



Centennial

Q4 Financial Analysis

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City of Centennial, Colorado
Financial Statement Summary
For the Year Ending December 31, 2018

UNAUDITED



	2018 Annual Budget	2018 YTD Actual	Favorable (Unfavorable) Variance	% Of Budget
GENERAL FUND				
Revenues	\$ 75,049,700	\$ 78,907,809	\$ 3,858,109	105.1%
Expenditures	61,885,811	56,932,740	4,953,071	92.0%
Revenue Over (Under) Expenditures	13,163,889	21,975,069	8,811,180	166.9%
Other Financing Sources, Transfers In				
Land Use Fund	1,437,768	2,703,518	1,265,750	188.0%
Total Transfers In	1,437,768	2,703,518	1,265,750	188.0%
Other Financing Uses, Transfers (Out)				
Land Use Fund	(828,050)	(1,807,976)	(979,926)	218.3%
Capital Improvement Fund	(22,000,000)	(22,000,000)	-	100.0%
Total Transfers (Out)	(22,828,050)	(23,807,976)	(979,926)	104.3%
Total Transfers In (Out)	(21,390,282)	(21,104,458)	285,824	98.7%
NET CHANGE IN FUND BALANCE	(8,226,393)	870,611	9,097,004	-
BEGINNING FUND BALANCE	28,351,590	31,967,792	3,616,202	112.8%
ENDING FUND BALANCE	\$ 20,125,197	\$ 32,838,403	\$ 12,713,206	163.2%
LAND USE FUND				
Revenues	\$ 5,021,440	\$ 4,850,627	\$ (170,813)	96.6%
Expenditures	4,411,722	3,955,085	456,637	89.6%
Revenue Over (Under) Expenditures	609,718	895,542	285,824	146.9%
Other Financing Sources, Transfers In				
General Fund Use Tax	828,050	1,807,976	979,926	218.3%
Other Financing Uses, Transfers (Out)				
General Fund Support	(1,437,768)	(2,703,518)	(1,265,750)	188.0%
Total Transfers In (Out)	(609,718)	(895,542)	(285,824)	146.9%
NET CHANGE IN FUND BALANCE	-	-	-	N/A
BEGINNING FUND BALANCE	-	-	-	N/A
ENDING FUND BALANCE	\$ -	\$ -	\$ -	N/A
CAPITAL IMPROVEMENT FUND				
Revenues	\$ 638,859	\$ 2,052,856	\$ 1,413,997	321.3%
Expenditures	33,044,156	15,232,389	17,811,767	46.1%
Revenue Over (Under) Expenditures	(32,405,297)	(13,179,533)	19,225,764	40.7%
Other Financing Sources, Transfers In				
General Fund Support	22,000,000	22,000,000	-	100.0%
Total Transfers	22,000,000	22,000,000	-	100.0%
NET CHANGE IN FUND BALANCE	(10,405,297)	8,820,467	19,225,764	-
BEGINNING FUND BALANCE	34,173,739	34,173,741	2	100.0%
ENDING FUND BALANCE	\$ 23,768,442	\$ 42,994,208	\$ 19,225,766	180.9%

City of Centennial, Colorado
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 For the Year Ending December 31, 2018

UNAUDITED



	2018 Annual Budget	2018 YTD Actual	Favorable (Unfavorable) Variance	% Of Budget
CONSERVATION TRUST FUND				
Revenues	\$ 555,000	\$ 658,638	\$ 103,638	118.7%
Expenditures	845,958	522,980	322,978	61.8%
Revenue Over (Under) Expenditures	(290,958)	135,658	426,616	46.6%
NET CHANGE IN FUND BALANCE	(290,958)	135,658	426,616	-
BEGINNING FUND BALANCE	2,926,539	3,003,875	77,336	102.6%
ENDING FUND BALANCE	\$ 2,635,581	\$ 3,139,533	\$ 503,952	119.1%
OPEN SPACE FUND				
Revenues	\$ 2,779,000	\$ 3,267,542	\$ 488,542	117.6%
Expenditures	7,234,546	336,813	6,897,733	4.7%
Revenue Over (Under) Expenditures	(4,455,546)	2,930,729	7,386,275	65.8%
NET CHANGE IN FUND BALANCE	(4,455,546)	2,930,729	7,386,275	-
BEGINNING FUND BALANCE	8,170,632	8,170,632	-	100.0%
ENDING FUND BALANCE	\$ 3,715,086	\$ 11,101,361	\$ 7,386,275	298.8%
GENERAL IMPROVEMENT DISTRICTS - CONSOLIDATED				
Revenues	\$ 448,400	\$ 397,763	\$ (50,637)	88.7%
Expenditures	447,250	307,324	139,926	68.7%
Revenue Over (Under) Expenditures	1,150	90,439	89,289	7864.3%
NET CHANGE IN FUND BALANCE	1,150	90,439	89,289	-
BEGINNING FUND BALANCE	715,280	965,464	250,184	135.0%
ENDING FUND BALANCE	\$ 716,430	\$ 1,055,903	\$ 339,473	147.4%
CENTENNIAL URBAN REDEVELOPMENT AUTHORITY				
Revenues	\$ 6,346,651	\$ 5,876,883	\$ (469,768)	92.6%
Expenditures	6,346,651	5,855,999	490,652	92.3%
Revenue Over (Under) Expenditures	-	20,884	20,884	-
NET CHANGE IN FUND BALANCE	-	20,884	20,884	-
BEGINNING FUND BALANCE	434,747	455,230	20,483	104.7%
ENDING FUND BALANCE	\$ 434,747	\$ 476,114	\$ 41,367	109.5%

City of Centennial, Colorado
 General Fund Summary
 For the Year Ending December 31, 2018

UNAUDITED

Revenue Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Sales Tax	\$ 39,447,977	\$ 41,255,096	\$ 1,807,119	5%	\$ 39,498,460	104%
Licenses & Permits	127,572	163,145	35,573	28%	144,400	113%
Building Materials Use Tax	2,156,392	3,338,872	1,182,480	55%	3,312,200	101%
Property Tax	9,597,287	10,752,162	1,154,875	12%	10,730,676	100%
Highway User Tax Fund	5,531,915	6,824,289	1,292,374	23%	5,411,644	126%
Franchise Fees	5,201,692	5,216,214	14,521	0%	5,101,900	102%
Other Taxes	1,078,552	1,037,630	(40,923)	-4%	965,200	108%
Automobile Use Tax	5,375,813	5,365,455	(10,358)	0%	5,193,500	103%
Other Fines & Fees	2,379,195	2,057,366	(321,829)	-14%	2,565,290	80%
Road & Bridge Shareback	622,313	612,392	(9,921)	-2%	628,530	97%
Investment Income	617,846	1,474,851	857,005	139%	738,000	200%
Miscellaneous Revenue	1,089,213	810,339	(278,874)	-26%	759,900	107%
Total YTD Revenues	\$ 73,225,767	\$ 78,907,809	\$ 5,682,042	8%	\$ 75,049,700	105%

General Fund Department	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Elected Officials	\$ 369,673	\$ 415,540	\$ 45,867	12%	\$ 426,911	97%
City Attorney's Office	818,139	948,795	130,656	16%	970,000	98%
City Clerk's Office	449,476	430,500	(18,976)	-4%	448,861	96%
City Manager's Office	1,245,618	1,827,991	582,373	47%	2,286,407	80%
Office of Technology & Innovation	2,317,350	1,993,190	(324,160)	-14%	2,517,767	79%
Human Resources	279,522	300,263	20,741	7%	419,044	72%
Communications	1,055,347	1,007,686	(47,661)	-5%	1,158,915	87%
Finance	2,278,928	2,401,181	122,253	5%	2,715,946	88%
Economic Development	153,165	157,255	4,090	3%	283,745	55%
Nondepartmental	5,303,947	4,918,576	(385,371)	-7%	6,309,580	78%
Central Services	360,119	400,596	40,477	11%	484,078	83%
Public Works	13,993,095	14,266,522	273,427	2%	15,475,249	92%
Facilities & Fleet	742,156	1,024,786	282,630	38%	1,230,764	83%
Law Enforcement	21,529,756	22,991,123	1,461,367	7%	23,054,114	100%
Animal Services	628,892	639,881	10,989	2%	669,850	96%
Municipal Court	2,195,043	2,233,406	38,363	2%	2,382,351	94%
Community Development Admin	522,936	501,067	(21,869)	-4%	557,879	90%
Code Compliance	463,091	474,382	11,291	2%	494,350	96%
Total YTD Expenditures	\$ 54,706,253	\$ 56,932,740	\$ 2,226,487	4%	\$ 61,885,811	92%

City of Centennial, Colorado
Land Use Fund Summary
For the Year
Ending December 31, 2018

UNAUDITED

Revenue Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Building Services	\$ 2,536,179	\$ 3,953,105	\$ 1,416,926	56%	\$ 4,090,000	97%
Contractor Licensing	322,360	330,545	8,185	3%	319,660	103%
Permits & Plan Review	631,116	566,977	(64,139)	-10%	611,780	93%
Total YTD Revenues	\$ 3,489,655	\$ 4,850,627	\$ 1,360,972	39%	\$ 5,021,440	97%

Expenditure Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Salaries & Wages	\$ 349,527	\$ 315,917	\$ (33,610)	-10%	\$ 389,941	81%
Benefits	125,477	87,681	(37,796)	-30%	167,811	52%
Permitting and Inspections	1,910,500	3,005,076	1,094,576	57%	3,077,500	98%
Contractor Licensing Administration	172,851	143,663	(29,188)	-17%	152,100	94%
Permits/Plan Review	41,581	23,011	(18,570)	-45%	50,000	46%
Other Contracted Services	53,969	110,971	57,002	106%	190,000	58%
Other Services & Supplies	177,731	268,766	91,035	51%	384,370	70%
Total YTD Expenditures	\$ 2,831,636	\$ 3,955,085	\$ 1,123,449	40%	\$ 4,411,722	90%

City of Centennial, Colorado
 Capital Improvement Fund Summary
 For the Year Ending
 December 31, 2018

UNAUDITED

Revenue Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Pavement Restoration Fees	\$ 42,814	\$ 37,331	\$ (5,483)	-13%	\$ 46,000	81%
Other Contributions	221,364	25,689	(195,675)	-88%	-	N/A
Developer Contributions	196,668	-	(196,668)	N/A	-	N/A
CDBG Projects	-	-	-	N/A	343,022	0%
Intergovernmental Revenue	536,067	466,176	(69,891)	N/A	249,837	187%
Federal Grant Revenue	304,469	1,205,763	901,294	N/A	-	N/A
Fiber Support Revenue	-	315,897	315,897	N/A	-	N/A
Miscellaneous Revenue	-	2,000	2,000	N/A	-	N/A
Total YTD Revenues	\$ 1,301,382	\$ 2,052,856	\$ 751,474	58%	\$ 638,859	321%

Expenditure Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Professional Services	\$ 772,811	\$ 827,833	\$ 55,022	7%	\$ 2,049,120	40%
Land Improvements & Building	2,274,080	2,587,448	313,368	14%	3,836,356	67%
New Construction	5,858,962	3,647,113	(2,211,849)	-38%	16,743,967	22%
Short Term Major Capital Reserve	-	227,725	227,725	N/A	1,825,000	-
Rehabilitation	10,936,967	7,942,270	(2,994,697)	-27%	8,589,713	92%
Total YTD Expenditures	\$ 19,842,820	\$ 15,232,389	\$ (4,610,431)	-23%	\$ 33,044,156	46%

City of Centennial, Colorado
 Conservation Trust Fund Summary
 For the Year Ending December 31, 2018

UNAUDITED

Revenue Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Lottery Proceeds	\$ 571,713	\$ 587,113	\$ 15,400	3%	\$ 537,000	109%
Investment Income	36,342	71,525	35,183	97%	18,000	397%
Total YTD Revenues	\$ 608,055	\$ 658,638	\$ 50,583	8%	\$ 555,000	119%

Expenditure Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Other Services & Supplies	\$ 301,199	\$ 345,333	\$ 44,134	15%	\$ 445,958	77%
Capital Outlay	-	177,647	177,647	N/A	400,000	44%
Total YTD Expenditures	\$ 301,199	\$ 522,980	\$ 221,781	74%	\$ 845,958	62%

City of Centennial, Colorado
 Open Space Fund Summary
 For the Year Ending December 31, 2018

UNAUDITED

Revenue Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
County Open Space Sales Tax	\$ 2,666,991	\$ 2,784,378	\$ 117,387	4%	\$ 2,720,300	102%
Grant Revenue	-	100,000	100,000	N/A	-	N/A
Intergovernmental Revenue	-	106,145	106,145	N/A	-	N/A
Investment Income	94,252	277,019	182,767	194%	58,700	472%
Total YTD Revenues	\$ 2,761,243	\$ 3,267,542	\$ 506,299	18%	\$ 2,779,000	118%

Expenditure Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Personnel Services	\$ 133,895	\$ 13,824	\$ (120,071)	-90%	\$ 85,760	16%
Other Services	26,119	86,215	60,096	230%	425,215	20%
Capital Outlay	1,296,943	236,774	(1,060,169)	-82%	6,723,571	4%
Total YTD Expenditures	\$ 1,456,957	\$ 336,813	\$ (1,120,144)	-77%	\$ 7,234,546	5%

City of Centennial, Colorado
 General Improvement Districts Summary
 For the Year Ending December 31, 2018

UNAUDITED

Revenue Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Property Tax	\$ 402,827	\$ 351,164	\$ (51,663)	-13%	\$ 411,222	85%
Specific Ownership Tax	34,466	25,516	(8,950)	-26%	28,702	89%
Investment Income	10,777	21,083	10,306	96%	8,476	249%
Total YTD Revenues	\$ 448,070	\$ 397,763	\$ (50,307)	-11%	\$ 448,400	89%

Expenditure Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Contracted Services	\$ 166,666	\$ 100,665	\$ (66,001)	-40%	\$ 230,550	44%
Other Services & Supplies	221,052	206,659	(14,393)	-7%	216,700	95%
Total YTD Expenditures	\$ 387,718	\$ 307,324	\$ (80,394)	-21%	\$ 447,250	69%

City of Centennial, Colorado
 Centennial Urban Redevelopment Authority Summary
 For the Year Ending December 31, 2018

UNAUDITED

Revenue Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Sales Tax	\$ 944,787	\$ 888,258	\$ (56,529)	-6%	\$ 1,077,487	82%
Property Tax	4,510,963	4,967,741	456,778	10%	5,119,164	97%
Authority Operating Revenue	6,353	18,350	-	N/A	150,000	12%
Interest Income	-	2,534	-	N/A	-	N/A
Total YTD Revenues	\$ 5,462,103	\$ 5,876,883	\$ 414,780	8%	\$ 6,346,651	93%

Expenditure Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Other Services & Supplies	\$ 5,441,620	\$ 5,855,999	\$ 414,379	8%	\$ 6,346,651	92%
Total YTD Expenditures	\$ 5,441,620	\$ 5,855,999	\$ 414,379	8%	\$ 6,346,651	92%



INTRODUCTION

The following financial report offers readers a narrative overview of the financial activities of the City for the year ending December 31, 2018. In the governmental funds, the City records revenue on a cash basis and recognizes expenditures in the period in which the cash was disbursed.

The quarterly financial statement package includes statements and analyses for the following funds: General Fund, Land Use Fund, Capital Improvement Fund, Conservation Trust Fund, Open Space Fund, General Improvement District Funds, and the Centennial Urban Redevelopment Authority Fund. The analysis examines each fund to identify overall trends, and utilizes historical data and future projections to provide context for each narrative. Readers are encouraged to consider the information presented here in conjunction with the attached unaudited financial statements. Additionally, please refer to the Executive Summary in the 2018 Annual Budget for an explanation of variances between the 2017 and 2018 Adopted Budgets. This analysis will compare fourth quarter 2018 financial data to fourth quarter 2017 financial data.

Please note the December financial statements are preliminary. The City will have completed and audited financial statements in June, 2019.

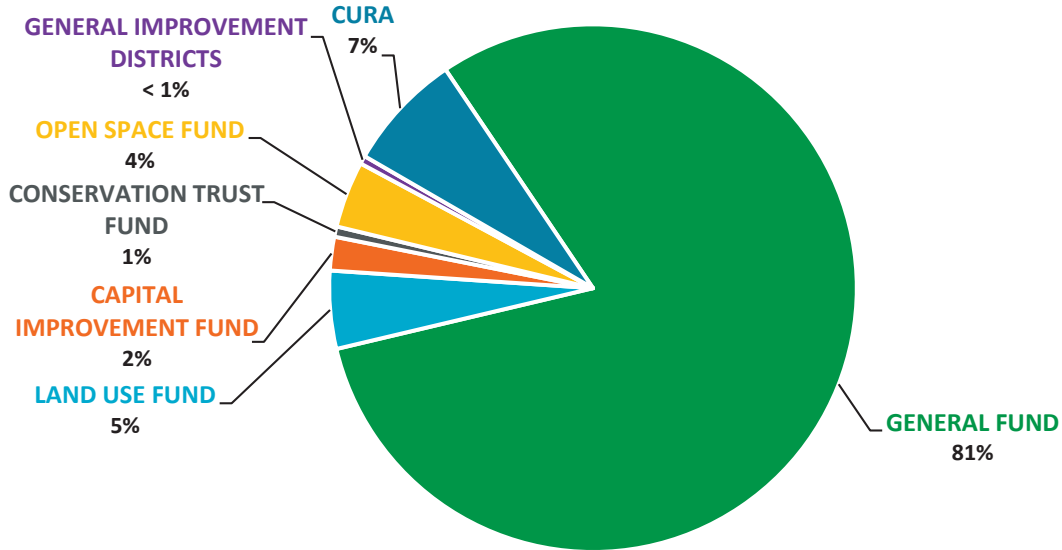


ALL FUNDS SNAPSHOT

ALL FUNDS YTD Revenues

\$96.0M

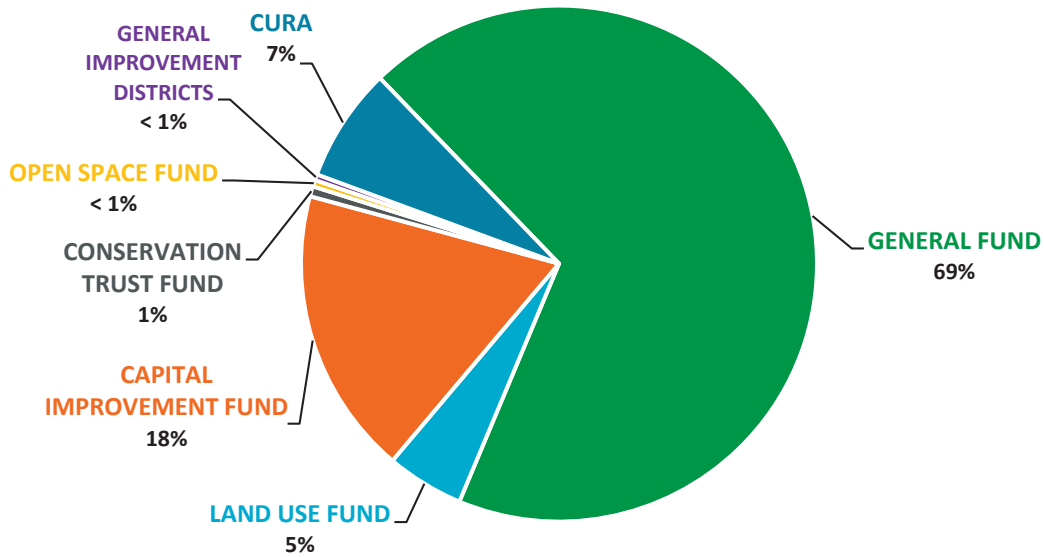
(SOURCES AS A PERCENTAGE OF TOTAL REVENUES)



ALL FUNDS YTD Expenditures

\$83.1M

(USES AS A PERCENTAGE OF TOTAL OPERATING EXPENDITURES)



GENERAL FUND SUMMARY

The General Fund (GF) is the operating fund for the City. It accounts for all financial resources of the general government, except those accounted for in another fund. The General Fund provides the resources necessary to sustain the day-to-day activities of the City.

SOURCES OF FUNDS

The City's General Fund major revenue source is sales tax which is a 2.5 percent (2.5%) tax on sales of tangible property and specific services. Sales tax consistently makes up the majority of all revenues collected each month. The City also imposes a Building Materials Use Tax of 2.5% on materials when a building permit is issued. Other major revenue sources include: property taxes, automobile use tax, franchise fees and revenues from the state's Highway Users Tax Fund.

USE OF FUNDS

Use of funds result from expenditures incurred by the eighteen departments and divisions included in the General Fund. The majority of general government services, finance and administration, community services for the citizens of Centennial, public works, law enforcement, technology and innovation, and planning and development programs are supported by the GF. Other use of funds include transfers-out to other funds, including transfers to the Capital Improvement Fund and Land Use Fund.

GENERAL FUND DEPARTMENTS & DIVISIONS

- Animal Services
- Central Services
- City Attorney's Office
- City Clerk
- City Manager's Office
- Office of Strategic Initiatives
- Code Compliance
- Communications
- Community Development
- Economic Development
- Elected Officials
- Facilities & Fleet
- Finance
- Human Resources
- Law Enforcement
- Municipal Court
- Non-Departmental
- Office of Technology & Innovation
- Public Works

REVENUE ANALYSIS

GENERAL FUND REVENUES

Revenues through December 2017 and December 2018 in the General Fund are \$73.2M and \$78.9M respectively. The City's 2018 revenues through year-end increased by \$5.7M or 8% year-over-year (YOY). The increase is primarily attributable to greater collections in the City's largest revenue sources, including: sales tax, building materials use tax, property tax, collections from the Highway User Tax Fund and the City's investment income. Compared to 2017, the total increase is offset slightly by lower revenues received from franchise fees, other fines and fees, and various miscellaneous revenue sources.

The following table provides the year-end 2017 and year-end 2018 revenue comparison, as well as the 2018 budgeted revenues through December 2018. The "% Of Budget" column provides the amount of YTD actual revenues collected as a percentage of budgeted revenues in 2018.

Revenue Source	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Sales Tax	\$ 39,447,977	\$ 41,255,096	\$ 1,807,119	5%	\$ 39,498,460	104%
Licenses & Permits	127,572	163,145	35,573	28%	144,400	113%
Building Materials Use Tax	2,156,392	3,338,872	1,182,480	55%	3,312,200	101%
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Highway User Tax Fund	5,531,915	6,824,289	1,292,374	23%	5,411,644	126%
Franchise Fees	5,201,692	5,216,214	14,521	0%	5,101,900	102%
Other Taxes	1,078,552	1,037,630	(40,923)	-4%	965,200	108%
Automobile Use Tax	5,375,813	5,365,455	(10,358)	0%	5,193,500	103%
Other Fines & Fees	2,379,195	2,057,366	(321,829)	-14%	2,565,290	80%
Road & Bridge Shareback	622,313	612,392	(9,921)	-2%	628,530	97%
Investment Income	617,846	1,474,851	857,005	139%	738,000	200%
Miscellaneous Revenue	1,089,213	810,339	(278,874)	-26%	759,900	107%
Total YTD Revenues	\$ 73,225,767	\$ 78,907,809	\$ 5,682,042	8%	\$ 75,049,700	105%

The following section provides further explanation regarding the City's revenue sources and notable trends.

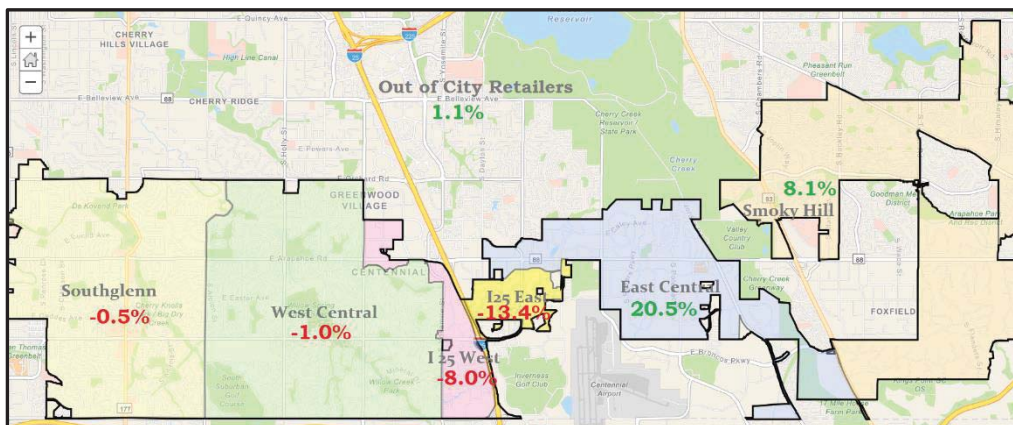
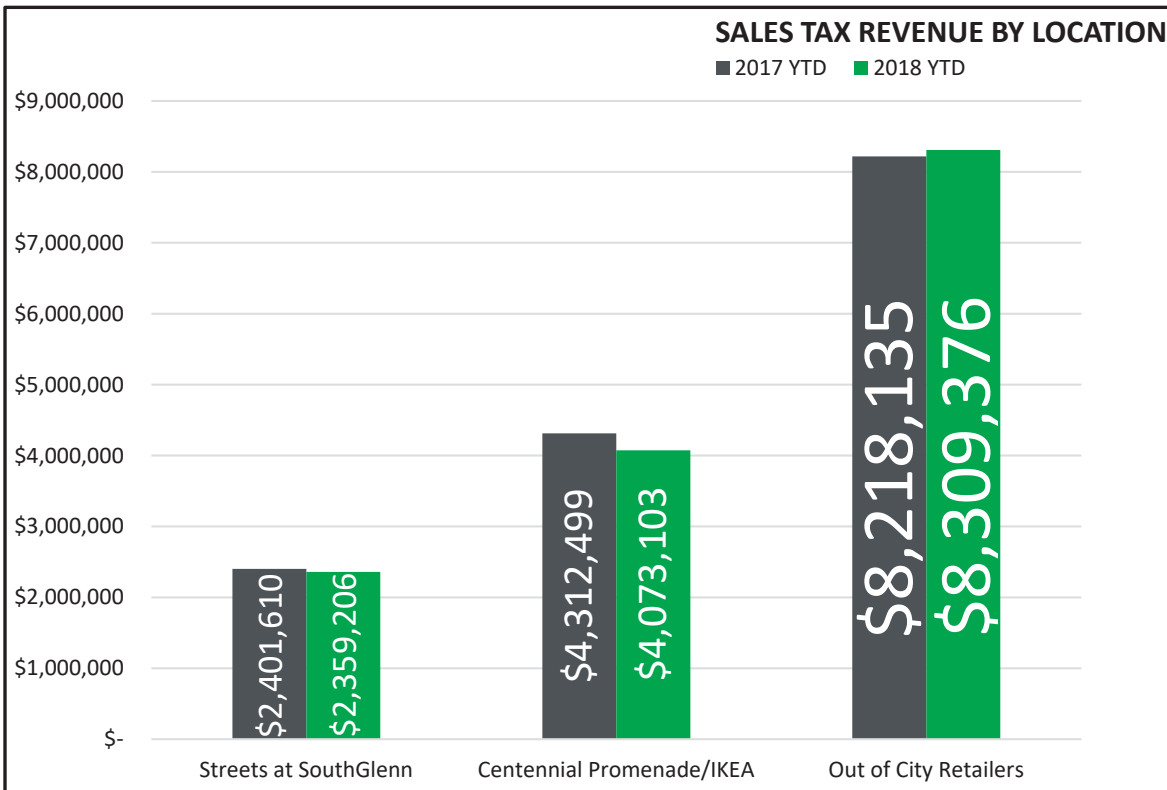
REVENUE ANALYSIS

SALES TAX

YOY Year-End Performance

Sales Tax continues to be a major source of funds for Centennial. The City collected \$41.3M in sales tax during 2018. Sales tax collections increased \$1.8M or 5% during 2018 compared to those reported during 2017.

The graph below displays retail sales tax revenues by identified locations for 2017 compared to 2018. During 2018 the Streets at Southglenn revenue decreased 2% from 2017, while sales tax revenue for the Centennial Promenade and IKEA decreased 6%. Out of City Retailers increased 1% from 2017.



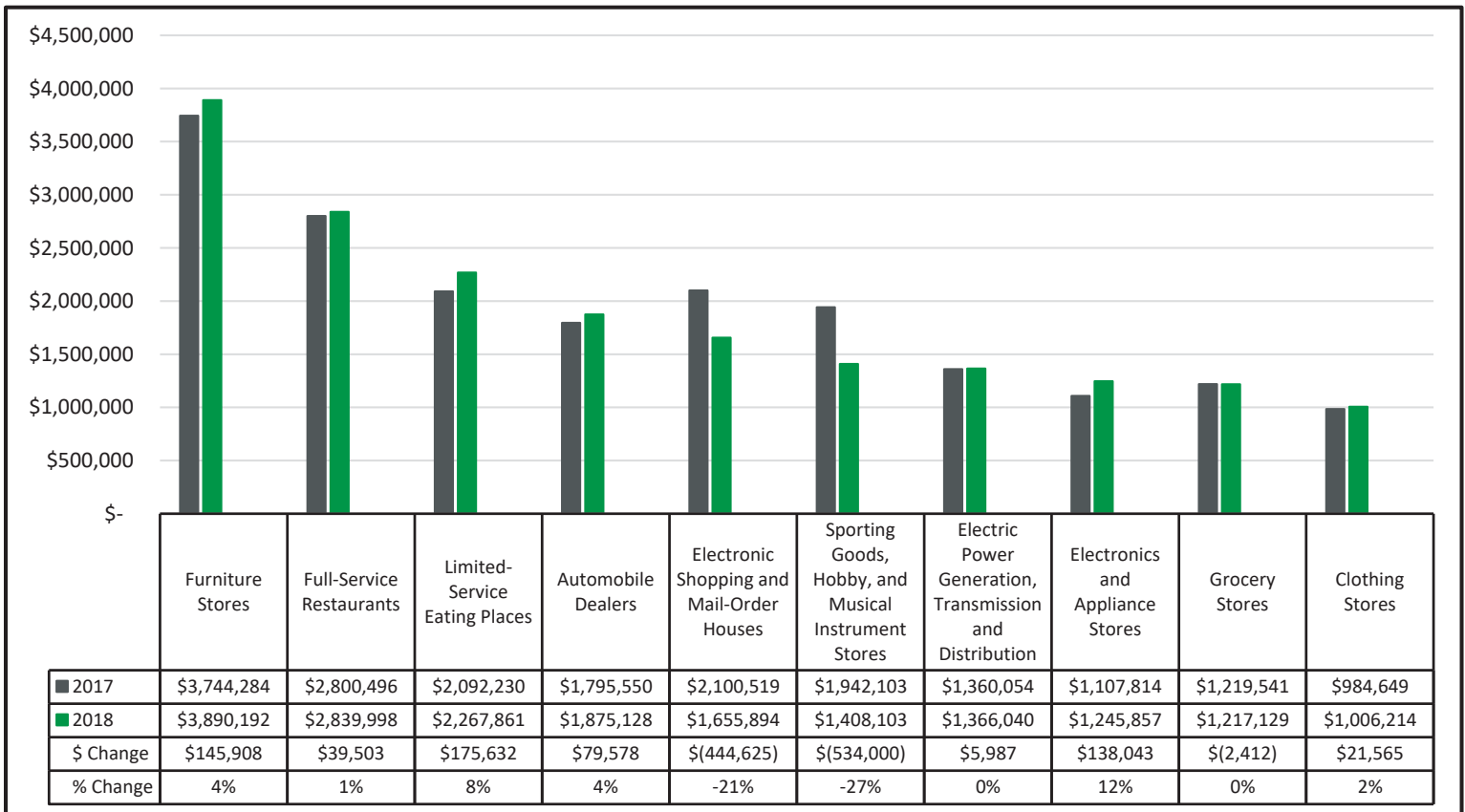
REVENUE ANALYSIS

The North American Industry Classification System (NAICS) is used to categorize sales tax revenue by industry. The graph below compares sales tax revenue by the top-ten industries through year-end 2017 and year-end 2018. Sales tax revenues have increased 5% YoY. Below, some key industry trends can be identified.

Revenue received from Furniture Stores makes up the greatest share of sales tax revenue in the City, having increased \$0.1M or 4% YOY. The increase is largely attributable to increased revenues generated by IKEA. The City expects sales tax revenues to continue to grow, but at a slower rate in 2019.

Electronics and Appliance Stores revenues increased \$0.1M or 12% from 2017. The increase can be explained by increased consumerism due to optimistic economic conditions in U.S. financial markets during 2018.

Sporting Goods, Hobby and Musical Instrument Stores revenues decreased \$0.5M or 27% from 2017 due, in part, to the departure of REI from the City. This is attributable to several department stores closing or moving out of the City during 2018.

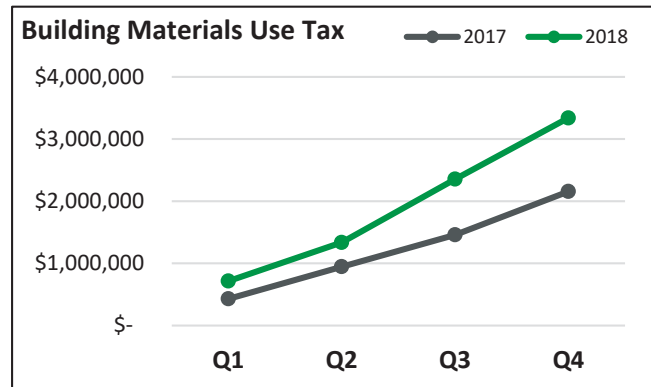


REVENUE ANALYSIS

BUILDING MATERIALS USE TAX

YOY Year-End Performance

Through year-end 2018, the City collected \$3.3M in building materials use tax, resulting in a \$1.2M or 55% increase over 2017 during the same period. The increase is associated with higher volume of building permits and the associated use tax increase on materials for new construction of residential properties in Centennial during 2018.



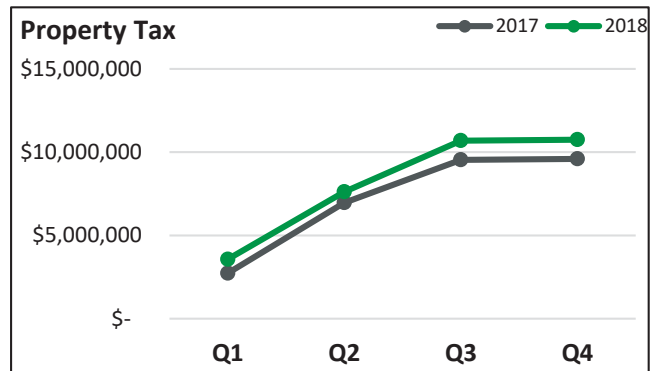
Budget Comparison

Through year-end 2018, actual revenues received from building materials use tax outperformed the 2018 Amended Budget. The favorable variance (~ 1%) is attributable to a greater than expected volume of building permits received by the City in 2018.

PROPERTY TAX

YOY Year-End Performance

During 2018, the City collected \$10.8M in property tax, resulting in a \$1.2M or 12% increase from 2017 – as expected by the City. The increase is attributable with a 13% increase in assessed property valuations from prior year. Property tax payments have three due dates throughout the fiscal year. The due date for payment in full is April 30, while due dates for two payment options are February 28 and June 15.



Budget Comparison

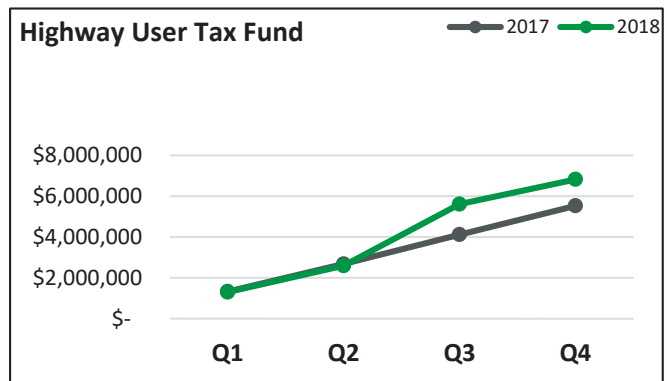
During 2018, actual revenues received from property tax were aligned with the 2018 Amended Budget. As a result of quality forecasting, actual revenues collected by the City have a favorable variance of less than 1% over the 2018 Amended Budget.

REVENUE ANALYSIS

HIGHWAY USER TAX FUND

YOY Year-End Performance

During 2018, the City collected \$6.8M in Highway User Tax Fund (HUTF) revenues, resulting in a \$1.3M or 23% increase from 2017. The HUTF is a State collected, locally shared revenue. HUTF revenues are based on a variety of formulas that include motor fuel taxes, driver's licenses, motor vehicle registration fees, and the miles of road in each municipality. The increase in revenue is attributable to the City received a higher monthly funding rate from the State's HUTF disbursement in 2018 compared to 2017.



Budget Comparison

During 2018, actual revenues received from the Highway User Tax Fund outperformed the 2018 Amended Budget by \$1.4M or a 26% favorable variance. The favorable variance is attributable to a one-time distribution as a result of Colorado Senate Bill 18-001 in 2018 which allocated additional funds from the State's General Fund to the Highway User Tax Fund to be disbursed to municipalities. As a result of S.B. 18-001, the City of Centennial received \$1.53M in additional HUTF funding in 2018.

INVESTMENT INCOME

YOY Year-End Performance

During 2018, the City collected \$1.5M in revenues from investment income, resulting in a \$0.9M or 139% increase from 2017. The City's cash and investments increased during 2018 by \$6.6M with an increase in investment portfolio holding of \$9.1M. This, in addition to increased yield, implementation of additional sweep accounts, and adjustment to market values provide the basis for the increase in investment income.

Budget Comparison

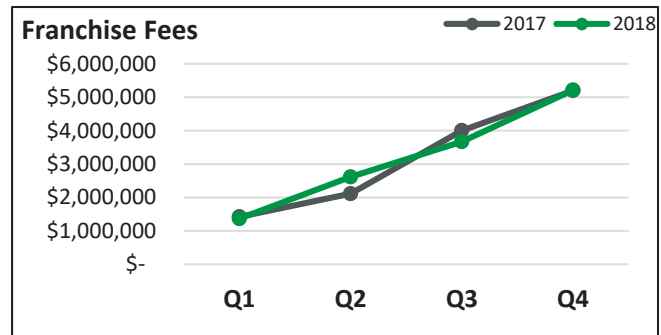
During 2018, actual revenues received from investment income outperformed the 2018 Amended Budget by \$0.7M or a 200% favorable variance. The favorable variance is attributable to additional investments within the portfolio, higher interest earning upon reinvestment, and market value adjustments.

REVENUE ANALYSIS

FRANCHISE FEES

YOY Year-End Performance

During 2018, the City collected \$5.2M in franchise fees, resulting in a less than 1% increase from 2017 – as expected by the City. Though revenues are generally flat YOY, the increase is attributable to greater collections from the Xcel Gas franchise fee in 2018.



Budget Comparison

During 2018, actual revenue received from franchise fees outperformed the 2018 Amended Budget by \$0.1M or a 2% favorable variance. The slight increase is attributable to greater than expected collections from Gas and Electric franchise fees, slightly offset by a TV franchise fees through CenturyLink.

OTHER FINES & FEES

YOY Year-End Performance

During 2018, the City collected \$2.1M in fines and fees, resulting in a \$0.3M or 14% decrease from 2017. The decrease can be explained primarily by court cases in 2018 decreasing 40% from the City's three year historical average. Additionally, decreases are attributable lower revenues collected from Right-of-Way (ROW) permit fees, Animal Services fees and Motor Vehicle fees, offset by increased revenues from Passport applications through the City in 2018.

Budget Comparison

During 2018, actual revenues received from fines & fees underperformed against the 2018 Amended Budget by \$0.5M or a 20% unfavorable variance. The variance is attributable to lower than expected collections from court fines in 2018, as well as less revenue received from ROW permit fees and Animal Services, offset by greater than expected revenues received from passport applications.

MISCELLANEOUS REVENUES

YOY Year-End Performance

During 2018, the City collected \$0.8M in revenues from miscellaneous sources, resulting in a \$0.3M or 26% decrease from 2017 during the same period. The decrease is attributable to decreased grant activity in 2018, including revenues received from the City's Bloomberg grant. Revenues for grants are not budgeted until a grant is applied for, making it difficult to predict how much miscellaneous revenues the City will receive each year.

REVENUE ANALYSIS

Budget Comparison

Through year-end 2018, actual revenues received from miscellaneous sources outperformed the 2018 Amended Budget by \$50k or a 7% favorable variance. The increase is attributable to greater than expected revenues collected from event donations and sponsorships.

EXPENDITURES ANALYSIS

GENERAL FUND EXPENDITURES AND TRANSFERS

Expenditures through December 2017 and December 2018 in the General Fund are \$54.7M and \$57.0M, respectively. The City's operating expenditures through year-end increased \$2.2M or 4% year-over-year. The increase is primarily attributable to greater costs associated with the following General Fund departments: the City Attorney's Office, The City Manager's Office, Department of Finance, Public Works Department, Facilities and Fleet, and the City's Law Enforcement services. Compared to 2017, increases in expenditures were offset slightly by decreases in costs associated with the Office of Technology and Innovation and the Nondepartmental.

The following table provides the year-end 2017 and year-end 2018 expenditure comparison, as well as the 2018 budgeted expenditures through December 2018. The "% Of Budget" column provides the amount of YTD actual expenditures collected as a percentage of budgeted expenditures in 2018.

General Fund Department	2017 YTD	2018 YTD	Variance		2018 Budget	% Of Budget
			\$	%		
Elected Officials	\$ 369,673	\$ 415,540	\$ 45,867	12%	\$ 426,911	97%
City Attorney's Office	818,139	948,795	130,656	16%	970,000	98%
City Clerk's Office	449,476	430,500	(18,976)	-4%	448,861	96%
City Manager's Office	1,245,618	1,827,991	582,373	47%	2,286,407	80%
Office of Technology & Innovation	2,317,350	1,993,190	(324,160)	14%	2,517,767	79%
Human Resources	279,522	300,263	20,741	7%	419,044	72%
Communications	1,055,347	1,007,686	(47,661)	-5%	1,158,915	87%
Finance	2,278,928	2,401,181	122,253	5%	2,715,946	88%
Economic Development	153,165	157,255	4,090	3%	283,745	55%
Nondepartmental	5,303,947	4,918,576	(385,371)	-7%	6,309,580	78%
Central Services	360,119	400,596	40,477	11%	484,078	83%
Public Works	13,993,095	14,266,522	273,427	2%	15,475,249	92%
Facilities & Fleet	742,156	1,024,786	282,630	38%	1,230,764	83%
Law Enforcement	21,529,756	22,991,123	1,461,367	7%	23,054,114	100%
Animal Services	628,892	639,881	10,989	2%	669,850	96%
Municipal Court	2,195,043	2,233,406	38,363	2%	2,382,351	94%
Community Development Admin	522,936	501,067	(21,869)	-4%	557,879	90%
Code Compliance	463,091	474,382	11,291	2%	494,350	96%
Total YTD Expenditures	\$ 54,706,253	\$ 56,932,740	\$ 2,226,487	4%	\$ 61,885,811	92%

The City's inter-fund transfers include funds transferred from the General Fund to the Capital Improvement Fund, and to the Land Use Fund, as well as a transfer from the Land Use Fund to the General Fund. Through year-end 2018, the City transferred a net total of \$21.1M from the General Fund to other funds, resulting in a \$2.1M or 9% decrease in General Fund transfers compared to 2017.

EXPENDITURES ANALYSIS

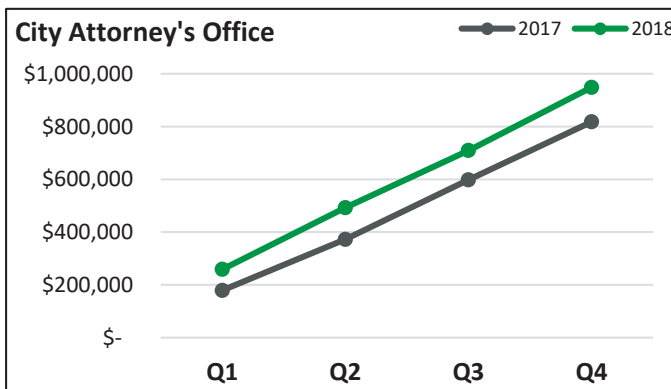
CITY ATTORNEY'S OFFICE (CAO)

YOY Year-End Performance

During 2018, the CAO reported \$0.9M in operating expenditures, resulting in a \$0.1M or 16% increase over 2017. The increase is attributable to various project work, including City Attorney increased scope on City Fiber Initiatives.

Budget Comparison

During 2018, actual expenditures reported by the CAO were under the 2018 Amended Budget by 3%. The favorable variance is associated with lower than anticipated costs for outside counsel and annexation projects in 2018.



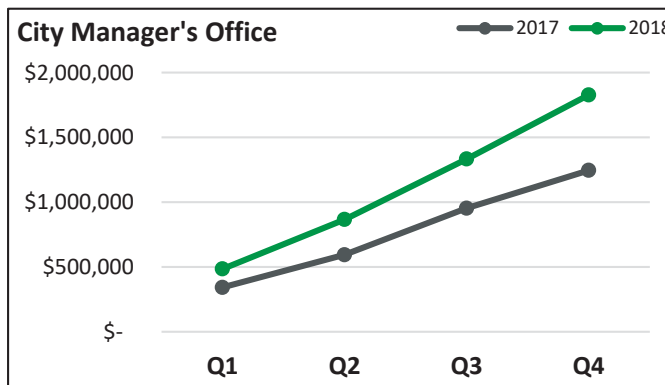
CITY MANAGER'S OFFICE (CMO)

YOY Year-End Performance

During 2018, the CMO reported \$1.8M in operating expenditures, resulting in a \$0.6M or 47% increase from 2017. The increase is attributable to additional personnel costs in the CMO. Organizational change in 2018 transferred Innovation Team expenditures from the Office of Technology and Innovation to the City Manager's Office. Additionally, the CMO increased costs for project specific in 2018, for consulting services.

Budget Comparison

During 2018, actual expenditures reported by the CMO were less than the 2018 Amended Budget by \$0.5M or 20%. The favorable variance is associated with lower than anticipated costs for professional services and project specific in 2018. The City Manager's Office budgeted funds for several consulting projects in 2018, but were not able to complete each project in the budget year. Project costs may be rolled into 2019 for continued use.

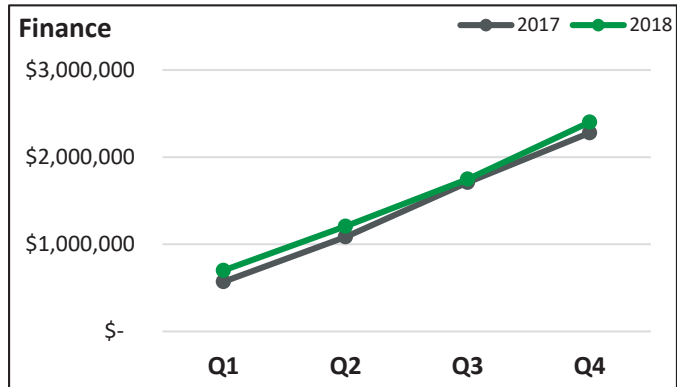


EXPENDITURES ANALYSIS

FINANCE

YOY Year-End Performance

During 2018, the Finance department reported \$2.4M in operating expenditures, resulting in a \$0.1M or 5% increase from 2017 – as expected by the City. The increase is associated with additional costs for financial services in 2018. Development and implementation of a financial software system upgrade increased its scope for contracted accounting staff to support department operations in 2018. The City expects these costs to be mitigated slightly in 2019.



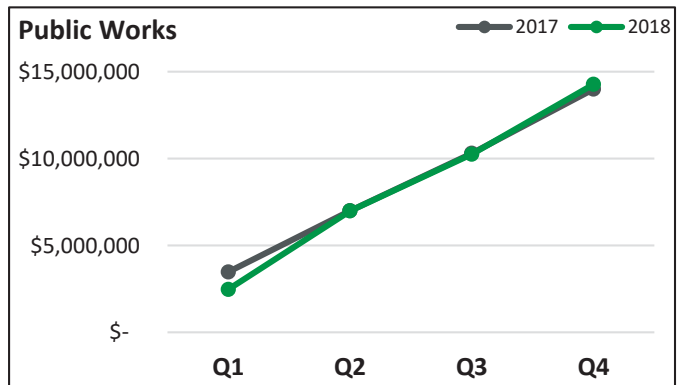
Budget Comparison

During 2018, actual expenditures reported by the Finance department were less than the 2018 Amended Budget by \$0.3M or 12%. The favorable variance is largely associated with lower than expected costs for tax auditing services and project specific costs in 2018. Tax audit services throughout the year are difficult to budget for due to the fluctuating nature of business audits year-over-year.

PUBLIC WORKS

YOY Year-End Performance

During 2018, the City's Public Works department reported \$14.3M in operating expenditures, resulting in \$0.3M or 2% increase from 2017. The increase is largely associated with higher personnel costs in the Public Works department in 2018. During 2018, two positions were filled within the department, increasing salary costs within the department during the year.



EXPENDITURES ANALYSIS

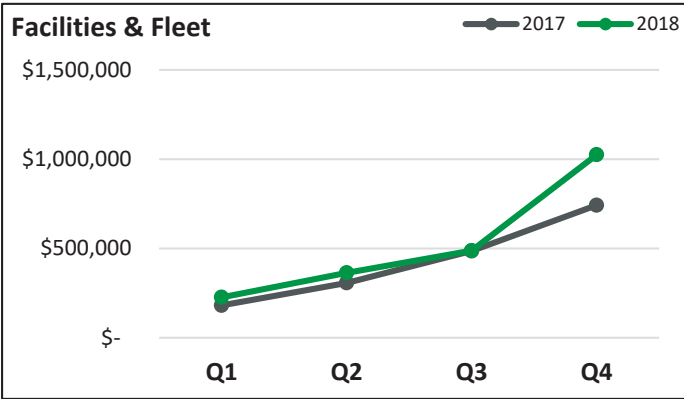
Budget Comparison

During 2018, expenditures reported by the Public Works department were less than the 2018 Amended Budget by \$1.2M or 8%. The favorable variance is largely associated with lower than anticipated costs for contracted services, and utility costs. The Public Works department relies heavily on contracted services to help operate and maintain the City’s infrastructure needs. Budgeting for contracted services is difficult due to the uncertainty of weather, infrastructure maintenance, and project timelines. In 2018, services associated with snow removal, asphalt and vehicle fuel were under budget due to lighter than expected winter conditions.

FACILITIES & FLEET

YOY Year-End Performance

During 2018, Facilities & Fleet reported \$1.0M in operating expenditures, resulting in a \$0.3M or 38% increase from 2017. The increase is due to additional costs associated with grounds maintenance at City facilities. A major project in 2018 revitalized the landscaping at the City’s Public Works facility in 2018.



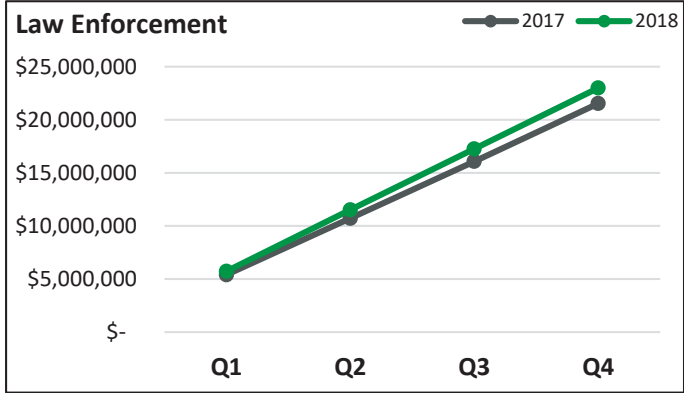
Budget Comparison

During 2018, expenditures reported by Facilities & Fleet were less than the 2018 Amended Budget by \$0.2M or 17%. The favorable variance is largely associated with lower than anticipated costs for professional services by contracted providers for the City’s facilities maintenance and repair.

LAW ENFORCEMENT

YOY Year-End Performance

During 2018, the City’s Law Enforcement services reported \$23.0M in operating expenditures, resulting in a \$1.5M or 7% increase from 2017. The City contracts public safety services with the Arapahoe County Sheriff’s Office (ACSO). Higher costs in 2018 are attributable to contractual changes that support additional ACSO staffing, equipment, and funding for ACSO Crime Lab Services. Law enforcement services are expected to increase again in 2019 as a result of additional staffing.



EXPENDITURES ANALYSIS

Budget Comparison

During 2018, expenditures reported by Law Enforcement were consistent with the 2018 Amended Budget. The costs for service with the Arapahoe County Sheriff's Office are detailed within the contract as to avoid any budgetary surpluses or shortfalls.

OFFICE OF TECHNOLOGY AND INNOVATION (OTI)

YOY Year-End Performance

During, OTI reported \$2.0M in operating expenditures, resulting in a \$0.3M or 14% decrease from 2017. The decrease is attributable to a reduction in personnel costs. Organizational change in 2018 transferred Innovation Team expenditures from the Office of Technology and Innovation to the City Manager's Office, though the net effect on the General Fund will remain marginal.

Budget Comparison

During 2018, expenditures reported by the Office of Technology & Innovation were less than the 2018 Amended Budget by \$0.5M or 21%. The favorable variance is primarily associated with contracted IT services. Lower than anticipated costs for outsourcing services as well as website hosting and support were the items associated with lower contracted IT services.

NONDEPARTMENTAL

YOY Year-End Performance

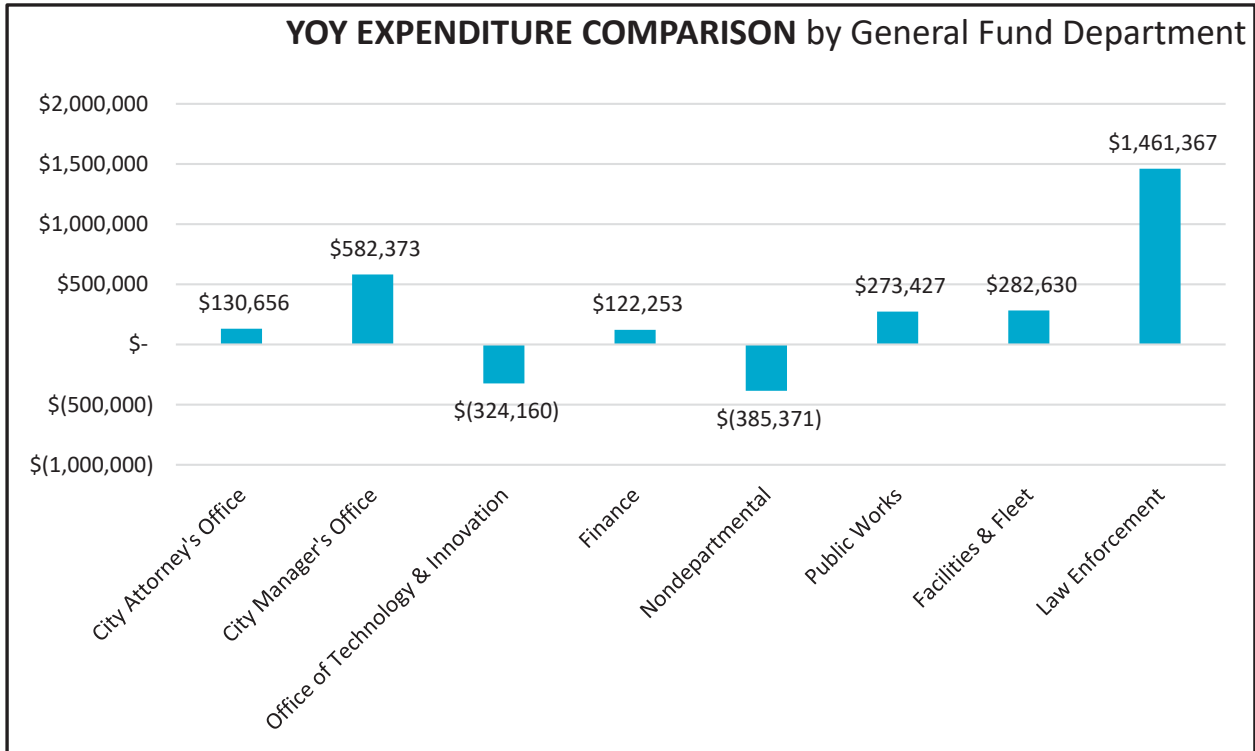
During 2018, the Nondepartmental reported \$4.9M in operating expenditures, resulting in a \$0.4 or 7% decrease from 2017. The decrease is largely attributable to lower costs for Incentive Agreements paid to retailers in 2018. In 2017, the City paid a large incentive agreement disbursement for construction materials use tax for the Innova Dry Creek project.

Budget Comparison

During 2018, expenditures reported by the Nondepartmental were less than the 2018 Amended Budget by \$1.4M or 22%. The favorable variance is largely associated with certain projects budgeted in 2018 that were not completed or did not begin. Contingency costs in the Nondepartmental were largely unspent against the budget in 2018 – a positive outcome for the City during the budget year.

EXPENDITURES ANALYSIS

The following graph displays the year-over-year (YOY) change for various General Fund departments through the third quarter 2018 compared to the same period for the prior year.



OTHER FUNDS ANALYSIS

LAND USE FUND

YOY Year-End Performance

Through year-end 2018, the Land Use Fund collected \$4.9M in revenues, resulting in a \$1.4M or 39% increase over 2017, during the same period. The increase is associated with greater building permit fees and building plan review fees for new construction of residential properties in Centennial during 2018.

Through year-end 2018, the Land Use Fund reported \$4.0M operating expenditures, resulting in a \$1.1M or 40% increase over 2017, during the same period. The increase can be explained by higher costs associated with permitting and plan reviews as a result of the growth in building services in the LUF in 2018. The City remits to a contractor based on percentage of collected permitting revenue. If revenues increase from the prior year the City recognizes a corresponding increase in expenses.

CAPITAL IMPROVEMENT FUND

YOY Year-End Performance

During 2018, the Capital Improvement Fund collected \$2.0M in revenues, resulting in a \$0.8M or 58% increase from 2017. The increase is associated with revenues received from federal grants for several partnership projects with CDOT for roadway projects in 2018, including the Smoky Hill Road to Himalaya street project, the Arapahoe Road & Parker Road project and the arterial travel time project in 2018.

During 2018, the Capital Improvement Fund reported \$15.2M in expenditures, resulting in a \$4.6M or 23% decrease from 2017. This YOY change is attributed to lower than anticipated expenditures in the Street Rehabilitation program as well as fewer projects for new construction in 2018, offset by increased expenditures for the City's Fiber Optic project as well as several new Streets and Intersections projects in 2018.

CONSERVATION TRUST FUND

YOY Year-End Performance

During 2018, the Conservation Trust Fund collected \$0.7M in revenues, resulting in a \$50k or 8% increase from 2017 – as expected by the City. The increase is associated with higher revenues received from lottery proceeds and increased investment income.

During 2018, the Conservation Trust Fund reported \$0.5M in expenditures, resulting in a \$0.2M or 74% increase over 2017, during the same period. The increase can be explained by new Capital Outlay costs associated with the City's Trail expenditures in 2018 for the Waco-Himalaya Trail as well as greater costs for Centennial park maintenance in 2018.

OTHER FUNDS ANALYSIS

OPEN SPACE FUND

YOY Year-End Performance

During 2018, the Open Space Fund collected \$3.3M in revenues, resulting in a \$0.5M or 18% increase from 2017. The increase is associated with higher revenues received from county open space sales tax shareback, investment income to the OSF as well as revenues received from the Lone Tree Creek Trail intergovernmental project.

During 2018, the Open Space Fund reported \$0.3M in operating expenditures, resulting in a \$1.1M or 77% decrease from 2017. The decrease is primarily attributable to lower costs associated with professional services and capital outlay in 2018 for projects including work performed on the Lone Tree Creek Trail and completion of the Lavatory Expansion Project in Centennial Center Park.

ANTELOPE GID AND DEBT SERVICE

YOY Year-End Performance

During 2018, the Antelope GID collected \$0.2M in revenues, resulting in a \$70k or 30% decrease from 2017. Tax levies for property were reduced in 2018 in response to lower debt service payment requirements. The decrease in debt service payments is attributable to the general obligation bond refunding completed in 2016.

During 2018, the Antelope GID reported \$0.2M in operating expenditures, resulting in a 3% decrease from 2017. The slight decrease can be explained by lower interest costs for the GID's Debt Service in 2018.

CHERRY PARK GID

YOY Year-End Performance

During 2018, the Cherry Park GID collected \$60k in revenues, resulting in a 3% increase from 2017. The increase is associated with the timing of collections in property tax. The City's revenue model predicted that revenues would remain relatively flat YOY.

During 2018, the Cherry Park GID reported \$27k in operating expenditures, resulting in a \$0.1M or 75% decrease from 2017, during the same period. The decrease is due to the GID fence project completed in 2017 and not required in 2018.

FOX RIDGE GID

YOY Year-End Performance

During 2018, the Foxridge GID collected \$74k in revenues, resulting in a 9% increase over 2017, during the same period. The increase is associated with the timing of property tax collections as well as increased investment income to the GID in 2018.

During 2018, the Foxridge GID reported \$32k in operating expenditures, resulting in a 25% decrease from 2017, during the same period. The decrease can be explained by lower costs for contracted services due to a sign project and higher landscaping costs to the GID in 2017.

OTHER FUNDS ANALYSIS

WALNUT HILLS GID

YOY Year-End Performance

During 2018, the Walnut Hills GID collected \$0.1M in revenues, resulting in an 11% increase from 2017 - as expected by the City. The increase is associated with greater investment income as well as the timing of property tax collections.

During 2018, the Walnut Hills GID reported \$55k in operating expenditures, resulting in a 49% increase from 2017, during the same period. The increase can be explained by higher costs for contracted grounds services and legal services provided by the City Attorney's Office in 2018.

CURA

YOY Year-End Performance

During 2018, the CURA Fund collected \$5.9M in revenues, resulting in a \$0.4M or 8% increase from 2017. The increase is attributable to the valuation and timing of property tax revenues. Property tax payments have three due dates throughout the fiscal year. The due date for payment in full is April 30, while due dates for two payment option are February 28 and June 15. The timing of property tax collection during the first months of the year can vary year to year.

During 2018, the CURA Fund reported \$5.9M in operating expenditures, resulting in a \$0.4M or 8% increase from 2017. The increase is attributable to higher expenditures in 2018 for property tax pass-through to Southglenn Metropolitan District.

GLOSSARY

Modified Accrual-Based Accounting: Revenues are recognized as soon as both measurable and available. Expenditures are recorded when incurred.

Capital Improvement Fund: City fund; responsible for operating the City's transportation and safety infrastructure as well as the major maintenance of City facilities and assets. Independent of the General Fund.

Cash-Based Accounting: Transactions are recorded in accordance with cash flow regardless of economic transaction timing.

Conservation Trust Fund: City fund; works in tandem with the Open Space Fund to operate the maintenance and enhancement of the City's network of parks, open spaces, and trails. Independent of the General Fund.

Consumer Confidence Index: Economic model designed to measure the degree of optimism on the state of the economy that consumers express through their tendencies to save and spend in the economy.

General Fund: Operating fund for the City; accounts for all receipts, appropriations and transfers, and expenditures.

Labor Force: The total number (or percentage) of a population that is either employed or unemployed (that is, not actively working but seeking work and eligible for employment). Independent of the General Fund.

Land Use Fund: City Fund; responsible for managing those revenues and expenditures associated with enforcement of the City's land use regulations. Independent of the General Fund.

North American Industry Classification System: Used to categorize sales tax revenue by industry.

Open Space Fund: City fund; works in tandem with the Conservation Trust Fund (CTF) to operate the maintenance and enhancement of the City's network of parks, open spaces, and trails. Independent of the General Fund.

COLUMN DESCRIPTIONS

Source of Funds: All revenues received from external/internal sources and inter-fund transfers into a fund.

Uses of Funds: All departmental/divisional expenditures incurred and inter-fund out of a fund.

Variance: Used to describe the difference or resulting percentage change in comparative analysis.

- Over – Un-bracketed values indicating a favorable variance in the comparison of the data.
- (Under) – Bracketed values indicating an unfavorable variance in the comparison of the data.
- Variance to 2017 – Percentage change between 2018 year-to-date values through the current quarter and the prior year-to-date (i.e. 2017) values through the same period.

Year-to-Date: The sum of all sources and/or uses of funds starting from the beginning of the fiscal year to the current period.

