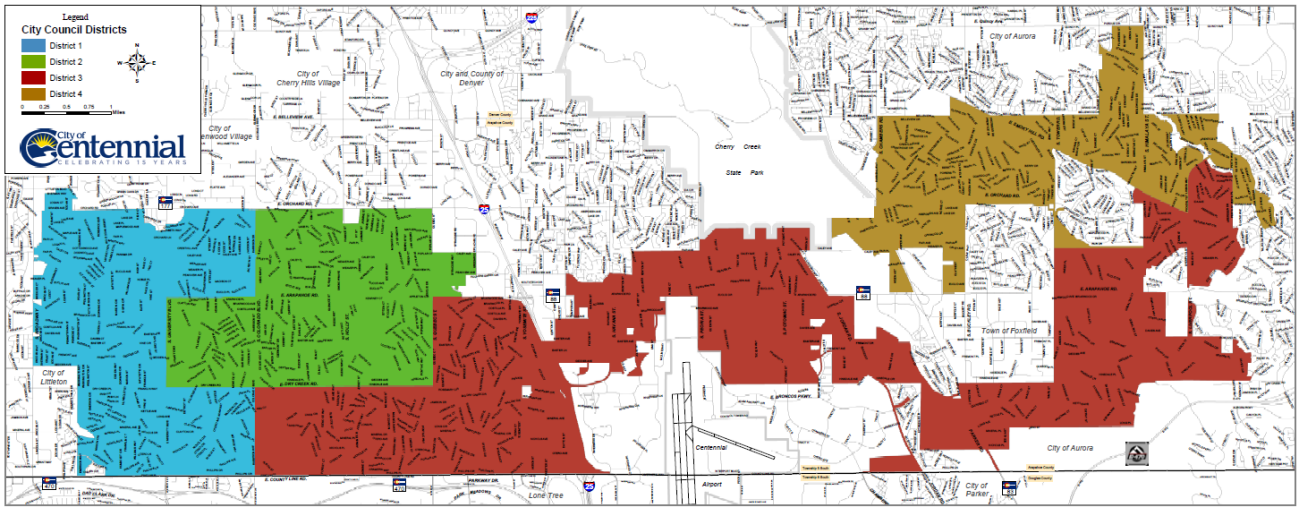


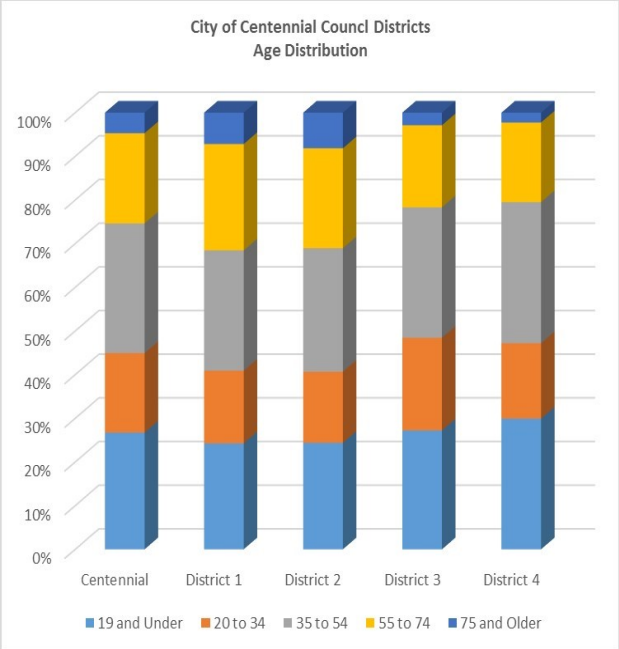
US Census Bureau, OnTheMap Application, 2016

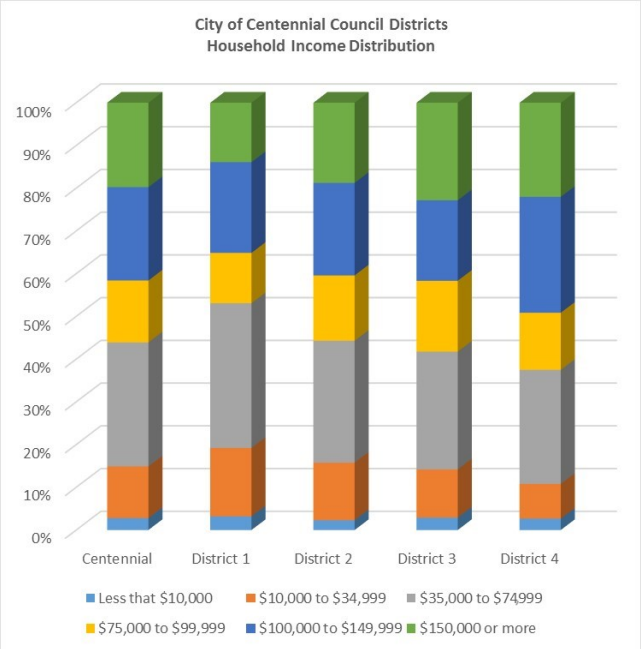
Council District Profiles

The City of Centennial is comprised of four Council districts. This page provides demographic details within the context of the Council districts.

More than half of Centennial's adult population has a college degree. More than eighty percent of the City's population is college educated. The US Census estimates that Centennial's median age in 2015 is 42.4 and the median household income is $96,634. Nearly thirty percent of the population in all Council districts is 55 or older. Fifty percent or more of households in all Council districts have an income of $100,000.







US Census Bureau, American Community Survey 2015 5-Year Estimates

Employment & Industry Composition

Centennial has a diverse economy with significant employment within Finance and Insurance and Professional, Scientific and Technical, Information, Wholesale Trade, Retail, Administration, Construction and Health Care.

Employment by NAICS Industry Code (2005-2015)[1]

Industry	2005	2010	2015
Natural Resources & Mining	164	79	133
Utilities	18	34	37
Construction	4,151	3,220	4,395
Manufacturing	1,427	1,266	1,469
Wholesale Trade	3,426	3,661	4,208
Retail Trade	5,065	4,484	5,617
Transportation & Warehousing	378	685	930
Information	3,108	2,897	4,129
Finance, Insurance & Real Estate	9,740	8,787	9,373
Professional & Business Services	8,903	10,287	13,751
Education	444	967	898
Healthcare	3,900	4,277	4,821
Leisure & Hospitality	3,414	3,482	5,373
Other Services	1,101	1,154	1,353
Public Administration	715	1,062	1,087
Unclassified	0	15	5
	45,954	**46,357**	**57,579**

Local Economy

Centennial is home to some of metropolitan Denver's most prestigious companies located in several major employment centers. Numerous business parks can be found throughout the City, featuring companies large, small, well-known, traditional, and entrepreneurial. Key industries within Centennial include finance and insurance, aerospace technology, electronic components, advanced information technology, media, engineering, and corporate headquarters.

Transportation infrastructure is a key asset for the community, with connectivity via Interstate 25, Arapahoe Road (State Highway 88), Parker Road (State Highway 83), University Boulevard (State Highway 177), and the Arapahoe at Village Center, and Dry Creek light rail stations. These strong transit connections provide easy access to downtown, Denver International Airport, Denver Technological Center (DTC), and Fitzsimons Life Science District, and Anschutz Medical Campus.

Top Private Sector Employers[2]

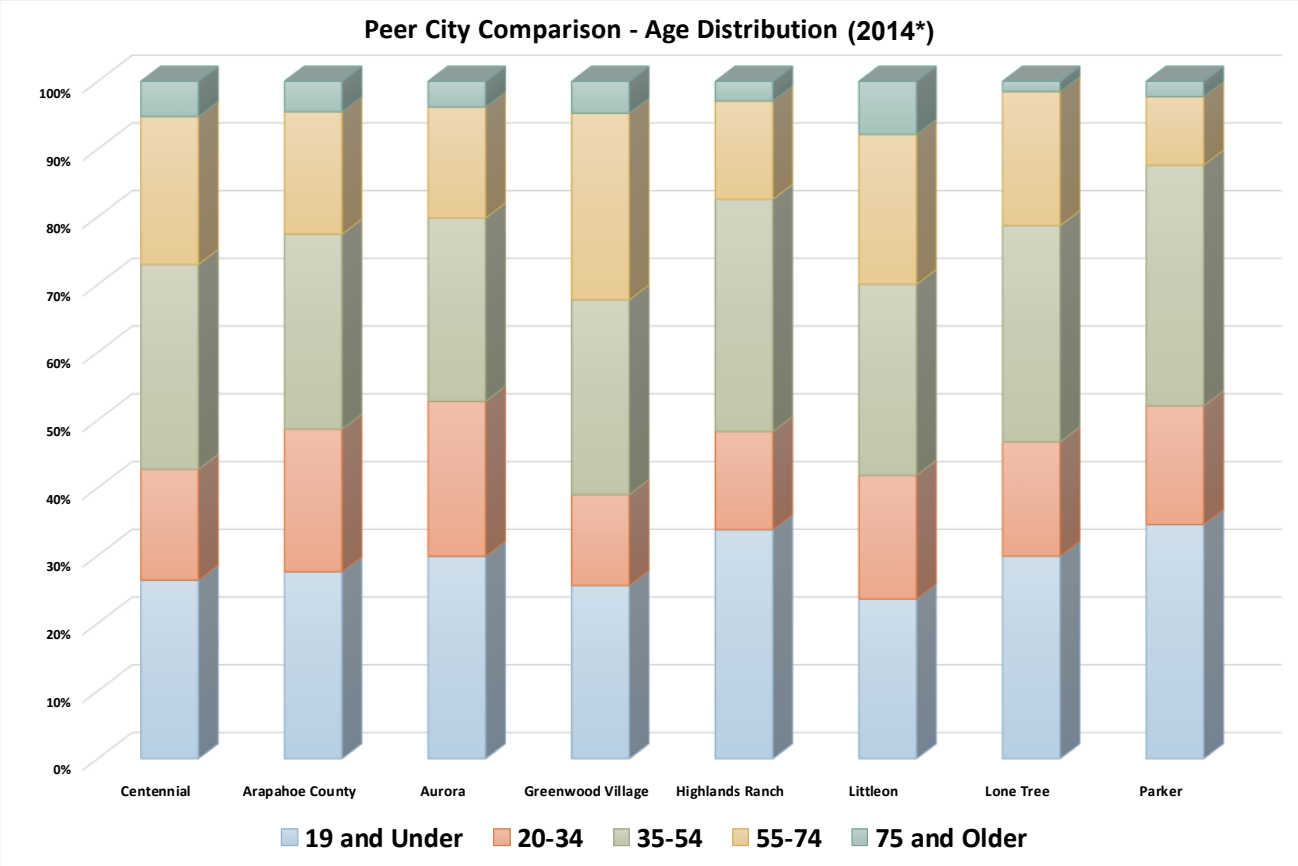
United Launch Alliance	1,500
Oppenheimer Funds	1,140
United Healthcare	1,050
Comcast	1,010
Pearson eCollege	590
Optum	590
Sierra Nevada Corporation	510
Saunders Construction	500
Arrow Electronics	500
US Foods	490
SEAKR Engineering	430
Nordstrom Credit	420
Allosource	390
Zillow Group	330
Lifetime Fitness	320
McGraw-Hill Companies	310
National CineMedia	310

[1]*Colorado Department of Labor, Quarterly Census of Employment and Wages-2015*
[2]*Development Research Partners-2014*

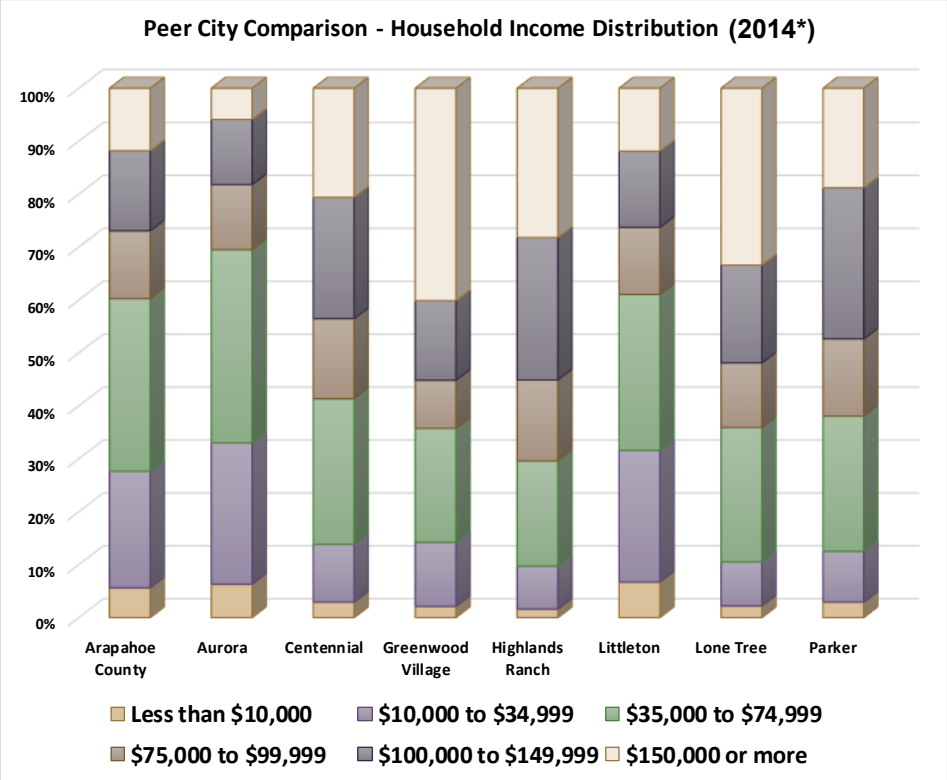
Peer (Neighboring) City Comparison

	Centennial	Greenwood Village	Littleton	Parker	Lone Tree	Aurora	Highlands Ranch	Arapahoe County
Population	104,2013	14,546	43,710	47,515	12,328	339,480	101,350	596,684
Households	38,423	6,000	19,031	16,282	4,752	123,344	35,041	228,267
Employed-over 16	54,253	7,591	22,549	25,043	6,589	163,504	52,043	303,135
Median Age	40.9	44.6	42.0	34.0	38.6	33.4	36.6	36.0
Median HHI	$90,090	$109,180	$62,683	$98,170	$110,694	$52,275	$110,221	$62,213
Average HHI	$110,008	$196,856	$82,053	$106,038	$150,422	$65,850	$129,951	$85,655
Bach. Or Higher %	54.0	73.8	44.6	51.6	65.2	27.1	62.1	39.4

Based on 2014 US Census Data (2015 data is not available for all peer cities) Centennial's median age is comparable to Greenwood Village and Littleton trending toward the older end of the south Denver median age spectrum. Parker and Aurora trend toward the younger end with median ages more than ten years younger than Greenwood Village. Centennial's median household income (HHI) is well above the Arapahoe County median HHI but lower than many of it's neighboring communities. Centennial, Greenwood Village and Highlands Ranch have the largest percentage of residents with a Bachelor's degree or higher.



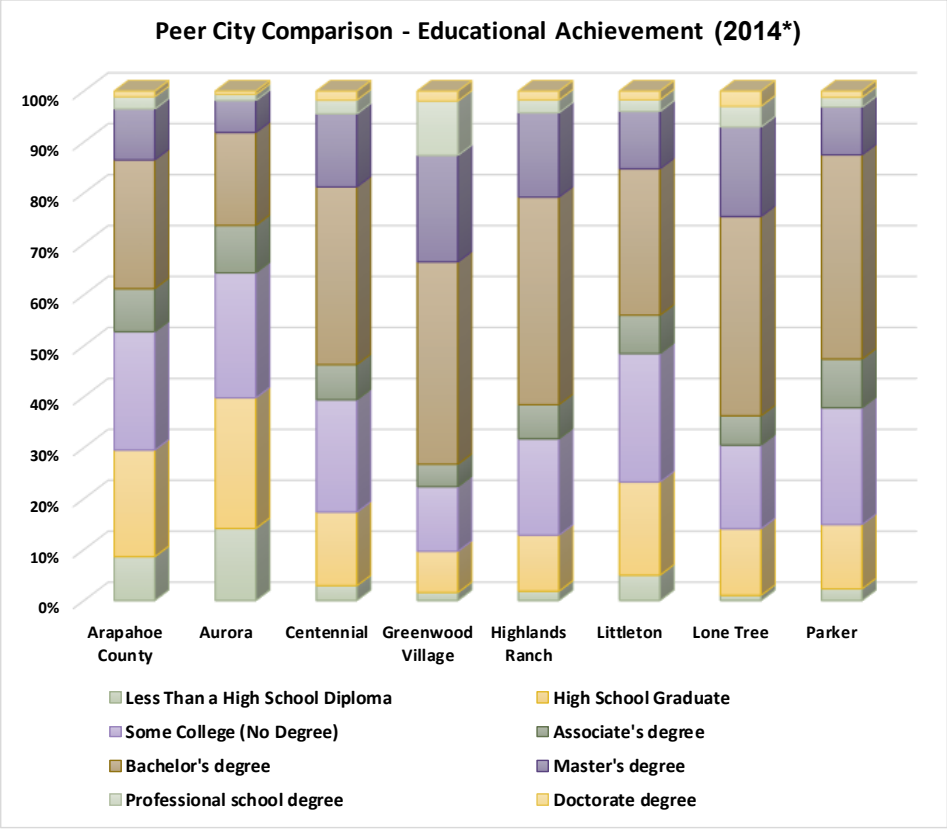
US Census Bureau, American Community Survey 2014 5-Year Estimates



Percentage of households with income of $100,000 or more

Centennial	44.40%
G. Village	55.20%
Littleton	28.30%
Parker	48.80%
Lone Tree	53.70%
Aurora	19.10%
H. Ranch	56.40%
Arap. County	28.10%

Greenwood Village has the highest percentage at 31% of housesholds with incomes of $200,000 or more.



Centennial and most of the south metro region consistently maintain a level of educational achievement above the County and State averages.

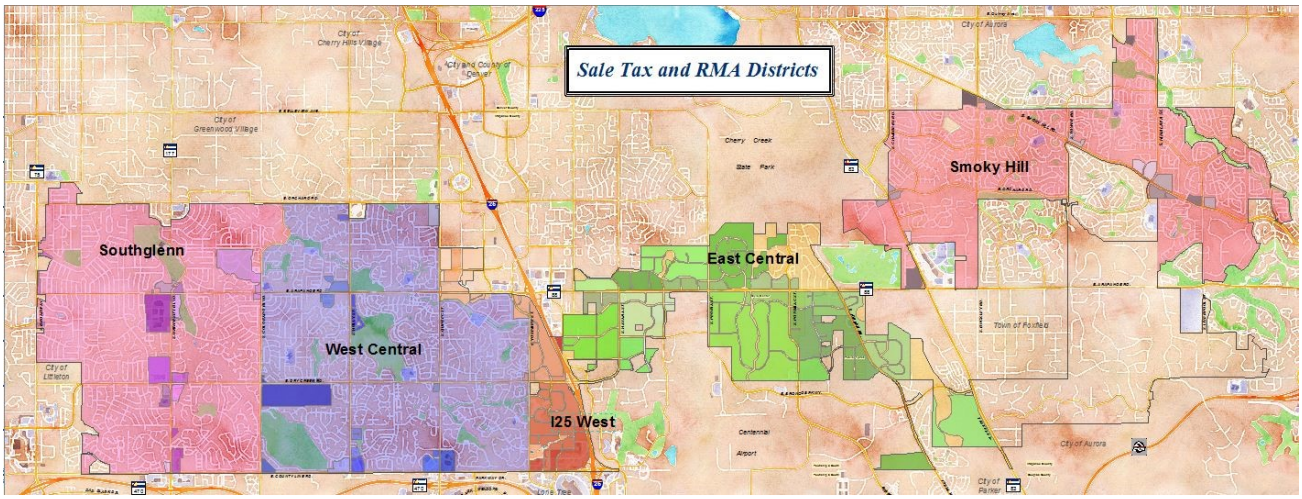
Greenwood Village has the highest percentage of residents age 25 and above holding Bachelor's, Master's and or Doctorate degrees.

More than half of Centennial residents have either Bachelor's, Master's or Doctorate degrees.

US Census Bureau, American Community Survey 2014 5-Year Estimates

Retail Market Areas and 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 five retail market areas: Southglenn, West Central, I-25 West and Smoky Hill. West Central and East Central experienced the largest percentage increase from 2014 to 2015 while I-25 West remains the City's largest sales tax-generating retail market area by total amount generated in 2015.



Southglenn—some major retailers include Sears, Macys, Best Buy, Old Navy, and Trice Jewelers, all located in The Streets at SouthGlenn. Other retailers outside the Streets at Southglenn include American Furniture Warehouse, King Soopers and Petco and more.
West Central—some major retailers include Highlands Garden Center, King Soopers, Hobby Lobby, and Stein Mart.
I-25 West—some major retailers include IKEA, REI, J. Alexanders, Toys R Us, Sterling Jewelers, and HomeGoods.
East Central—some major retailers include Walmart, Viewhouse and numerous auto dealerships.
Smoky Hill and Semi-Rural—some major retailers include King Soopers and various neighborhood retail centers.

Retail Sales Tax Revenue by Retail Market Area

Retail Market Areas	*2015 Sales Tax	2015 Increase from 2014	*2014 Sales Tax	2014 Increase from 2013	*2013 Sales Tax
I-25 West	$8,217,877	-3%	$8,481,226	1%	$8,420,568
East Central	$7,338,746	11%	$6,587,004	9%	$6,038,285
Southglenn	$5,310,380	3%	$5,147,186	4%	$4,951,487
West Central	$2,860,991	8%	$2,648,218	5%	$2,522,488
Smoky Hill & Semi-Rural	$2,057,063	3%	$1,995,461	10%	$1,815,543

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

City of Centennial Finance Department –2016

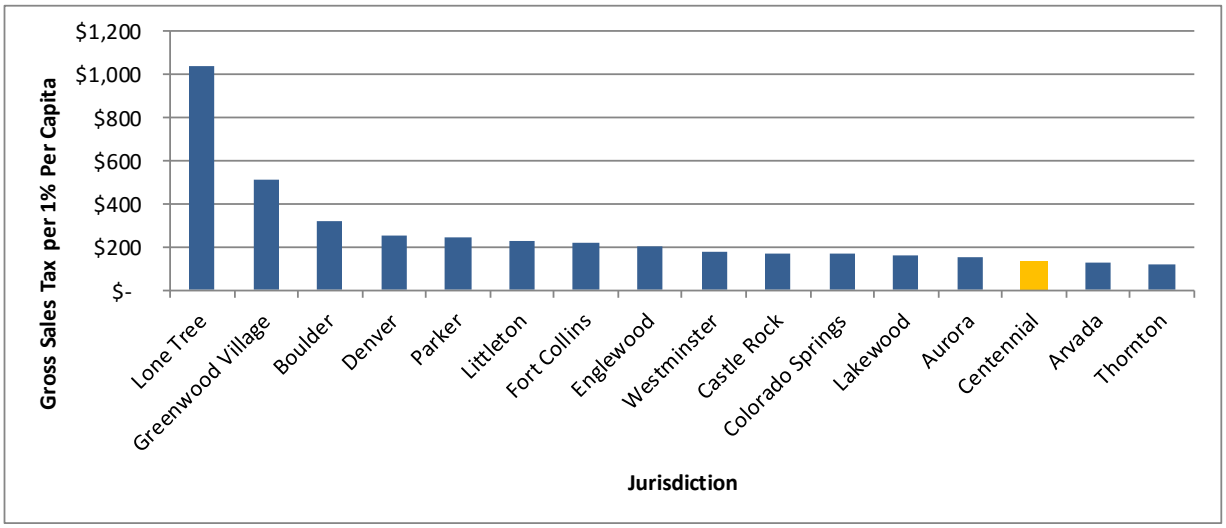
Sales Tax Comparison

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 53 percent of the total General Fund's 2016 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 for 2015

Sorted by Gross Sales Tax Per 1% Per Capita

City	Sales Tax Rate	Gross Sales Tax*	Population**	Sales Per 1% per capita
Lone Tree	1.8125%	$ 24,883,632	13,175	$ 1,042
Greenwood Village	3.00%	24,155,543	15,663	514
Boulder	3.86%	131,323,000	107,349	317
Denver	3.65%	638,276,000	682,545	256
Parker	3.00%	36,301,545	49,550	244
Littleton	3.00%	32,289,000	46,368	232
Fort Collins	3.85%	134,899,000	161,175	217
Englewood	3.50%	23,283,430	33,082	201
Westminster	3.85%	75,934,510	113,130	174
Castle Rock	4.00%	38,526,092	55,591	173
Colorado Springs	2.50%	190,269,766	456,568	167
Lakewood	3.00%	72,920,928	152,597	159
Aurora	3.75%	211,302,426	359,407	157
Centennial	2.50%	38,315,195	109,726	140
Arvada	3.46%	52,605,025	115,368	132
Thornton	3.75%	60,194,735	133,451	120
Average Tax Rate	**3.28%**		**Average Tax Collected**	**$ 265**



*2015 Comprehensive Annual Financial Report (CAFR) for each respective City
***US Census Bureau, American Community Survey 2015 1-Year Estimates*

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)

Fire Protection Services

Fire protection services are provided through three independent Fire Districts:
Cunningham, Littleton, and South Metro.

Cunningham Fire Protection District
2015 South Dayton Street
Denver, CO 80247
(303) 755-9202
http://www.cfpd.org

Littleton Fire Protection District
2255 West Berry Avenue
Littleton, CO 80120
(303) 795-3800
http://www.littletongov.org/fire

South Metro Fire Rescue Authority
9195 East Mineral Avenue
Centennial, CO 80112
(720) 989-2000
http://www.southmetro.org

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

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

Education (Cont.)

Cherry Creek School District
4700 South Yosemite Street
Greenwood Village, CO 80111
(303) 773-1184
www.cherrycreekschools.org

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

http://www.schoolview.org

School	City	Contact
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

Arapahoe Community College
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

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.

Library Services

Arapahoe Library District
www.arapahoelibraries.org

Centennial residents are served by the Arapahoe Library District, 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

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

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

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.

Recreation & Amenities Cont.

South Suburban Parks and Recreation District
6631 South University Boulevard
Centennial, CO 80121
(303) 798-5131
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.

Transportation

Regional Transportation District (RTD)
1600 Blake Street
Denver, CO 80202
(303) 299-6000
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.shtml

Colorado Department of Transportation
(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

Sky Ridge Medical Center
10101 RidgeGate Parkway
Lone Tree, CO 80124
720-225-1000
http://www.skyridgemedcenter.com

Littleton Adventist Hospital
7700 South Broadway
Littleton, Colorado 80122
(303) 730-8900
http://www.mylittletonhospital.org
231 licensed beds, including ten pediatric beds

Parker Adventist Hospital
9395 Crown Crest Boulevard
Parker, CO 80138
(303) 269-4000
http://www.parkerhospital.org
134 licensed beds, including six pediatric beds

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

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

Metropolitan Districts

Centennial 25 Metro District	(303) 758-3500
Chapparal 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
Suburban Metropolitan District	(303) 592-4380
Valley Club Pointe Metropolitan District	(303) 839-3800
Vermilion Creek Metropolitan District	(720) 291-8125
Sundance Hills Metropolitan District	(303) 482-1002

The following outlines the City's financial policies and provides a brief overview of each policy. For further detail, or to review the financial policies in full as approved by City Council, please refer to the Appendix portion of this document.

Budget Policy Overview

Budget Philosophy

The City's 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 timelines 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 the Governmental Accounting, Auditing, and Financial Reporting (GAAFR) and the Governmental Accounting Standards Board (GASB), in addition to the guidelines of the Government Finance Officers Association (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.

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.

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 the enterprise fund, which generally uses 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 the end of the fiscal period. 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 Contingencies

Budget contingencies, or "Use of Prior Year Fund Balance", may be established for those times when spending for unanticipated, or contingency items, is unforeseeable. Generally, budget contingency amounts may be established within any of the City's funds, including the Capital Improvement Fund, Open Space Fund, Conservation Trust Fund, General Improvement District Funds, or Urban Redevelopment Fund. A contingency line item is required for the General Fund, pursuant to the City Charter, Section 11.10. The amount budgeted as a contingency is primarily for those times when spending for a particular item has not been budgeted, or for project costs greater than the amount originally established due to unforeseen circumstances. If a project is completed for an amount less than budgeted, the unspent balance may be moved to the contingency line item within the same fund. Amounts may be moved in and out of the contingency line item by fund, as necessary, while maintaining the budgeted fund balance as a percent of expenditures plus transfers out.

Budget Recommendations

In accordance with the City Charter (Section 11.5), on or before the twentieth (20th) day of September, the City Manager is required to present a proposed budget for the upcoming year to City Council. The proposed budget provides a complete financial plan for each fund of the City, and includes appropriate financial statements for each type of fund showing comparative figures for the last completed fiscal year, adopted figures for the current year, comparative anticipated figures (revised) for the current year, and recommendations for the ensuing year.

Public Hearings

In accordance with the City Charter (Section 11.6), the City Manager's proposed budget is a matter of public record and is open to the public for inspection. One public hearing on the proposed budget, and amendments as necessary to the current year's Adopted Budget, occurs each year. Appropriate notice (at least seven days in advance) of the time and place of the hearing is placed in a newspaper of general circulation and on the City's website, www.centennialco.gov.

Adoption and Appropriation of Funds

In accordance with the City Charter (Section 11.12), on or before the fifteenth (15th) day of December, the City Council will adopt a balanced budget by resolution for the current year revised and ensuing year, and may adopt a Revised Budget for the current year concurrent with the adoption of the ensuing year's budget.

In accordance with the City Charter (Section 11.7), the budget adopted by the City Council will contain the following:

- 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

In addition, all estimates will be in detail showing revenues by source and expenditures by departments, organizational units, activities, character and object.

Changes to Adopted Budget

After the commencement of the fiscal year, the amounts appropriated for the proposed expenditures in the adopted budget are deemed appropriated for each purpose specified. The expenditures of City operating funds cannot exceed the budgeted appropriations for the respective fund. In certain cases, however, adopted budgets can be increased, decreased, or amounts transferred between funds upon City Council authorization.

Supplemental Appropriation

On recommendation of the City Manager, and in accordance with City Charter (Section 11.13), City Council can make supplemental appropriations from actual and anticipated revenues and prior year reserve amounts as long as the total amount budgeted does not exceed the actual or anticipated revenue total and the available reserve balance. No appropriation can be made which exceeds the revenues, reserves, or other funds anticipated or available except for emergencies endangering the public peace, health or safety after the adoption of the annual appropriation.

Unanticipated Revenue

Council may approve for expenditure any unanticipated revenue that may be received during the fiscal year. Such revenue may be generated from grants, issuance of bonds, or the implementation of a new fee.

Carry Over

Generally, all operating budget appropriations lapse at year end, although unexpended appropriations may be reappropriated for the next year. Unexpended capital project appropriations in the Capital Improvement Program are automatically reappropriated for the next year, by project, until project completion at which time funds are unappropriated and generally reported in fund balance.

Budget Decreases

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. Each service area is responsible for developing a plan to reduce expenses. Each plan must be in place and ready for implementation should the need arise. 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 change, the appropriation may be made available for expenditure.

Level and Control / Budget Transfers

Control of expenditures is exercised at the fund level. Department directors are responsible for all expenditures made against appropriations within their respective departments; the Finance Department may allocate resources within a fund, with the City Manager's consent provided the following:

- all intra-fund, or departmental transfers require notification to City Council on a monthly basis

- all transfers from personnel services budgets require notification to City Council on a monthly basis

The City may transfer appropriated funding from one fund to another fund provided:

- the transfer is made from a fund in which the amount appropriated exceeds the amount needed to accomplish the purpose specified by the appropriation

- the purpose for which the funds were initially appropriated no longer exists

- the transfer, if applicable, may include a subsidy of funding from one fund to support program

needs of another fund

- the transfer is approved by City Council through resolution

Lapsed Appropriations

All appropriations not spent at the end of the fiscal year lapse into the fund balance applicable to the specific fund, except as follows:

- Capital Improvement Program – appropriations within the Capital Improvement, Open Space, and Conservation Trust Funds do not lapse until the project is completed and/or closed out

- the City Council can terminate a capital project or a federal or state grant at any time prior to completion of the project or expiration of the grant

Fund Accounting

Fund accounting is generally used both for budgeting and accounting purposes. Each fund is established for a specific purpose and is considered a separate accounting entity. Council must approve or appropriate any expenditure from the various funds, including expenditures from reserves. Authorization is generally formalized prior to the beginning of each fiscal year, but may occur by City Council anytime during the year if funds are available. All City expenditures within the funds described below are appropriated by City Council, and the Fund Structure Summary on the following page depicts an illustration of each of the funds listed below.

City Fund Types

General Fund - the General Fund is the general operating fund of the City. It is used to account for all resources 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 expenditure for specified purposes other than debt service or capital projects. The City's Special Revenue Funds include the: Open Space Fund, Conservation Trust Fund, Cherry Park General Improvement District (GID), Foxridge GID, Walnut Hills GID, Antelope GID, and Centennial Urban Redevelopment Authority Fund.

Debt Service Funds - Debt Service Funds are used to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The City does not currently have any Debt Service Funds.

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

Enterprise Fund - 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. The Land Use Fund is the City's only Enterprise Fund.

Fund Structure and Functional Units Summary

Strategic Plan

The City develops a five-year strategic plan that demonstrates its ability to accomplish long-term goals. The strategic plan is intended to be utilized as a planning tool and does not illustrate future budgets, services, or programs in any detail, but only by fund type. Although expenditures are approved for the current budget year only, the plan includes the following:

- long-term goals of the City

- a listing of all capital improvements and other capital expenditures which are proposed to be undertaken during the current budget and four years beyond, with appropriate supporting information as to the necessity of each

- cost estimates and recommended time schedules for each improvement or other capital expenditure

- method of financing each capital expenditure

- estimated annual cost of operating and maintaining the facilities to be constructed or acquired

		Governmental Funds						Proprietary Fund
		General Fund	Capital Improvement Fund	Open Space Fund	Conservation Trust Fund	General Improvement District Funds	Centennial Urban Redevelopment Authority Fund	Land Use Fund
Legislative	Elected Officials	X						
	City Attorney's Office	X						
	City Clerk's Office	X						
City Management	City Manager's Office	X						
	Office of Innovation	X						
Administrative	Human Resources	X						
	Information Technology	X						
	Communications	X						
Financial	Finance	X						
	Economic Development	X						
	Nondepartmental	X						
	Central Services	X						
Public Works	Public Works	X						
	Facilities & Fleet	X						
	Capital Improvement	X	X					
	General Improvement Districts					X		
Public Safety	Law Enforcement	X						
	Animal Services	X						
	Municipal Court	X						
Community Development	Community Development	X						X
	Code Compliance	X						
Culture & Recreation	Culture & Recreation			X	X			
Urban Redevelopment	Urban Redevelopment						X	

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 which 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 Preparation Schedule

Date (2016)	Action
March 18	Council Visioning Workshop
April 11	Budget Committee Meeting
April 18 & 25	City Council Budget Workshop
May 11	Budget Committee Meeting
June 24	Budget Forms Distributed to Departments
July 13 & 27	Budget Forms Due to Budget Team
August 31	Budget Committee Meeting
September 12	City Manager's 2016 Revised/2017 Proposed Budgets Presented to City Council
October 5	Budget Committee Meeting
October 19	Budget Committee Meeting
November 7	Public Hearing for Adoption of 2016 Revised/2017 Proposed Budgets
December 12	Certification of Mill Levy
December 31	Submit Certified 2017 Annual Budget to the State
December 31	Submit 2017 Annual Budget to the Government Finance Officer's Association

Revenue Policy Overview

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 monthly 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 structure includes taxes, fees, interest, intergovernmental funds, grants, and other sources including fines.

Taxes

Taxes are levied and collected by the City pursuant to State and City laws and as a result of voter approval. The amount of any tax levied will not exceed the rate or levy allowed by law or voter approval. Other tax amounts received by the City as a result of taxes or levies imposed by other governmental units will be collected by the City in accordance with established distribution formulas and methodologies.

Fees
Fees are collected by the City for amounts imposed by the State, established by City Council through Ordinance or Resolution, agreed upon pursuant to a contract or agreement, or for services provided. All fees are reviewed periodically for propriety and consistency with any agreements.

Fees collected by the City for amounts imposed by the State will be the only amount collected for these fee types.

Fees collected pursuant to a contract or agreement will not exceed the amount approved by City Council.

In accordance with the Charter, City Council will 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 value of the service provided, including both direct and indirect costs incurred by the City. These fees may be charged based upon a cost allocation method that most accurately reflects the cost of providing a service.

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

Intergovernmental
Revenues collected from other governmental units are based on intergovernmental agreements as approved by City Council, or based upon established distribution formulas and methodologies.

Grant
Grant revenues are collected based upon awards received from applications submitted.

Limitations - The City will remain in compliance with all revenue limitations as defined by the Taxpayers Bill of Rights (TABOR) and as supplemented by state law and interpreted by the Colorado courts, in addition to amounts dedicated for specific purposes as authorized by voter approval.

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.

The following table identifies changes in revenues from year to year for all funds.

Year	2011	2012	2013	2014	2015	2016	2017	2018*	2019*	2020*	2021*
Revenue Change	21.7%	10.1%	6.1%	2.3%	13.0%	-5.7%	-4.3%	0.1%	-0.3%	0.7%	0.0%

*Anticipated in five-year Strategic Plan

In 2016, General Fund revenues as revised are expected to decrease slightly from actual 2015 revenues by approximately 1.0 percent (1.0%), or $0.6 million. General Fund 2017 revenues are expected to decrease from revised 2016 revenues by approximately 1.6 percent (1.6%) or $1.1 million.

2016 Revised Budget compared to 2015 Actual Results (General Fund):

Sales Tax – The City's 2016 sales tax revenue is expected to decrease by $0.9 million compared to 2015 actual collections. This expected change is due to a decrease in sales tax audit revenues combined with conservative projection of growth in consumer spending.

Property Tax – The City's 2016 property tax is expected to increase by $1.4 million compared to 2015 actual collections. The increase in projected property tax is due to higher assessed valuations of property.

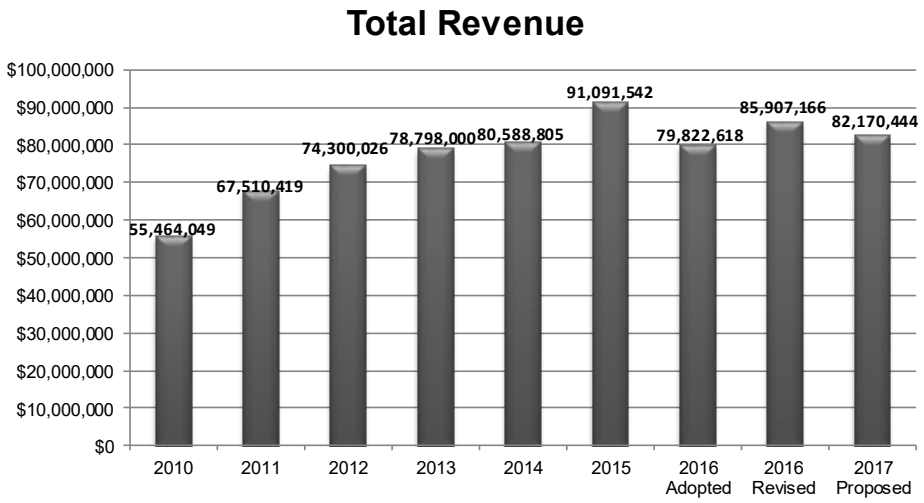
Franchise Fees – The City's franchise fee revenue in 2016 is expected to decrease by $0.2 million compared to 2015 actual collections. A decrease in gas prices during 2016 contributed to a decrease in gas franchise fee collections. The revenue stream will continue to follow the ups and downs of local energy prices and usage as natural gas and electricity agreements make up approximately 75 percent of the Franchise Fee collections.

Automobile Use Tax – The City's automobile use tax is expected to decrease in 2016 by $0.2 million compared with 2015 actual collections. Automobile use tax is projected to decrease slightly as industry analysts project an decrease in sales of new vehicles as compared to record sales in 2015 for the industry.

2017 Budget compared to 2016 Adopted Budget (All Funds):

2016 Budget - The volatility of recent market trends continues to make forecasting difficult for the City. As a result, the City relies heavily on the State's professional economists for guidance, in addition to careful analysis of current trends and future projections. All Funds revenues for 2017, as compared to the 2016 Adopted Budget, are expected to increase by $2.3 million. The General Fund revenues for 2017 are expected to increase by $2.1 million when compared to the 2016 Adopted Budget. The majority of the increase in the General Fund is due to sales tax ($2.0 million) and Highway User Tax Fund ($0.8 million). In addition to these increases, the City expects decreases in franchise fees ($0.2 million), court fines ($0.2 million) and miscellaneous revenues ($0.3 million). In addition to increased revenues in the General Fund, the Open Space Fund is expected to increase by $0.2 million from the County open space sales tax. These increases are partially offset by lower revenue projections in 2016 compared to the 2015 Adopted Budget for the Capital improvement Fund ($2.7 million).

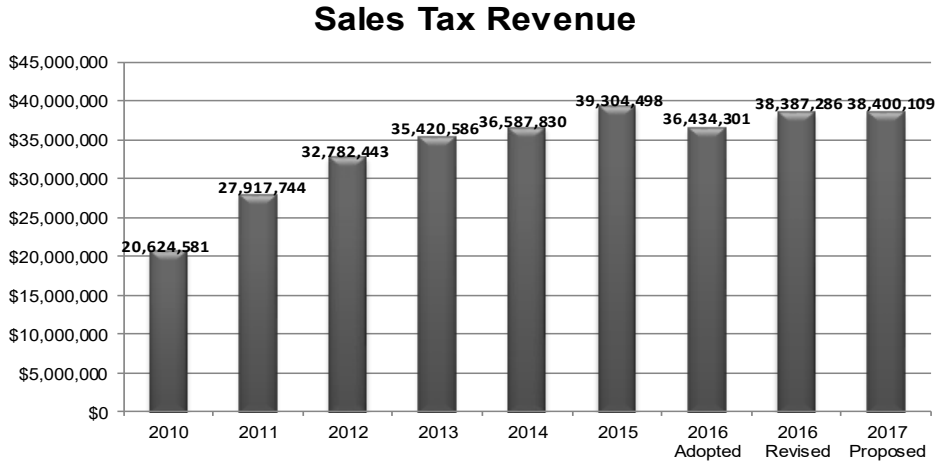
The following graph depicts revenues for the prior six years of revenue data, the Adopted and Revised Budget for the current year, and the estimated revenues included in the 2017 Budget. The City has experienced revenue growth over the past few years due to new developments/redevelopments, annexations, sales tax compliance programming, and the receipt of various grants. This positive trend is attributable to the City's diverse revenue base where the proportion of most revenue sources remain relatively constant from year to year.



Following are descriptions of the City's revenue sources, associated forecasting assumptions, and revenue trends. Total revenues as presented for All Fund Types are included in the graph below.

Sales Tax - The City collects a 2.5 percent (2.5%) tax on sales of tangible personal property and specific services. Sales taxes were collected by the retailer and reported directly to the State of Colorado on either a monthly, quarterly, or annual basis for years 2008 and prior. Beginning in 2009, the City began to self-collect sales taxes as established by ordinance. The City sales tax rate was 1.5 percent (1.5%) from 2001 through 2003. The voters approved a 1 percent (1%) sales tax rate increase in November 2003, effective January 1, 2004, bringing the City's total tax rate to 2.5 percent (2.5%). Fifty percent (50%) of the revenues generated from the sales tax increase, not to exceed $2.8 million annually, is restricted to the acquisition, construction, operation, maintenance and financing, including debt service financing if subsequently approved by the voters, for transportation and drainage systems. The remaining 50 percent (50%) of the revenues generated from the sales tax increase may be used for any purpose authorized by law and City Council. 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.

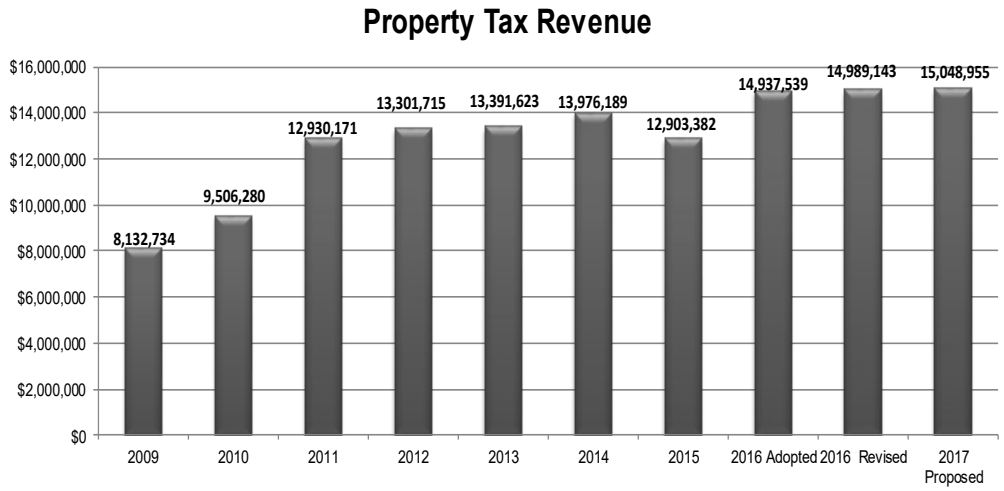
Sales tax revenue for all funds of $38,400,109 represents approximately 44 percent (44%) of the City's total revenues. Sales tax is forecasted using historic trends and adjustments are made for certain anomalies including revenues resulting from sales tax audits, new retail development, and projected retail sales growth. Projections for 2017 are primarily based upon historic trends plus an adjustment for expected new businesses. Estimated General Fund revenues for 2017 are $37,349,557.



Property Tax - Property taxes are levied on December 31, and attach as an enforceable lien on property as of January 1. Taxes are due February 28 and June 15, if paid in two installments, or April 30 if paid with a single payment. Taxes are delinquent if not paid as of August 31. If the taxes are not paid by the last day of September, the property may be sold at a public auction. Arapahoe County bills and collects all of the property taxes and remits collections to the City on a monthly basis after deducting a one percent (1%) collection fee (and 1.5 percent (1.5%) for the general improvement districts).

The City of Centennial's mill levy has been 4.982 since the City's incorporation in 2001. A mill is one-tenth of one cent. In other words, one mill represents $1 for every $1,000 in assessed property value. The mill levy is multiplied by the assessed valuation of a property to calculate the property tax.

Property tax represents approximately 18 percent (18%) of the City's total revenues. Property taxes are forecasted for 2017 primarily based on assessed valuations as determined by Arapahoe County, and applying the City's current mill levy rate. However, historic data, economic indicators, and future investments into the community are also taken into consideration when reviewing assessed valuations and the impact to property tax. The City's estimated increase in property tax for 2017, compared to 2016 revised projections, is based on preliminary information provided by Arapahoe County. 2015 is a reassessment year for tax collections in 2016 and 2017. The City generally projects revenues conservatively and has taken into consideration current uncertain economic conditions; as a result, the City will continue to monitor assessed valuation amounts and adjust projected property tax revenues accordingly. Estimated revenues for 2017 are $15,048,955.



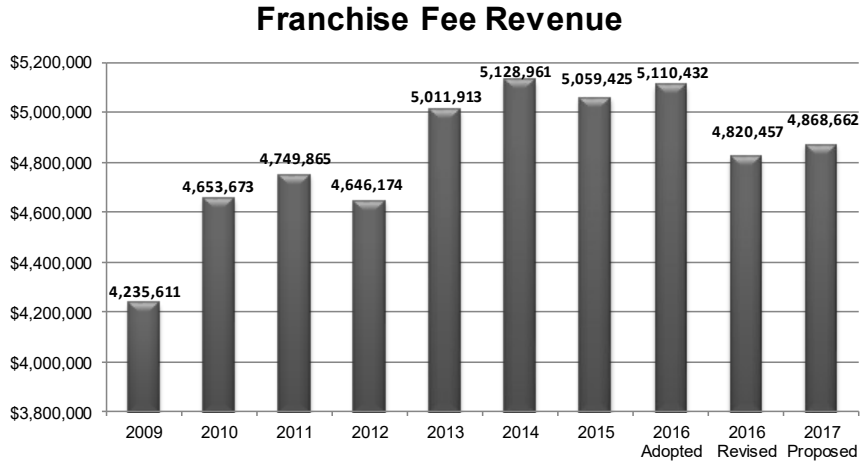
Franchise Fees - The City receives franchise fees for cable television, gas, and electric services. Franchise fees represent approximately 6 percent (6%) of the City's total revenues. The City expects a slight increase for 2017.

Cable Television Franchise Fee - This fee is compensation for the benefits and privileges granted under the Cable Television Franchise Agreements. The fees are in consideration of permission to use City streets and rights-of-way for the provision of cable services. Throughout the duration of the Agreements, the fee is established at 5 percent (5%) of gross subscriber revenues.

Cable television franchise fee revenues are forecasted based on cable television subscription rates and trend data. Estimated revenues for 2017 are $1,310,820.

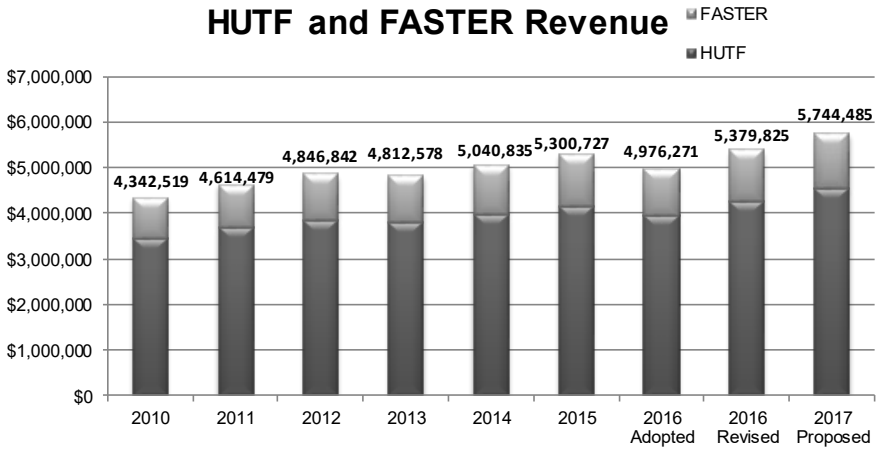
Gas/Electric Franchise Fee - The City currently has a nonexclusive franchise agreement with Xcel Energy and Intermountain Rural Electric Association (IREA) for the right to furnish, sell, and distribute natural gas and/or electricity to residents and businesses within the community. The agreement provides Xcel Energy and IREA with access to public property to provide these services. In consideration for this franchise, the companies pay the City a sum equal to 5 percent (5%) of all revenues received from the sale of natural gas and/or electricity within the City.

Gas and electric franchise fee revenues are forecasted based on estimated usage, natural gas and electricity prices, and trend data. Year-over-year trend data shows fluctuations in actual revenues resulting from changes in prices and usage related to weather. The City's revised estimates for 2016 are lower than the amounts collected for 2015 due to gas prices in 2016. The expectation of similar weather patterns and the probability of continuation of Xcel's tiered rate structure for electricity in the summer months have resulted in relatively flat revenue projections for gas and electric in 2017. Estimated revenues for 2017 are $3,557,842.



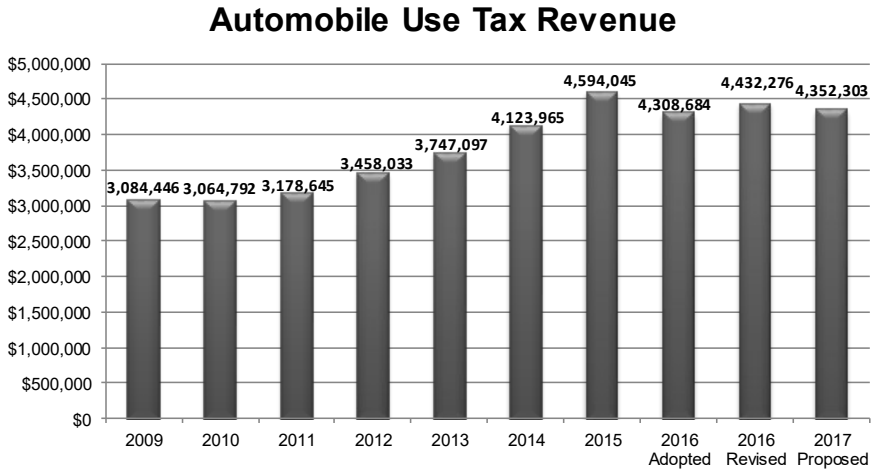
Highway Users Tax Fund - The Highway Users Tax Fund (HUTF) is a State collected locally shared revenue. HUTF revenues are based on a variety of formulas that include revenues based on motor fuel taxes, driver's licenses, and motor vehicle registration fees. The Highway Users Tax is distributed monthly among the State, counties, and municipalities based on a formula that takes into account the number of vehicles registered and the miles of roads in each municipality relative to the same data in other municipalities. These funds must be spent on new construction, safety, reconstruction, improvement, repair and maintenance, and capacity improvements of streets and roads. In July of 2009, Funding Advancements for Surface Transportation and Economic Recovery (FASTER) revenue resulting from Senate Bill 09-108 began to be distributed in the same method as HUTF revenue.

HUTF revenues represent 6 percent (6%) of the City's total revenues. HUTF revenues are forecasted based on trend data; however, consideration is given to motor fuel sales and registration fees. While motor fuel sale prices have increased, it is unknown how this has affected, or will affect, total motor fuel sales. The City's distribution ratio that determines the amount of HUTF revenue received changes annually in July. The 2016 Revised and 2017 Budgets take these changes into consideration. In the graph below, FASTER revenue is recorded separately from HUTF revenue to show the receipts of each. Total HUTF (including FASTER) revenues for 2017 are $5,774,485.



Automobile Use Tax – The City collects 2.5 percent (2.5%) use tax on all motor vehicles purchased outside of the City but registered to owners who reside in the City. In November 2003, voters approved a 2.5 percent (2.5%) auto use tax effective January 1, 2004. Revenues generated from this tax are to be used solely for the acquisition, construction, operating, maintenance and financing, including debt service financing if subsequently approved by the voters, for transportation system improvements. Auto use tax is collected by the Arapahoe County Treasurer for which a 5 percent (5%) fee is paid to the County as the collecting agency. Vehicle sales made within the City to City residents are reported as sales tax collected by the County.

Automobile use tax represents approximately 6 percent (6%) of the City's total revenues. Automobile use tax is forecasted using historic trends and industry indicators with regard to automobile sales. Automobile use tax is projected to decrease slightly in 2016 based upon current automobile sales trends, and are expected to decrease again slightly in 2017. The auto industry saw record sales in 2015 due to consumer demand for new vehicles due to a better economy, lower gas prices, available credit and new products. Steady sales have been seen in 2016 and industry analysts believe sales will be slow into 2017. Estimated revenues for 2017 are $4,352,303.



Other Intergovernmental Revenue - Other Intergovernmental Revenue primarily includes Arapahoe County Open Space Funds and Conservation Trust Funds from the State of Colorado. In the November 2003 election, Arapahoe County voters approved a County-wide 1/4 cent sales tax to acquire additional open space or park land and to make improvements to parks and trails. This sales tax was scheduled to sunset in 2013, however, it was extended by voters in Arapahoe County (November 2011 election) to December 31, 2023. Conservation Trust Funds are received from the State of Colorado totaling 40 percent (40%) of net lottery proceeds to be used for the acquisition, development and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes and is distributed to local governments primarily by population.

Total other intergovernmental revenues represent approximately 4 percent (4%) of the City's total revenues. Open Space and Conservation Trust Fund revenues are forecasted primarily based on current year revenues; however, other factors are considered including retail sales information. Historic trends show an increase in revenues for the 2016 Revised Budget; however, as a matter of conservatism, revenues for 2017 are projected to be $3,139,816.

Fines & Fees - Fines and fees are established by City ordinance. City fines and fees are a result of: municipal court, animal services, pavement degradation, right-of-way usage and liquor licensing. City fees will not exceed the overall cost of providing services for which the fee is imposed. In calculating the cost of providing a service, both direct and indirect costs may be included. The City reviews all fees for licenses, permits, fines, and other miscellaneous charges as part of the annual budget process.

The most significant source of fines and fees for the City are related to the Municipal Court. Municipal Court

fines and fees represent approximately 2 percent (2%) of the City's total revenues. For the most part, court fines and fee revenues have varied slightly year-to-year. For budgeting purposes more conservative projections are used due to the potentially erratic nature of traffic infractions and citations issued. Municipal Court fines and fees are forecasted based on current year activity and prior year actual amounts. Estimated revenues for 2017 are $1,613,694.

Building Materials Use Tax – The City collects 2.5 percent (2.5%) use tax at the time a building permit is issued to a contractor or homeowner within the City to build or remodel commercial or residential property. The City's Building Materials Use Tax rate was 1.5 percent (1.5%) from 2001 through 2003. The voters approved a 1 percent (1%) building materials use tax rate increase in November 2003, effective January 1, 2004, bringing the City's total building materials use tax rate to 2.5 percent (2.5%). The revenues generated from the building material use tax increase may be used for any purpose authorized by law and City Council.

Building materials use tax represents approximately 2 percent (2%) of the City's total revenues. Building materials use tax is forecasted based on historic trends. This includes building materials use tax received to date and adjusted for tenant improvements in retail centers either previously or currently under construction and future development. The projection for 2017 decreased from the 2016 Revised Budget due to a conservative projection of local construction. Estimated revenues for 2017 are $1,648,000.

Licenses & Permits - Licenses & Permits are established by ordinance allowing the City to collect various licenses or permit fees. These licenses or permit fees allow the purchaser to perform or provide specific services or goods within the City.

Total license and permit revenues represent approximately 4 percent (4%) of the City's total revenues. There are several types of licenses and permits required within the City. The following are the more significant licenses and permits required within the City.

Contractor's License Fees - Contractor license fees represent an annual license fee for all construction contractors doing business within the boundaries of the City. Contractor's licenses are forecasted based on prior year trends, current year's collection activity, and adjustments for large projects which have, or will, affect licensing revenues. Estimated revenues for 2017 are $235,000.

Building Permit Fees - Building permit fees are based on the dollar valuation of the construction work to be performed. The valuation is determined using the cost per square foot published in the International Building Code (IBC) Building Standards guide and by using the Colorado regional modifier for all new construction. Permit fees are established by ordinance and are forecasted based on local economic trends as well as historic trends and new construction projects. Building permit fees are forecasted based on the current year's activity as well as anticipated projects. Several large commercial projects increased 2016 building permit fees; however, revenues have been projected slightly lower as a matter of conservatism. Estimated revenues for 2017 are $1,950,000.

Specific Ownership Tax - Specific ownership tax is paid by owners of motor vehicles, trailers, semi-trailers, and trailer-coaches in lieu of all ad valorem taxes on motor vehicles. The amount of the tax paid is a function of the class, age, and value of the vehicle. Generally, the amount of tax paid decreases with the age of the vehicle.

Specific ownership taxes for Class A vehicles, which includes any motor vehicle, truck, truck tractor, trailer or semi-trailer used to transport persons or property over public highways for compensation, are paid to the State. Specific ownership taxes are distributed to each city/district based on the entity's percentage of the total property tax dollar warrant as a percent of the total tax dollar warrant for the entire County.

Specific ownership tax represents less than 1 percent (1%) of the City's total revenues and is forecasted based on historic trends and the City's percentage of the total property tax dollar warrant as a percent of the total tax dollar warrant for Arapahoe County. Specific ownership tax revenues are expected to increase slightly for 2016 compared to 2015 actual revenues. Estimated revenues for 2017 are $663,850.

Motor Vehicle Registration Fee - Motor vehicle registration fees are State imposed on the registration of a vehicle. Fees are primarily based on the weight of the vehicle (as published by the manufacturer) and the age of the vehicle. The registration fee is $1.50 or $2.50 for apportioned vehicles. These fees are collected by the Arapahoe County Treasurer and remitted to the City on a monthly basis after deducting a 5 percent (5%) collection fee.

Motor vehicle registration fees represent less than 1 percent (1%) of the City's total revenues. In forecasting motor vehicle registration fees several factors are considered including historic trends, new vehicle sales to City residents, and the average number of vehicles per household in the City. Motor vehicle registration fees are projected to decrease slightly compared to 2016 revised revenues. Estimated revenues for 2017 are $550,838.

Cigarette Tax - The State of Colorado taxes wholesale distributors of tobacco products at the rate of 84 cents per pack. State tax stamps are issued to the distributors as evidence of payment. Each year an amount of State funds from the tax on tobacco products is distributed to counties and municipalities that do not impose any fee, license, or tax on cigarettes. The amount received is based on the proportion of State sales tax collected in each municipality. Cigarette tax represents less than 1 percent (1%) of the City's total revenues and is forecasted using trend data. Based upon current revenue trends for cigarette tax, 2016 projected cigarette tax revenues are expected to increase slightly from 2015 actual revenues, and then decrease slightly for 2017 compared to 2016 revised estimates. Estimated revenues for 2017 are $270,219.

Road & Bridge Shareback - Arapahoe County imposes a separate County-wide mill levy for construction and maintenance of roads and bridges. Funds are shared with local governments and are distributed based on the percent of assessed valuation to total county-wide assessed valuation.

Road and bridge shareback revenues represent less than 1 percent (1%) of the City's total revenues. Road and bridge shareback revenues are forecasted using historic trends and actual amounts received to date. The revenue is projected to decrease for 2016 revised revenues compared to 2015 actual revenues. Estimated revenues for 2017 are expected to increase slightly from 2016 revised estimates in the amount of $625,114.

Expenditure Policy

Classification
Fund accounting is generally used for accounting purposes. Each fund is established for a specific purpose and is considered a separate accounting entity. All City expenditures within the funds described above are appropriated by City Council.

Expenditure Classifications
Personnel Services - includes salaries for full-time and part-time employees, overtime pay, insurance, retirement, and other costs related to the City. The compensation plan is intended to provide all employees with fair and equitable pay and to provide a uniform system of payment.

Contracted Services - includes services contracted by the City to enhance operations or perform specific tasks or programs.

Other Services & Supplies - includes administrative expenditures such as office supplies, professional dues, subscriptions, travel and training expense, audit/consulting fees, telephone/utility charges, and photocopying.

Capital Outlay - includes expenditures for capital items, or fixed assets that have a life of more than one year, and a cost greater than $5,000. Capital outlay may include land, buildings, infrastructure, vehicles and certain office equipment. Capital expenditures increase asset accounts, although they may result indirectly in the decrease of a liability.

Capital expenditures may be recorded in the Capital Improvement Fund, Open Space Fund or Conservation Trust 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. Prior to making significant investment for infrastructure, the funding source and efficiencies gained are considered.

Management
Monthly, the Finance Department reviews and distributes the actual year-to-date expenditure reports to each department. Each department director/manager is responsible and accountable for ensuring total departmental expenditures are within budget. If additional funds are necessary to provide services to the community, an alternative source of funding must be identified and approved by City Council. In accordance with Section 8.6 of the City's Home Rule Charter, the Finance Director prepares and distributes regular reports to the City Council outlining the current financial position of the City; these reports include fund financial statements, including monthly and year to date actual and budgetary revenues and expenditures, in addition to an overall analysis report.

Fund Balance and Reserve Policy Overview

Overview
Fund Balance is the amount of financial resources available for use, and represents accumulated revenues over expenditures that may be appropriated by City Council. All fund balance amounts are re-appropriated annually within each fund to allow for budgetary flexibility, with the exception of the General Fund. In addition, specific reserves are set aside within each fund; these funds are not available for appropriation or expenditure except when certain events occur.

The methodology and reporting of Reserves within each fund may change from year to year, based either upon requirements of the Governmental Accounting Standards Board (GASB) or by City Council. The overall City Council fund balance level shall be in addition to, or in consideration of, legal and regulatory requirements.

Fund Balances
The overall fund balance of the General Fund equals no less than twenty-five percent (25%) of annual expenditures, including transfers. The total fund balance includes amounts classified as either Nonspendable, Restricted, Committed, Assigned, or Unassigned. These classifications comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints for the specific purposes amounts in those funds can be spent.

Nonspendable Fund Balance
Nonspendable amounts are those that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash, including inventories and prepaids.

Restricted Fund Balance
Restricted amounts are those that are restricted for a specific purpose. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation that are legally enforceable. For example, the Fund Balances of the Open Space and Conservation Trust Funds are reported as Restricted for parks and open space, as the use of fund resources is restricted for specific uses as defined by Arapahoe County and the State of Colorado, respectively.

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

declared emergencies.

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

Committed Fund Balance
Committed amounts are those that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, either by resolution or ordinance. Committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. This classification also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Amounts included as Committed equal at least ten percent (10%) of fiscal year spending for operating reserves in the General Fund. Fiscal year spending shall include total expenditures, including transfers.

Assigned Fund Balance
Assigned amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by City Council through an informal action. Council can delegate the authority to express intent to a committee, the City Manager or other City official on a case by case basis.

All uses of Assigned Funds must be approved by City Council, except in the case of an emergency or immediate public necessity as determined by the City Manager. Assigned Funds may be appropriated during the budget year and may also be used for ensuing budget years if additional expenditures are required to maintain appropriate levels of service and exceed projected revenues.

Unassigned Fund Balance
Unassigned amounts represent the remaining fund balance after amounts are set aside for other classifications. The General Fund is the only City Fund that can have an Unassigned Fund Balance.

Investment Policy Overview

Investment Objectives
The City's and Districts' funds are invested in accordance with all applicable City policies and codes, Colorado statutes, and Federal regulations, and in a manner designed to accomplish the following objectives, which are listed in priority order:

- Preservation of capital and protection of investment principal
- Maintenance of sufficient liquidity to meet anticipated cash flows
- Attainment of a market rate of return
- Diversification to avoid incurring unreasonable market risks

Delegation of Authority
The City Manager or Delegate:

- determines the appropriate proportion of the City's portfolio to be invested after considering comment and input from the Investment Committee;
- is responsible for managing the City's investment program and for implementing the Investment Policy;
- has the ability to further delegate the authority to conduct investment transactions and to manage the operation of the investment portfolio to other specifically authorized staff members. No person may engage in an investment transaction except as expressly provided under the terms of the Investment Policy;

- establishes procedures and internal controls for the operation of the City's investment program, designed to prevent loss of public funds due to fraud, error, misrepresentation, and imprudent actions;
- has the ability to engage the services of outside investment advisors with respect to its investment program in either a discretionary or non-discretionary capacity, so long as it can be demonstrated that these services produce a net financial advantage or necessary financial protection of the City's financial resources; and
- in the absence of outside investment advisors, routinely monitors the contents of the portfolio, the available markets, and the relative safety of competing instruments, and prices the portfolio monthly.

Prudence

The standard of prudence used for managing the City's investment program is the "prudent investor" standard applicable to a fiduciary, which states that a prudent investor "exercises the judgment and care, under circumstances then prevailing, which men of prudence, discretion, and intelligence exercise in the management of the property of another, not in regard to speculation but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of capital." (Colorado Revised Statutes 15-1-304, Standard for Investments.)

The City's overall investment program is designed and managed with a degree of professionalism that is worthy of the public trust. The City recognizes that no investment is totally without risk and that its investment activities are a matter of public record. Accordingly, the City recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the City.

The City Manager or delegate and other authorized persons acting in accordance with established procedures and exercising due diligence are relieved of personal responsibility for an individual security's credit risk or market price changes, provided abnormal risk or credit events are reported to the City Council and appropriate action is taken to mitigate adverse developments.

Ethic and Conflicts of Interest

Officers and employees involved in the investment process:

- refrain from personal business activity that could conflict with proper execution and management of the City's investment program or that could impair their ability to make impartial investment decisions;
- disclose any material interests in financial institutions with which they conduct business;
- disclose any personal financial/investment positions that could be related to the performance of the investment portfolio; and
- refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the City.

Authorized Securities and Transactions

All investments are made in accordance with the Colorado Revised Statutes as follows: C.R.S. 11-10.5-101, et seq. Public Deposit Protection Act; C.R.S. 24-75-601, et. seq. Funds - Legal Investments; C.R.S. 24-75-603, Depositories; and C.R.S. 24-75-701, Local governments – authority to pool surplus funds. Any revisions or extensions of these sections of the statutes will be assumed to be part of the Investment Policy immediately upon being enacted.

The Investment Policy further restricts the investment of City and District funds to the following types of securities and transactions:

- U.S. Treasury Obligations: Treasury bills, Treasury notes, Treasury bonds, and Treasury STRIPS with maturities not exceeding five years from the date of trade settlement.

- Federal Agency: Mortgage-backed securities and debentures with a final maturity not exceeding five years from the date of trade settlement.

- Federal Instrumentality Securities: Debentures, discount notes, callable securities, step-up securities, and stripped principal or coupons with maturities not exceeding five years from the date of trade settlement.

  If a Federal Instrumentality Security is rated in the highest rating category by each of the Nationally Recognized Statistical Rating Organizations (NRSROs), then the security may be purchased with a final maturity not exceeding five years from the date of trade settlement.

  If a Federal Instrumentality Security carries a rating lower than the highest category by any NRSRO, the security is eligible for purchase subject to any statutory limits regarding final maturity and rating as permitted by State law.

  For securities authorized in this section, the City shall limit the combined total of investments to no more than 90 percent (90%) of the total portfolio and 30 percent (30%) per issuer.

- Corporate Debt with a maturity not exceeding three years from the date of trade settlement, issued by any corporation or bank organized and operating within the United States. The debt must be rated at least AA- or the equivalent at the time of purchase by at least two NRSROs, and rated not less by any NRSRO that rates it. The aggregate investment in corporate debt shall not exceed 25 percent (25%) of the City's investment portfolio, and no more than 5 percent (5%) of the City's investment portfolio may be invested in the obligations of any one issuer. In addition, AAA rated FDIC guaranteed corporate bonds are herein authorized, within the aforementioned diversification and maturity requirements. At no time shall the aggregate investment in corporate debt, commercial paper, and banker's acceptances exceed 50 percent (50%) of the City's total investment portfolio.

- Non-negotiable Certificates of Deposit with a maturity not exceeding one year from the date of trade settlement in any FDIC insured state or national bank located in Colorado that is an eligible public depository as defined in C.R.S. 11-10.5-103. Certificates of deposit that exceed FDIC insurance limits shall be collateralized as required by the Public Deposit Protection Act. In addition, at the time of purchase, issuing banks shall meet the credit criteria set forth in the section of this investment policy, "Selection Of Banks."

- Commercial Paper issued by domestic corporations with an original maturity of 270 days or less from the date of trade settlement that is rated at least A-1 or the equivalent at the time of purchase by at least two NRSROs and rated not less by all NRSROs that rate the commercial paper. If the commercial paper issuer has senior debt outstanding, it must be rated at least AA- or the equivalent at the time of purchase by at least two NRSROs and rated not less by all NRSROs that rate the issuer. The aggregate investment in commercial paper shall not exceed 25 percent (25%) of the City's investment portfolio, and no more than 5 percent (5%) of the City's investment portfolio may be invested in the obligations of any one issuer. At no time shall the aggregate investment in corporate debt, commercial paper, and banker's acceptances exceed 50 percent (50%) of the City's total investment portfolio.

- Repurchase Agreements with a termination date of 180 days or less collateralized by U.S. Treasury obligations or Federal Instrumentality securities listed above with a final maturity not exceeding ten years. For the purpose of this section, the term collateral shall mean purchased securities under the terms of the PSA Bond Market Trade Association Master Repurchase Agreement as modified by the City's Master Repurchase Agreement Annex. The purchased securities shall have a minimum market value including accrued interest of 102 percent (102%) of the dollar value of the transaction. Collateral shall be held in the City's third-party custodian bank as safekeeping agent, and the market value of the collateral securities shall be marked-to-the-market daily. Repurchase Agreements shall be entered into only with dealers that have executed a Master Repurchase Agreement with the City and are recognized

as Primary Dealers by the Federal Reserve Bank of New York, or have a Primary Dealer within their holding company structure. Primary Dealers approved as Repurchase Agreement counterparties shall have a short-term credit rating of at least A-1 or the equivalent and a long-term credit rating of at least A or the equivalent by each service that rates the firm.

- Eligible Bankers' Acceptances with maturities not exceeding 180 days from the date of trade settlement, issued by FDIC insured state or national banks. Bankers' Acceptances shall be rated at least A-1 or the equivalent at the time of purchase by at least two NRSROs and rated not less by all NRSROs that rate the instrument. If the issuing bank has senior debt outstanding, it must be rated at least AA- or the equivalent at the time of purchase by at least two NRSROs and rated not less by all NRSROs that rate the bank. The aggregate investment in bankers' acceptances shall not exceed 10 percent (10%) of the City's investment portfolio, and no more than 5 percent (5%) of the City's investment portfolio may be invested in the obligations of any one issuer. At no time shall the aggregate investment in corporate debt, commercial paper, and banker's acceptances exceed 50 percent (50%) of the City's total investment portfolio.

- Local Government Investment Pools authorized under C.R.S. 24-75-702 that: 1) are "no-load" (no commission or fee shall be charged on purchases or sales of shares); 2) have a constant net asset value of $1.00 per share; 3) limit assets of the pool to those authorized by state statute; 4) have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and 5) have a rating of AAA or the equivalent by one or more NRSROs.

- Money Market Mutual Funds registered under the Investment Company Act of 1940 that: 1) are "no-load" (no commission or fee shall be charged on purchases or sales of shares); 2) have a constant net asset value of $1.00 per share; 3) limit assets of the fund to those authorized by state statute; 4) have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and 5) have a rating of AAA or the equivalent by one or more NRSROs.

- Interest Bearing Bank Accounts in any FDIC insured state or national bank located in Colorado that is an eligible public depository as defined in C.R.S. §11-10.5-103. Amounts deposited that exceed FDIC insurance limits shall be collateralized as required by the Public Deposit Protection Act. In addition, at the time of deposit, the bank shall meet the credit criteria set forth in the section of this investment policy, "Selection of Banks."

The foregoing list of authorized securities and transactions is strictly interpreted. Any deviation from this list must be pre-approved by the City Council.

The City may, from time to time issue bonds, the proceeds of which must be invested to meet specific cash flow requirements. In such circumstances and notwithstanding the paragraph above, the reinvestment of debt issuance or related reserve funds may, upon the advice of Bond Counsel or financial advisors, deviate from the provisions of the Investment Policy with the formal approval of the City Council.

Investment Diversification

In conformance with industry best practices and the City's stated investment objectives, the investment portfolio will be diversified with its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. At no time will the aggregate investment in corporate debt, commercial paper, and bankers' acceptances exceed 50 percent (50%) of the City's total investment portfolio. Nevertheless, the asset allocation in the investment portfolio should be flexible depending upon the outlook for the economy, the securities markets and the City's anticipated cash flow needs.

Investment Maturity and Liquidity

The investment portfolio will remain sufficiently liquid to meet all cash requirements that may be reasonably anticipated. To the extent possible, investments shall be matched with anticipated cash flows and known

future liabilities. Investments are limited to maturities not exceeding five years from the date of trade settlement. The weighted average final maturity of the investment portfolio will not exceed three years.

Selection of Broker/Dealers
The City Manager or Delegate maintains a list of broker/dealers approved for investment purposes, and it is the policy of the City to purchase securities only from those authorized firms.

To be eligible, a firm must meet at least one of the following criteria:

1. Be recognized as a Primary Dealer by the Federal Reserve Bank of New York or have a Primary Dealer within its holding company structure
2. Report voluntarily to the Federal Reserve Bank of New York
3. Qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (Uniform Net Capital Rule)

The City Manager or Delegate selects broker/dealers on the basis of their expertise in public cash management and their ability to provide service to the City's account. Each authorized broker/dealer is required to submit and annually update a City approved Broker/Dealer Information Request form that includes the firm's most recent financial statements. The City may purchase commercial paper from direct issuers even though they are not on the approved broker/dealer list as long as they meet the criteria outlined in item 6 of the Authorized Securities and Transactions section of this Policy.

Competitive Transactions
All investment transactions are executed competitively with authorized broker/dealers. At least three broker/dealers are contacted for each transaction and their bid or offering prices are recorded. If the City is offered a security for which there is no other readily available competitive offering, quotations for comparable or alternative securities are documented.

Selection of Banks
The City Manager or Delegate maintains a list of FDIC insured banks approved to provide depository and other banking services for the City. To be eligible, a bank will qualify as an eligible public depository as defined in C.R.S 11-10.5-103.

The City utilizes Highline Financial to perform credit analysis on banks seeking authorization. The analysis includes a composite rating, and individual ratings of liquidity, asset quality, profitability and capital adequacy. To be eligible for designation to provide depository and other banking services, a bank will have an average Highline Financial rating of at least 30 for the four most recent reporting quarters.

Safekeeping and Custody
The City Manager or Delegate has approved a financial institution to provide safekeeping and custodial services for the City. A City approved safekeeping agreement will be executed with each custodian bank. The City's safekeeping banks will qualify as eligible public depositories as defined in C.R.S. 11-10.5-103.

The purchase and sale of securities and repurchase agreement transactions are settled on a delivery versus payment basis. Ownership of all securities are perfected in the name of the City. Sufficient evidence to title is consistent with modern investment, banking and commercial practices.

All investment securities purchased by the City are delivered by either book entry or physical delivery and are held in third-party safekeeping by the City approved custodian bank, its correspondent bank or the Depository Trust Company (DTC).

The City's custodian is required to furnish the City a list of holdings on at least a monthly basis and safekeeping receipts or customer confirmations are issued for each transaction.

Performance Benchmarks
The investment portfolio will be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. The performance of the investment portfolio will be compared to the average yield on the U.S. Treasury security that most closely corresponds to the investment portfolio's weighted average

effective maturity. When comparing the performance of the investment portfolio, all fees involved with managing it (excluding safekeeping fees) shall be included in the computation of its rate of return net of fees.

Reporting
The Investment Committee, consisting of the Mayor, the City Manager, the Finance Director, Staff member as appointed by the Finance Director, a City Council Member, and two Citizen Members, submits to the City Council, at least semi-annually, a report listing the investments held by the City, the current market value of the investments and performance results. The report includes a summary of investment earnings during the period.
Policy Revisions
The Investment Policy is reviewed at least annually by the Investment Committee and may be amended by the City Council as conditions warrant.

Capital Improvement Program Fund Policy Overview

Funding Overview
Annually, a multi-year capital program budget is prepared and submitted to the City Council no later than the date of submission of the proposed annual budget. The estimated cost for each capital project is based on present value, and funding sources for each project is identified. Any contingent funding source is not included in the capital program budget until such time as it becomes reasonably apparent funding will be provided, including the amount to be provided. Routine operating and maintenance costs which do not add to the value or useful life of a particular capital asset are not included as a capital expenditure in the Capital Improvement Program Fund, as these are considered operating Expenditures which are accounted for and reported in the General Fund.

The Capital Improvement Program Fund is comprised of three (3) Funds: Capital Improvement Fund, Open Space Fund, and Conservation Trust Fund.

> *Capital Improvement Fund* – projects included in the Capital Improvement Fund may be funded by dedicated revenue sources, transfers from the General Fund, or grant funds.
>
> *Open Space Fund* – projects included in the Open Space Fund may be funded by the City's share of the Arapahoe County Open Space sales tax, grants, investment earnings, or other funding received.
>
> *Conservation Trust Fund* – projects included in the Conservation Trust Fund may be funded by the City's share of State Lottery proceeds, grants, investment earnings, or other funding received.
>
> Although the majority of capital projects may be included in the Capital Improvement Program, other projects may be included in the General Fund or any other fund as deemed appropriate by the City Manager.

Reporting Requirements
In accordance with the City's Home Rule Charter, Section 11.15 the following information, at a minimum, is provided in the annual capital program budget:

1. A clear general summary of its contents

2. Identification of the long-term goals of the City

3. A list of all capital improvements and other capital expenditures which are proposed to be undertaken during the fiscal years next ensuring, with appropriate supporting information as to the necessity for each

4. Cost estimates and recommended time schedules for each improvement or other capital expenditure

5. The method of financing each capital expenditure

6. The estimated annual cost of operating and maintaining the facilities to be constructed or acquired

7. A commentary on how the plan addresses the environmental and economic sustainability of the City and the regional community of which it is a part

8. The methods to measure outcomes and performance of the capital plan related to the long-term goals of the community.

Debt Policy Overview

Purpose and Use of Debt
Debt may be issued for capital outlay when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries, or in the case of an emergency. Generally, debt is not issued for projects due to a budgetary shortfall at the time of acquisition or construction, or for operating deficiencies.

The City may consider long-term financing for the acquisition, maintenance, replacement, or expansion of physical assets and/or infrastructure assets only if the asset has a useful life of at least five years, unless otherwise approved by City Council. In addition, debt will not be issued for periods exceeding 100 percent (100%) of the economic or useful life or average useful lives of the project or projects to be financed, unless approved by City Council.

Debt Types and Structure
The following types of debt may be issued by the City:

- Direct Debt - debt payable from general revenues, including capital leases
- Revenue Debt - debt payable from a specific pledged revenue source
- Conduit Debt - debt payable by third parties for which the government does not provide credit or security
- Other Types of Hybrid Debt – debt payable from special revenues or containing other unique security pledges
- Interfund Borrowing – loans for short-term cash flow needs
- Other Debt – any other type of debt as deemed appropriate by City Council; for example, the City may consider the use of derivative products on a case-by-case basis and consistent with financial prudence

Debt is generally structured for the shortest period of time to allow for the fair allocation of costs to current and future beneficiaries or users of the asset. In addition, debt is structured to achieve the lowest possible net cost to the City given market conditions, the urgency or importance of the Capital Project or asset, and the nature and type of security provided. Moreover, the City structures debt with level principal and interest costs over the life of the debt, however, as described below, back-loading of costs may be considered. To the extent possible, the City must design the repayment of its overall debt so as to recapture its debt capacity for future use.

The City may issue debt that pays a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of the securities, consistent with State law and covenants of pre-existing debt, and in consideration of market conditions.

Periodic review of all outstanding debt is performed to determine refunding opportunities. Refunding will be considered, subject to federal law constraints, if and when there is a net economic benefit of the refunding or the refunding is desirable in order to modernize covenants essential to City operations and management. Generally, advance or current refunding for economic savings will be performed when sufficient net present

value savings from a conventional fixed rate refunding structure can be demonstrated. Factors considered to determine if savings are sufficient to warrant a refunding will include: the length of time until the call date, the structure of the refunding debt and expectations of future interest rates. Refundings with lesser or negative savings will not be considered unless there is a compelling public policy objective.

Back-loading of costs will be considered only in the following circumstances:

- natural disasters or extraordinary or unanticipated external factors make the short-term cost of the debt prohibitive
- the benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present
- restructuring is beneficial to the City's overall amortization schedule
- restructuring will allow debt service to more closely match project revenues during the early years of the project's operation
- any other circumstance in which City Council deems appropriate

Creditworthiness
The City is committed to ensuring that actions within its control are prudent and responsive, and seeks to maintain the highest possible credit rating for all categories of short- and long-term debt that can be achieved without compromising delivery of City services and achievement of City goals. The City recognizes that external economic, natural, or other events may, from time to time, affect the creditworthiness of its debt.

Debt Limits
The City will maintain outstanding debt limits at levels consistent with City Council direction, subject to the constitutional requirements of TABOR or other constitutional provisions.

Debt Administration and Process

Sale of Securities
Generally, bonds will be sold to the highest and best bidder for cash at public sale, or at private sale, after advertisement for public sales, and to the best advantage of the City. The City Council has the option to authorize a private or negotiated sale without advertisement for public sale if the City Manager has certified to the City Council that such sale would be to the best advantage of the City. If sold through competitive sale, bids will be awarded on a True Interest Cost (TIC) basis, provided other bidding requirements are satisfied and subject to the right of the City to waive defects and irregularities in bids, or to reject any and all bids.

The final terms and conditions for a bond sale or other debt obligation will be specified in enabling legislation, such as Resolution.

If a competitive sale is selected by City Council, underwriters may be required to post a good faith deposit. For all negotiated sales, underwriters may be required to demonstrate sufficient capitalization and experience related to the debt issuance.

Every issuance of securities to the public by the City will be made pursuant to a disclosure document prepared with the assistance of counsel, as selected by City Council. In addition, the City may retain external bond counsel for all publicly offered debt issues. All publicly offered debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the debt, that the debt creates a binding obligation, stating the City has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal and state income tax status.

The City may retain a financial advisor through a professional services selection process administered by

City Staff. If deemed appropriate, separate or additional financial advisors may be retained for their particular expertise for a specific transaction or project. Generally, the City's financial advisor will not be allowed to participate as an underwriter in the competitive or negotiated sale of any of the City's securities for which it has acted within the prior six months as the City's financial advisor. Compensation for bond counsel, disclosure counsel, underwriter's counsel, or other special counsel, financial advisors, and other financial services will be consistent with industry standards.

The City may select other service providers (e.g. escrow agents, verification agents, trustees, arbitrage consultants, etc.) as necessary to meet legal requirements and minimize net City debt costs. The selection and retention of such providers will be made consistent with the City's purchasing policy.

Markets
The City will make use of domestic capital markets when the conditions best fit the City's financing needs.

Credit Enhancements
The City may enter into agreements with commercial banks or other financial entities for the purpose of acquiring letters of credit, municipal bond insurance, or other credit enhancements that will provide the City with access to credit under the terms and conditions as specified in such agreements when their use is judged cost effective or otherwise advantageous. Any such agreements will be approved by the City Council.

Financial Disclosures
The City will provide full and complete financial disclosure, and cooperate fully with rating agencies, underwriters of its securities, institutional and individual investors, City departments and agencies, other levels of government, and the general public to provide clear, comprehensible, and accurate financial information. In addition, the City will meet secondary disclosure requirements on a timely and comprehensive basis. The Finance Department is responsible for ongoing disclosure to established nation information repositories and for maintaining compliance with applicable disclosure standards promulgated by state and national regulatory bodies.

Investment of Borrowed Funds
The City acknowledges its ongoing fiduciary responsibilities to actively manage the proceeds of debt issued for public purposes in a manner that is consistent with State statute and City policy.

Federal Arbitrage Rebate Requirement
The Finance Department maintains a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of federal internal revenue tax code applicable to particular issues of City securities.

Asset Inventory

The City currently conducts an annual inventory of non-capital assets. The street condition inventory is completed every three to four years and the bridge condition inventory is performed every two years. The sign inspection program includes inspecting approximately 4,000 signs per year, which is a five year inspection cycle. Signal pole structural inspections are done every five-years.

Risk Management

The goal of the City's Risk Management program is to protect the assets of the City and provide a safe work environment for the City's employees. This goal is accomplished by planning for the negative consequences of any decision, process, or action by using risk control, risk retention, and risk transfer strategies. More specifically, the main features of this program are as follows:

- loss control, including random audits of City facilities to detect safety hazards in order to make services safe for the public
- reviewing City contracts for the proper insurance requirements and ensuring the City is properly designated on the contractor insurance policy

- monitoring changes in the law at the Federal and State level to determine if any changes affect the way the City delivers services, which in turn create a liability for the City

TABOR

Colorado voters approved an amendment to the Colorado Constitution that placed limits on revenue and expenditures of the State and all local governments in 1992. Even though the limit is placed on both revenue and expenditures, the constitutional amendment ultimately applies to a limit on revenue collections. Growth in revenue is limited to 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 limit must be refunded in the subsequent year. Cities have the option of placing a ballot question before the voters asking for approval on retaining the revenue over the 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 taxes are raised.

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.