



**Comprehensive Annual Financial Report
For the Year-Ended December 31, 2018**

City of Lone Tree, Colorado

**CITY OF LONE TREE, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended
December 31, 2018**

**Prepared by:
Department of Finance**

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CITY OF LONE TREE

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May 22, 2019

Citizens of the City of Lone Tree,
Honorable Mayor, and
Honorable Members of Council

State law requires the City of Lone Tree (City) to publish within seven months of the close of the fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill these requirements for the fiscal year ended December 31, 2018.

This report consists of management's representation concerning the finances of the City. Responsibility for the accuracy of the data as well as the fairness and completeness of the presentation, including all disclosures, rests with the City's management. To provide a reasonable basis for making those representations, the City's management has established a comprehensive framework of internal control designed to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed anticipated benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements.

Eide Bailly LLP, a firm of licensed certified public accountants, has audited the City's financial statements for the year ended December 31, 2018. The goal of the independent audit was to provide reasonable assurance that the City's financial statements are free of material misstatements. The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements, evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the year ended December 31, 2018. The independent auditor's report is located at the front of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to be read in conjunction with the MD&A. The City's MD&A immediately follows the independent auditor's report.

Profile of the City

The City is currently comprised of approximately 6,162 acres or 9.6 square miles and located in the southern Denver metropolitan area at the junction of C-470/E-470 and I-25. With over 14,000 residents, the City is also home to a large and growing business community in the Denver South region with a daytime population of over 31,000 people. The City's commitment to quality development within its boundaries, beautiful surroundings, excellent recreational and cultural opportunities and the flourishing economic community are the first things many people notice about the City.

The City staff focuses on the Community Vision Statement which states: *Lone Tree is a premier Colorado community connected by great neighborhoods, vibrant public spaces, a beautiful natural environment and thriving businesses.* Additionally, the organizational mission states: *We will achieve Lone Tree's community vision by doing things the best way, not just the expected way.* Along with the vision and mission statements, the City Manager committed to six big ideas. These six big ideas serve as the cornerstone of the Strategic Plan. In order to achieve the vision and mission, the City will be a national model for:

1. Our deep, active commitment to **public safety**
2. Our visionary **transportation** network
3. Building a **great community** known for exceptional places
4. Creating signature **cultural and recreational** opportunities
5. Attracting and growing **top-tier businesses** and a diverse economy
6. Our innovative, customer-focused and efficient **city government**

The City also identified a number of objectives that further define how we will achieve the big ideas. Collectively, the vision, mission, big ideas and objectives form our Strategic Plan. The Strategic Plan serves as our guide as we set priorities, assign responsibilities, set schedules and budget for operating and capital expenditures.

The City is governed by a Council-Manager form of government where Council sets the City policy and the manager is responsible for City operations. The City consists of five Council members, including the Mayor, elected in non-partisan elections. Each member serves a staggered, four-year term and represents one of the two districts within the City except for the Mayor, who serves as an at-large member. Policy-making and legislative authority are vested in the Council.

The City provides a full range of services including general government, police protection, public works, capital project management and street and highway maintenance, planning and building permit and inspections, zoning services, arts and cultural activities, and municipal court services.

The City maintains budgetary controls that have the objective of ensuring compliance with legal provisions embodied in the annual appropriated budget adopted by Council. The Council is required to adopt a final budget by no later than December 31 of each year. All activities of the City, except for activities related to the Lone Tree Arts Center operations, as well as other City sponsored events and cultural services, and funds held for the future repayment of debt related to

arts and cultural facilities and park and recreation improvements are accounted for in the General Fund. The Lone Tree Arts Center operational activities and City-sponsored events and cultural services are accounted for in the Special Revenue Fund – Cultural and Community Services. Revenue and expenditure activities related to the Cultural Facilities Bonds and the Park and Recreation Bonds are accounted for separately in two separate Debt Service Funds. The appropriation is at the total fund expenditures level. Additionally, the General Fund budget presents expenditures by function (e.g., general government).

Local Economy

The City of Lone Tree continues to develop at a steady rate in both the residential and commercial sectors. Major industries located within the City’s boundaries, or in close proximity, include retail trade, public administration, financial services, healthcare, insurance and real estate. With average household incomes exceeding \$115,000, and approximately 7.6 million square feet of commercial retail and office space, the City provides an important economic presence to the region and State.

The City is also served by two Light Rail stations that residents describe as “enhancing the City’s quality of life”. The Southeast Light Rail Extension will expand the previous Southeast Light Rail Line 2.3 miles from Lincoln Station to RidgeGate Parkway. It encompasses three new stations being added: a Kiss-n-Ride at Sky Ridge Avenue near Sky Ridge Medical Center; one at the future Lone Tree City Center; and a 1,300-space Park-n-Ride at RidgeGate Parkway. The end of the line station at RidgeGate Parkway will provide for a direct connection to Denver International Airport. The estimated completion date of the Southeast Light Rail Extension is May 2019. Once it is complete, it will be a significant economic development catalyst for the City and the region, generating additional commercial real estate, residences, and new jobs in the southeast corridor.

In 2018, the City of Lone Tree started and completed construction on Phase 2A of improvements to County Line Road. Phase 2A of the project involved the construction of several improvements to the I-25 southbound off ramp; milling and overlay of County Line Road; addition of another left turn lane from westbound I-25 into the northern Park Meadows Retail Resort entrance; and construction of a dedicated northbound right turn lane off Park Meadows Center Drive. The construction in 2018 was done to reduce congestion and provide a safer way to enter and exit from Park Meadows Retail Resort onto County Line Road. County Line Phase 2B improvements will be completed in 2019. Phase 2B improvements include the redesign of the I-25 southbound offramp turn lane onto westbound County Line Road along with some improvements to the westbound County Line Road lanes under I-25. Projects such as this one continue to show the City’s commitment to improving the transportation network and always striving to move people through the City more effectively. As the main revenue driver in the City, good access to and from the Park Meadows Retail Resort is critical.

2018 was the second year of the Link On Demand powered by Uber service. This on-demand shuttle service was the first of its kind in the country. This service runs every day of the week providing free door to door on-demand rides within the Lone Tree city limits. The service can be accessed through the Uber app. The service had 16,144 boardings in 2018. This service is an example of the City's proactive approach to preparing for and encouraging future economic growth and to mitigating related traffic impacts. The City and all its partners for the Link and Link On Demand are investing in Lone Tree to assure it remains a premier community for both businesses and residents. Starting in 2019, the City transitioned the Link On Demand service to be provided through Via Mobility and accessed through its very own Link On Demand app.

The City's largest revenue source are sales taxes which primarily fund the City's operations. During 2018, the City experienced a 3.7% increase in sales tax revenue compared to 2017. The increase in 2018 was partially due to an annexation that occurred at the end of 2017, but the City also saw growth throughout the various sectors including technology, restaurants, and certain retail vendors. 2019 is anticipated to have lower increases but still open several new restaurants which will contribute to the City's tax revenue sources. Furthermore, Park Meadows Retail Resort and the RidgeGate development continue to maintain a well-diversified and unique shopping and dining experience.

Through conservative revenue budgeting, as well as expenditure monitoring during 2018, the City was able to end the year with a working reserve and a capital replacement reserve pursuant to City policies.

Relevant Financial Policies

In order to mitigate current and future risks such as revenue shortfalls and unanticipated expenditures as well as to ensure stable tax rates, the City has established certain reserve policies. Specifically, the City requires that a minimum unrestricted fund balance of 16.7% of operating expenditures be maintained. For the year ended December 31, 2018, the City's unrestricted working reserve totaled approximately 25%. The 2019 budget reflects maintaining this reserve at 25%. The City also has adopted a capital reserve policy to ensure that the City maintains adequate cash fund balances to help offset cost of future capital replacement and project needs. The intent of the capital reserve policy is to assist the City to take greater advantage of the "pay as you go" philosophy versus relying entirely or mostly on debt financing.

Additionally, City Council has established financial policies including a debt management policy and an investments policy. These two policies were adopted by Council to continue to strengthen the financial framework of the City by following best practices. The debt management policy was adopted as a result of the City understanding the importance of long-range, financial planning in order to meet its capital asset needs. The debt management policy establishes parameters on the issuance of debt to help ensure that the City maintains a sound debt position and that its credit rating is protected. The policy provides a framework relating to current circumstances as they exist today as well as to address the City's future position relating to debt management. The investment policy was adopted to establish parameters and guidelines for the efficient management of the City's funds and for the purchase and sale of investments. Primary objectives of the investment policy, in priority order include safety of principal, liquidity and return on investments.

Major Initiatives

Several major initiatives will have a significant impact on the financial future of the City of Lone Tree. The development of RidgeGate, a 3,500 acre planned development based on 'smart growth' principles, will play an essential role to this end. Currently, RidgeGate is home to approximately 6,000 residences, two major retail centers, a recreation center, the Lone Tree Arts Center, the Sky Ridge Medical Center, and the Charles Schwab corporate campus. In early 2019, it was also announced that Kiewit will be opening a new regional office next to the Sky Ridge light rail station. The first phase of the new campus will be designed to accommodate 1,100 employees.

As the west side of the RidgeGate planned development approaches build-out, the City is planning for the development of the east side. This commenced with the RTD Southeast Light Rail Extension which will open for services in May 2019. The long-term plan for this area is an urban, mixed-use development with a capacity for approximately 10,000 new homes and 12 million square feet of office, retail, and health care space as well as more than 600 acres of parks, trails, and natural habitat. Developers estimate the expansion will create 40,000 new jobs and a new downtown. In 2019, the RidgeGate Parkway Widening Project will begin which will triple the capacity of RidgeGate Parkway today. This project is an example of Lone Tree's proactive approach to transportation needs by completing the widening project in advance of development so it can better serve the future residents, businesses, and visitors to RidgeGate East.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the year ended December 31, 2017. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. The report must satisfy both GAAP and applicable legal requirements. This was the City's twelfth year to submit for and to receive the award. A Certificate of Achievement is valid for one year only. We believe this 2018 CAFR continues to conform to the Certificate of Achievement program requirements and will submit it to the GFOA to determine its eligibility for another certificate.

The City of Lone Tree was the recipient of the Distinguished Budget Presentation Award for excellence in municipal budget reporting by the GFOA for 2015 - 2018 with 2015 being the first year the City applied for the award. This award represents a significant achievement by the City and staff to meet the highest principles of governmental budgeting.

The preparation of this CAFR could not have been accomplished without the efficient and dedicated service of the highly qualified personnel of the finance division. Other departments of the City also played an instrumental role in the preparation of this report. We wish to express our appreciation to everyone who assisted and contributed in preparing the report. Additionally, we would like to acknowledge the thorough and professional manner in which our independent auditors, Eide Bailly LLP, conducted their audit, as well as the citizen involvement and time commitment of the City's Audit Committee. Finally, credit must be given to the City Council for their consistent support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Seth Hoffman
City Manager



Kristin Baumgartner, CPA
Assistant City Manager / Finance Director



Government Finance Officers Association

**Certificate of
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in Financial
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**City of Lone Tree
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

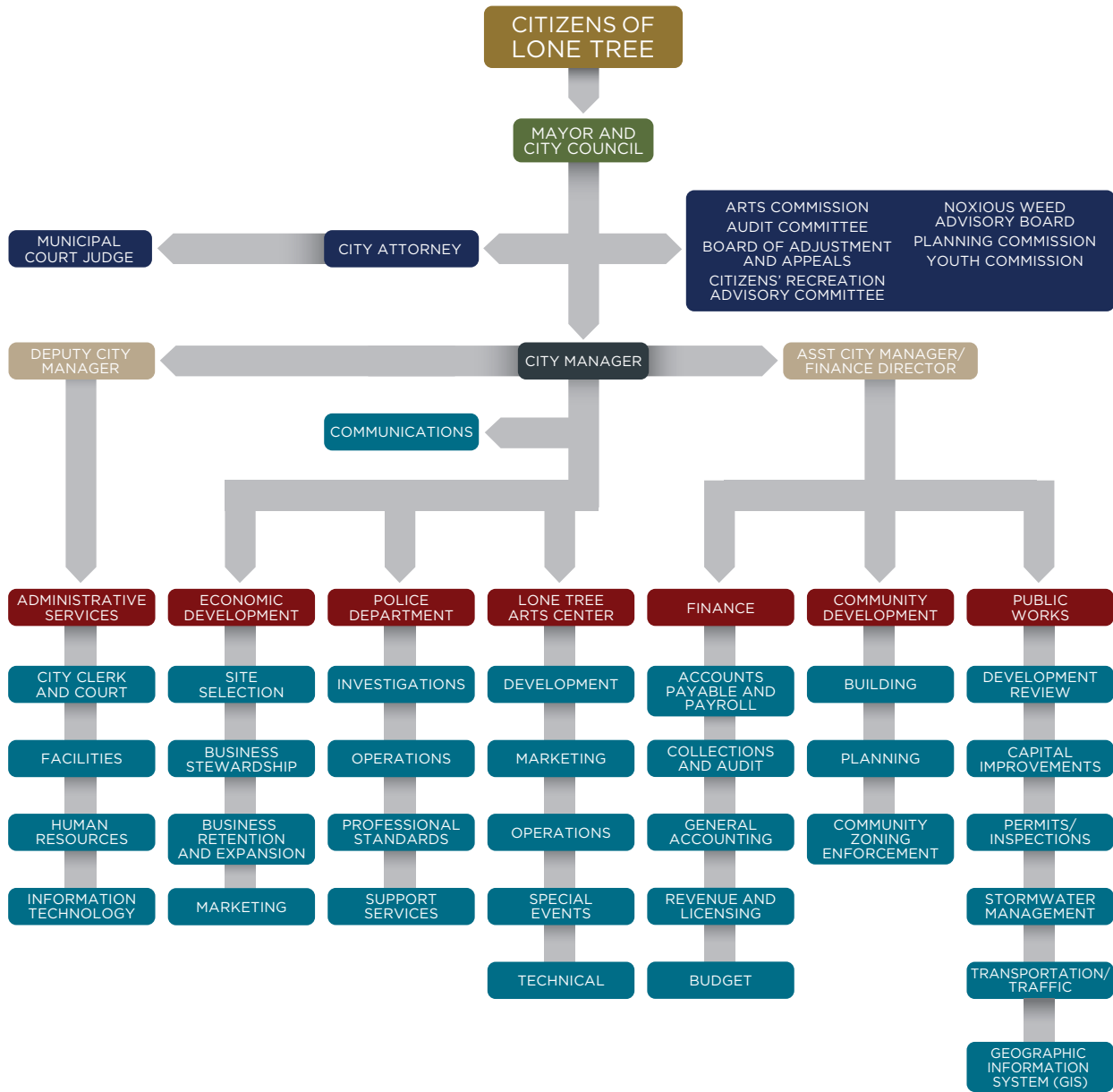
Christopher P. Morill

Executive Director/CEO

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City of Lone Tree

Departmental Structure





Independent Auditor's Report

To the Honorable Mayor and City Council
City of Lone Tree, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lone Tree, Colorado, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Park Meadows Business Improvement District or the Lone Tree Business Improvement District, which represent 100% of the assets, net position and revenue of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts included for these discretely presented component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lone Tree, Colorado, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

As described in Notes 2 and 20 to the financial statements, the City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which has resulted in a restatement of the net position as of January 1, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 17 through 27, 103 through 110, and the pension schedules of proportionate share of net pension liability or asset for cost sharing plans, schedule of pension contributions for cost sharing plans, schedule of contributions for OPEB and notes on pages 111 through 118 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lone Tree, Colorado's financial statements. The introductory section, combining fund financial statements and budgetary schedules, schedule of debt service requirements to maturity, Local Highway Finance Report, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and schedules were audited by other auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts included for these discretely presented component units, is based solely on the report of the other auditors. The Debt Service Funds' budgetary schedules, schedule of debt service requirements to maturity, and Local Highway Finance Report on pages 120 through 121 and 135 through 138, were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Eide Bailly LLP

Denver, Colorado
May 22, 2019

CITY OF LONE TREE

Management's Discussion and Analysis

As management of the City of Lone Tree, City Council offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2018.

Financial Highlights

With regard to the primary government:

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$125,643,077 at the close of the fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,096,663.
- Total net position increased by \$4,966,631 from 2017.
- Total cash and investments decreased by \$3,316,406 as compared to the prior year.
- Sales and use tax retail revenue increased by \$728,112 as compared to the prior year.
- At the end of the current fiscal year, assigned and unassigned fund balance for the General Fund totaled \$14,113,989.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains required supplementary information and schedules in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows and liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements identify functions of the City that are principally to be supported by sales taxes (*governmental activities*). The *governmental activities* of the City include general government, municipal court, community development, public works, arts and cultural, police, and interest and related costs on long-term debt.

The government-wide financial statements can be found on pages 29-30 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City include governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Special Revenue Fund – Cultural and Community Services, the Debt Service Fund - Arts and Cultural Facilities, the Debt Service Fund - Park and Recreation Improvements and the Special Revenue Fund – Lone Tree Art Center Fund 501(c)3 (blended component unit). The initial four funds are considered to be major funds, while the Lone Tree Art Center Fund 501(c)3 is considered a nonmajor fund. Data for the Park Meadows Business Improvement District and the Lone Tree Business Improvement District (discretely presented component units) are provided in the form of combining statements located within the supplementary information following the notes to the financial statements.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Fund – Cultural and Community Services, Debt Service Fund - Arts and Cultural Facilities and Debt Service Fund - Park and Recreation Improvements. A budgetary comparison schedule has been provided for each of these funds as supplemental information to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 31-34 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 35-101 of this report.

Required supplementary information. A budgetary comparison schedule has been provided in this section for the General Fund and the Special Revenue Fund – Cultural and Community Services to demonstrate compliance with the budgets. Also included in this section are additional schedules related to the City’s pension plans and other post-employment benefits (OPEB) as well as the notes to required supplementary information. The budget schedules and notes are found after the *Notes to Financial Statements* on pages 102-118 of this report.

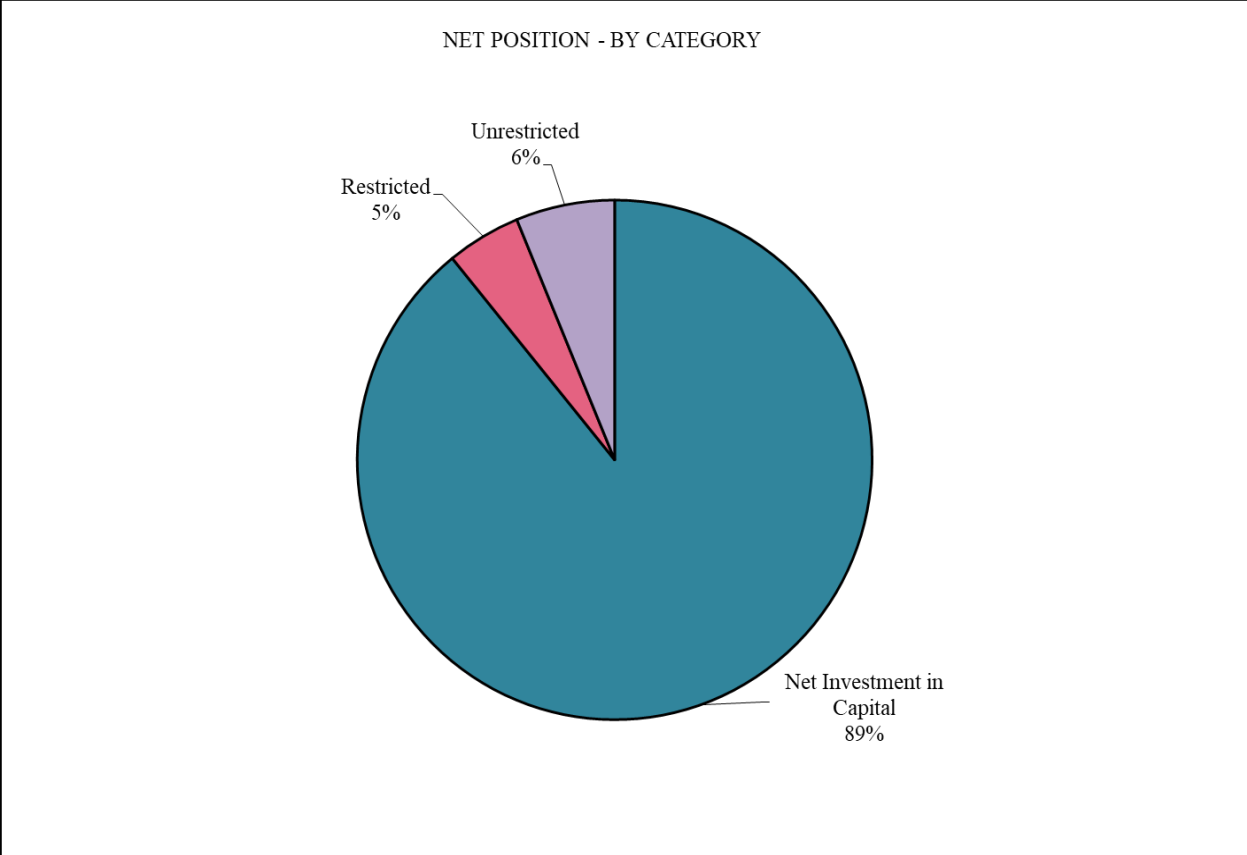
Other supplementary information. A budgetary comparison schedule for the Debt Service Fund - Arts and Cultural Facilities and the Debt Service Fund - Park and Recreation Improvements are presented immediately following the required supplemental information. Additionally, combined financial statements and schedules of the Park Meadows Business Improvement District and the Lone Tree Business Improvement District are included in this section. Furthermore, other supplementary information also includes schedules of debt service requirements to maturity and a local highway finance report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The City’s assets and deferred outflows of resources related to governmental activities exceeded liabilities and deferred inflows of resources by \$125,643,077 at the close of the most recent fiscal year.

Net Position

	2018	2017
Current assets	\$ 25,519,571	\$ 28,811,180
Capital assets	124,598,989	123,298,133
Long-term assets	966,061	2,444,166
Total assets	151,084,621	154,553,479
Pension related amounts	2,579,461	3,645,247
OPEB related amounts	93,857	39,230
Refunded bonds related amounts	616,345	739,614
Southeast light rail extension agreement	-	2,444,167
Total deferred outflows of resources	3,289,663	6,868,258
Other liabilities	8,030,707	18,376,721
Long-Term liabilities	19,039,917	21,787,885
Total liabilities	27,070,624	40,164,606
Pension related amounts	1,650,283	21,940
OPEB related amounts	10,300	-
Total deferred inflows of resources	1,660,583	21,940
Net investment in capital assets	111,992,008	108,531,579
Restricted net position	5,852,393	5,416,090
Unrestricted net position	7,798,676	7,287,522
Total net position	\$ 125,643,077	\$ 121,235,191



The largest portion of the City’s net position (89%) reflects its net investment in capital assets. The City utilizes these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending.

An additional portion of the City’s net position (5%) represents resources that are subject to restrictions on how they can be used and are not currently available for the City’s ongoing obligations (e.g., emergency TABOR reserve, Conservation Trust Fund, funds received from litigation settlements and funds reserved for future debt service payments). The remaining balance of *unrestricted net position* totaling \$7,798,676 may be used to meet the City’s future expenditures.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position.

Change in Net Position

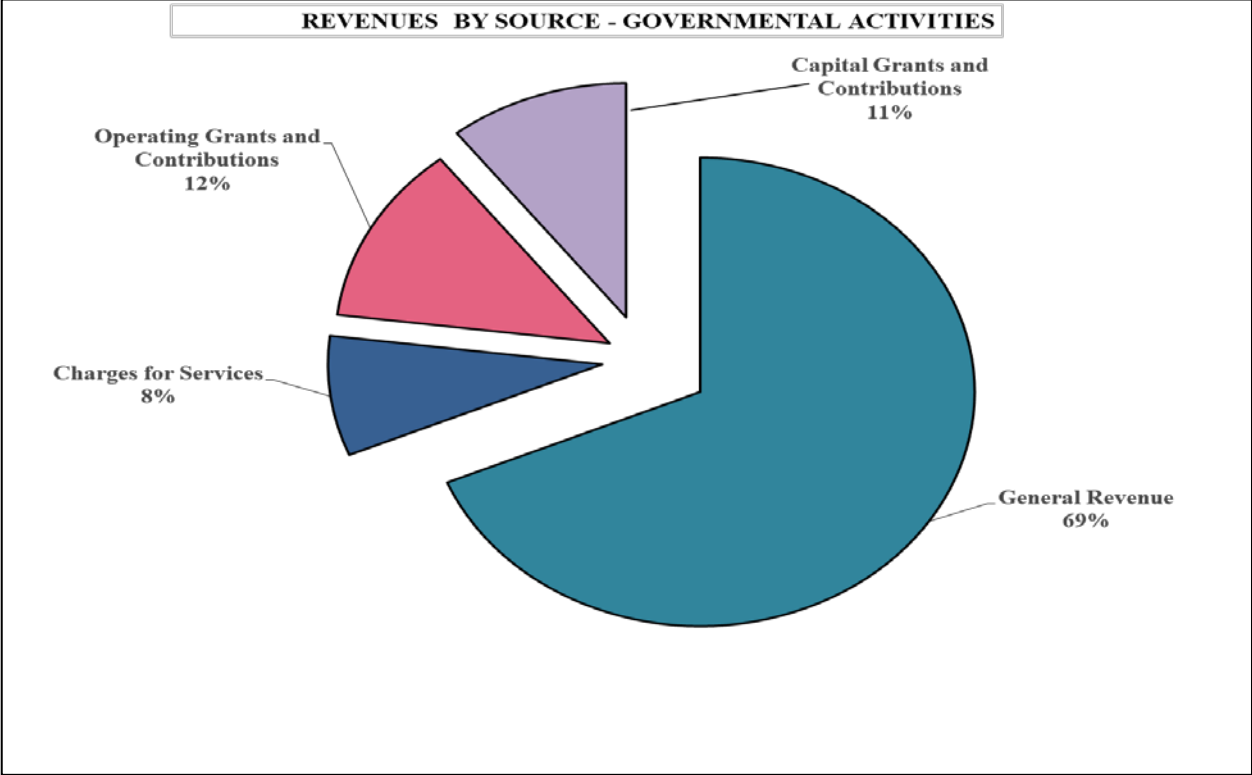
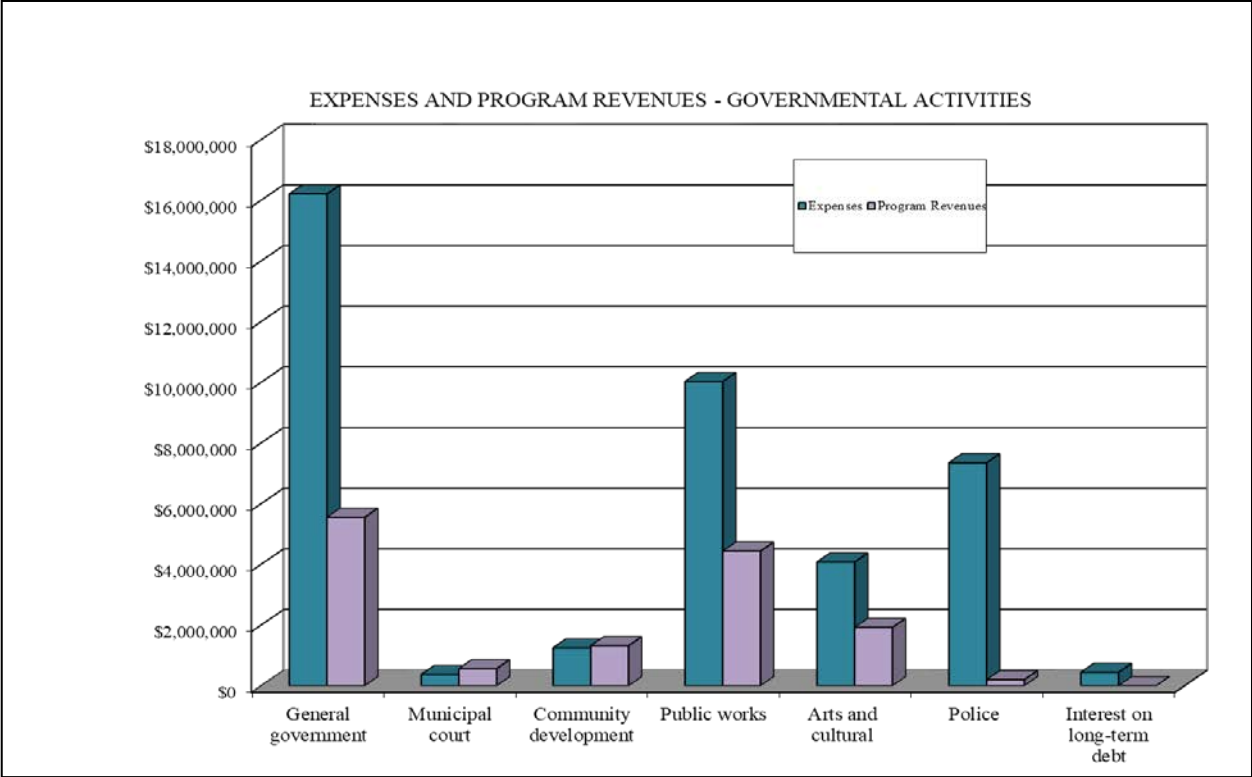
	2018	2017*
Revenue		
Program revenues		
Charges for services	\$ 3,697,233	\$ 3,213,115
Operating grants and contributions	5,574,101	5,000,361
Capital grants and contributions	4,732,802	4,166,060
General revenues		
Sales and use (retail) taxes	25,649,105	24,920,993
Other taxes	3,304,514	2,045,278
Franchise fees	1,071,791	1,069,729
Investment earnings	400,134	234,364
Other	278,910	161,055
Total revenues	44,708,590	40,810,955
Expenses		
General government	16,212,205	17,071,135
Municipal court	374,079	323,935
Community development	1,250,637	1,313,003
Public works	10,028,083	8,406,828
Arts and cultural	4,080,168	4,138,733
Police	7,350,747	7,752,422
Interest and related costs on long-term debt	446,040	586,505
Total expenses	39,741,959	39,592,561
Change in net position	4,966,631	1,218,394
Net position – Beginning	121,235,191	120,016,797
Restatement – Note 20	(558,745)	-
Net position - Ending	\$ 125,643,077	\$ 121,235,191

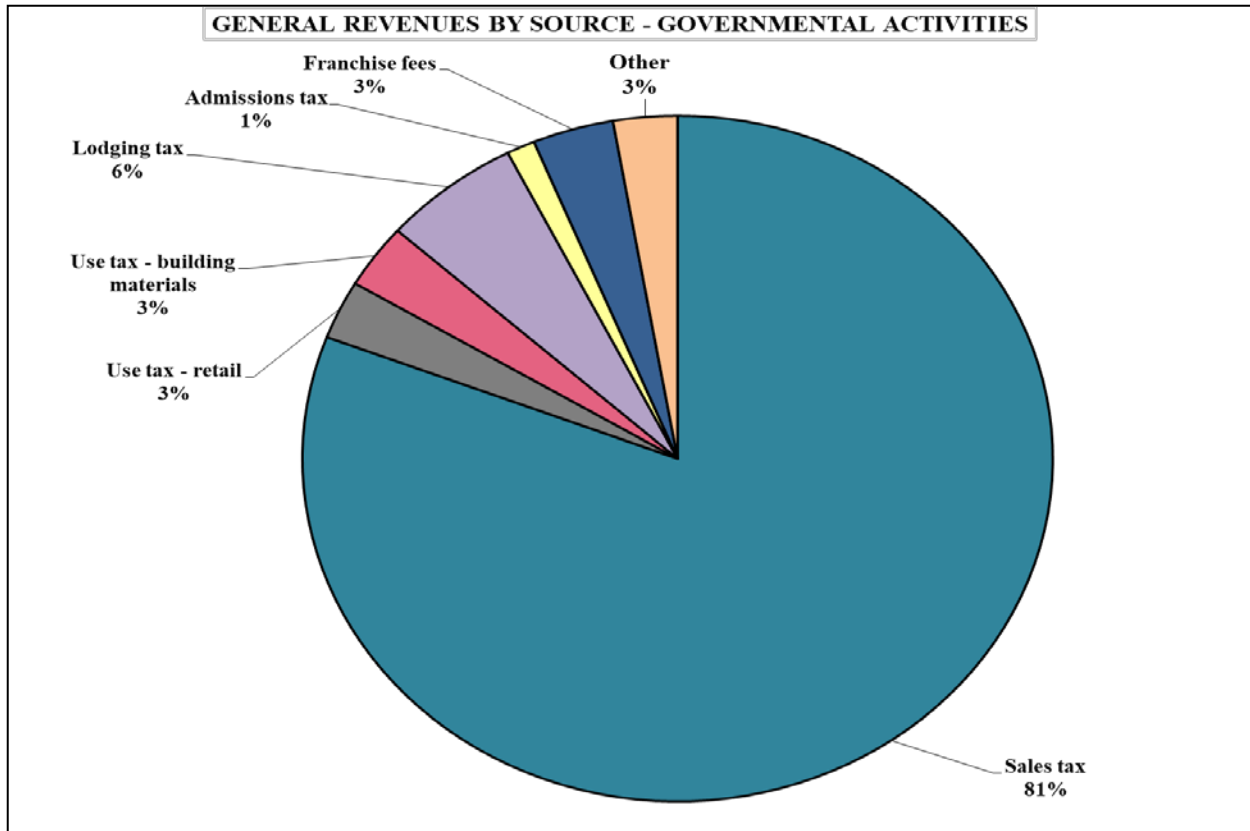
*2017 net position was not restated for the implementation of GASB Statement No. 75

The City's net position related to governmental activities increased by \$4,966,631 during the current fiscal year. Several key highlights of the statement of activities during 2018 include the following items:

- 2018 charges for services increased by \$484,118 from the previous year. The majority of this increase was due to the increase in building permit revenue received for larger projects like Retreat at RidgeGate, Charles Schwab parking garage, Colorado Center for Reproductive Medicine remodel, Safeway Store remodel, Fogo de Chao, Lululemon, Pinnacle at RidgeGate, Tru Hotel by Hilton and Canvas Credit Union.

- Capital grants and contributions increased by \$566,742 from 2017 to 2018 largely due to the timing of reimbursement payments received from City partners for different capital projects, specifically the Southeast Light Rail Extension and County Line Road Improvements.
- Sales and use (retail) taxes increased by \$728,112 from 2017 to 2018 as a result of new businesses opening in 2018, the OmniPark Annexation at the end of 2017 and no large vendors closing in 2018. Additionally, one of the City's large vendors started selling alcoholic beverages in late 2017, which resulted in a large increase due to a full year of sales.
- Other taxes increased by \$1,259,236 from 2017 to 2018 as a result of an increase in use tax on building materials with all the major projects taking place during 2018 as mentioned above under charges for service. Additionally, there was a large increase in lodging tax in 2018 due to having a full year of operations for Marriott Denver South and Towneplace Suites.
- General government expenses decreased by \$858,930 or 5.0% from 2017 to 2018. This decrease is largely due to costs coming in lower on capital projects than in the previous year.
- Municipal court expenses increased by \$50,144 or 15.5% from 2017 to 2018 primarily due to the Teen Court Coordinator part-time position becoming full-time with the program expansion and changes in benefit plan enrollment.
- Community development expenses decreased by \$62,366 or 4.7% from 2017 to 2018. This decrease is mainly the result of lower engineering costs incurred related to contracted development reviews being brought in-house in 2018.
- Public works expenses increased by \$1,621,255 or 19.3%. The majority of this increase is a result of the Lone Tree Link operations being moved to this department in 2018 as well as deferred maintenance cost for drainage repairs. Additionally, there was an increase in depreciation expense as well as pension related costs with employees being brought in-house in 2018.
- Police department expenses decreased by \$401,675 or 5.2% from 2017 to 2018 primarily due to the pension expense allocation related to GASB 68 and the plan going from a long-term liability to an asset with full funding.
- Interest and related costs on long-term debt decreased by \$140,465 or 23.9% from 2017 to 2018 due to the continued interest savings resulting from the bond refundings in 2017.





Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *assigned and unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances of \$20,096,663. Of this amount, \$13,995,186 constitutes *assigned and unassigned fund balance* which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the assigned and unassigned fund balance of the General Fund was \$14,113,989 out of a total fund balance of \$16,913,450.

The fund balance of the City's General Fund decreased by \$3,294,781 during the current fiscal year. The key factor contributing to this decrease was the significant increase in capital expenditures for numerous projects ranging from the Southeast Light Rail Extension and County Line Road Improvements, which had funds restricted for these uses at the end of 2017.

At the end of the current fiscal year, the Special Revenue Fund – Cultural and Community Services reported a fund balance of \$-0-.

At the end of the current fiscal year, the Debt Service Fund - Arts and Cultural Facilities reported a restricted fund balance of \$1,484,582. The fund balance decreased by \$65,108 primarily due to funds being transferred to the General Fund for large capital projects at the Lone Tree Art Center including the pit elevator in the theatre.

At the end of the current fiscal year, the Debt Service Fund - Park and Recreation Improvements reported a restricted fund balance of \$1,698,526. The fund balance increased by \$194,441 in 2018. This increase was primarily due to an increase in sales tax revenue. This balance is an accumulation of pledged revenues coming in higher than anticipated.

At the end of the current fiscal year, the Special Revenue Fund – Lone Tree Art Center Fund 501(c)3 reported a fund balance of \$105. This is the first year of operations for the Lone Tree Art Center Fund 501(c)3. The fund balance is to be used solely to fund the Lone Tree Arts Center.

General Fund Budgetary Highlights

The City's total revenue in the General Fund for 2018 came in under budget. The difference between the final budgeted revenue of \$56,461,213 and the actual revenue of \$40,008,466 was \$16,452,747. The main reason for this variance had to do with reimbursable costs that were lower than budgeted due to the delay of construction for RidgeGate Parkway, Park Meadows Drive Regional Pond upgrades and implementation of adaptive traffic signals. These delays resulted in partner contributions being moved to 2019.

The City's General Fund total expenditures for 2018 did not exceed the budgeted appropriation. The difference between the budgeted expenditures (exclusive of transfers out) of \$64,573,888 and the actual expenditures of \$42,965,039 was \$21,608,849. The primary factor contributing to this variance was a result of certain capital projects coming in under budget, such as the Southeast Light Rail Extension, County Line Road improvements, street overlay and traffic signalization improvements, as well as the RidgeGate parkway widening capital project being moved to 2019.

Capital Assets

The City invested \$7,670,050 in capital assets for its governmental-type activities for the year ended December 31, 2018. Investment in capital assets consisted of projects in 2018 including improvements on County Line Road, street overlay, Chester and County Line Road traffic signalization improvements, concrete panel replacements and storm sewer improvements.

Additional information on the City's capital assets can be found in Note 6 on pages 53-54 of this report.

Long-Term Debt

At the end of the fiscal year, the City had total outstanding debt of \$12,330,000. This amount represents debt secured for park and recreational improvements and the Lone Tree Arts Center.

At the end of the fiscal year, the Park Meadows Business Improvement District (PMBID) had total outstanding debt of \$11,708,211. This amount represents debt secured for capital expenditures related to street, park and recreation, utility lines, transportation, and television relay improvements.

Additional information on the City's long-term debt can be found in Note 7 on pages 55-61 of this report.

Next Year's Budget

The 2019 budget reflects City Council's endeavor for a fiscally responsible budget, while continuing to provide a high level of services to our community, maintain operating reserves, and fund several infrastructure investments.

The City has appropriated a total of \$72,830,049 for spending in fiscal year 2019. The 2019 budget includes new City staff positions due to continuing to incorporate the Public Works department in-house and three new positions in the Police Department. Capital initiatives planned for 2019 include continued overlay of City streets, next phase on County Line Road improvements, adaptive traffic signal implementation, RidgeGate Parkway widening and various intersection and street improvements. The City anticipates utilizing revenues projected to be received in 2019, which includes partner contributions, along with prior year accumulated fund balances to pay for these capital initiatives along with on-going operational costs related to City services.

Requests for Information

This financial report is designed to provide a general overview of the City of Lone Tree's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City of Lone Tree, 9220 Kimmer Drive, Suite 100, Lone Tree, Colorado 80124.

BASIC FINANCIAL STATEMENTS

CITY OF LONE TREE
STATEMENT OF NET POSITION
December 31, 2018

	Primary Government	Component Unit	
	Governmental Activities	Park Meadows Improvement District	Business Lone Tree Business Improvement District
ASSETS			
Cash and Investments	\$ 13,241,976	\$ 3,063,652	\$ 204,400
Cash and Investments - Restricted	7,273,834	1,275,989	7,519
Receivables:			
Intergovernmental	733,194	1,323,157	2,342
Sales, Use, Admissions and Lodging Taxes	3,688,911	-	-
Other	332,677	-	-
Prepaid Items	248,979	70,694	-
Property Taxes Receivable	-	-	234,046
Capital Assets:			
Non-Depreciable	25,476,983	-	-
Depreciable, Net	99,122,006	14,590,884	-
Net Pension Asset - FPPA	966,061	-	-
Total Assets	<u>151,084,621</u>	<u>20,324,376</u>	<u>448,307</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	2,579,461	-	-
OPEB Related Amounts	93,857		
Refunded Bonds Related Amounts	616,345	170,826	-
Total Deferred Outflows of Resources	<u>3,289,663</u>	<u>170,826</u>	<u>-</u>
LIABILITIES			
Accounts Payable	4,588,242	291,549	27,987
Unearned Revenue	386,474	-	-
Retainage Payable	14,295	-	-
Surety Deposits Payable	394,587	-	-
Other Deposits Payable	39,310	-	-
Accrued Interest Payable	41,051	28,925	-
Noncurrent Liabilities			
Due within One Year	2,566,748	751,343	-
Due in More than One Year:			
Other Noncurrent Liabilities	11,635,903	10,956,868	-
Net Liability - OPEB	615,682	-	-
Net Pension Liability - PERA	6,788,332	-	-
Total Liabilities	<u>27,070,624</u>	<u>12,028,685</u>	<u>27,987</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	1,650,283	-	-
OPEB Related Amounts	10,300		
Property Taxes	-	-	234,046
Total Deferred Inflows of Resources	<u>1,660,583</u>	<u>-</u>	<u>234,046</u>
NET POSITION			
Net investment in Capital Assets	111,992,008	2,882,673	-
Restricted:			
Emergency Reserve (TABOR)	1,029,551	178,800	7,519
Conservation Trust	212,858	-	-
Brick Fence Replacement	986,200	-	-
County Line Road Improvements Reserve	403,176	-	-
Lone Tree Art Center Programs	37,500	-	-
Debt Service	3,183,108	1,097,189	-
Unrestricted	7,798,676	4,307,855	178,755
Total Net Position	<u>\$ 125,643,077</u>	<u>\$ 8,466,517</u>	<u>\$ 186,274</u>

These financial statements should be read only in connection
with the accompanying Notes to Financial Statements.

**CITY OF LONE TREE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit	Component Unit
					Governmental Activities	Park Meadows Business Improvement District	Lone Tree Business Improvement District
Primary Government:							
Governmental Activities:							
General Government	\$ 16,212,205	\$ 527,238	\$ 294,603	\$ 4,732,802	\$ (10,657,562)	\$ -	\$ -
Municipal Court	374,079	565,302	-	-	191,223	-	-
Community Development	1,250,637	1,321,541	-	-	70,904	-	-
Public Works	10,028,083	21,247	4,418,210	-	(5,588,626)	-	-
Arts and Cultural Services	4,080,168	1,253,940	669,042	-	(2,157,186)	-	-
Police	7,350,747	7,965	192,246	-	(7,150,536)	-	-
Interest and Related Costs on Long-Term Debt	446,040	-	-	-	(446,040)	-	-
Total Primary Government	<u>\$ 39,741,959</u>	<u>\$ 3,697,233</u>	<u>\$ 5,574,101</u>	<u>\$ 4,732,802</u>	<u>(25,737,823)</u>	<u>-</u>	<u>-</u>
Component Unit:							
Park Meadows Business Improvement District:							
General Government	\$ 4,860,074	\$ -	\$ -	\$ -		(4,860,074)	-
Interest on Long-Term Debt	380,888	-	-	-		(380,888)	-
Total Component Unit	<u>\$ 5,240,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>(5,240,962)</u>	<u>-</u>
Component Unit:							
Lone Tree Business Improvement District:							
General Government	\$ 200,402	\$ -	\$ -	\$ -			(200,402)
Total Component Unit	<u>\$ 200,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>(200,402)</u>
General Revenues:							
Sales Tax					24,798,471	5,367,876	-
Use Tax - Retail					850,634	-	-
Use Tax - Building Materials					935,963	52,366	-
Lodging Tax					1,823,741	-	-
Admissions Tax					375,613	-	-
Franchise Fees					1,071,791	-	-
Cigarette Tax					169,197	-	-
Sales Tax and Liquor Licenses					29,295	-	-
Property Tax					-	-	225,931
Investment Earnings					400,134	20,281	212
Other					249,615	267,533	24,479
Total General Revenues					<u>30,704,454</u>	<u>5,708,056</u>	<u>250,622</u>
Change in Net Position					4,966,631	467,094	50,220
Net Position - Beginning, as restated					120,676,446	7,999,423	136,054
Net Position - Ending					<u>\$ 125,643,077</u>	<u>\$ 8,466,517</u>	<u>\$ 186,274</u>

These financial statements should be read only in connection
with the accompanying Notes to Financial Statements.

**CITY OF LONE TREE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018**

	General	Special Revenue - Cultural and Community Services	Debt Service - Arts and Cultural Facilities	Debt Service - Park and Recreation Improvements	Nonmajor Fund Special Revenue Fund - Lone Tree Art Center Fund 501(c)3	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 12,921,459	\$ 312,412	\$ -	\$ -	\$ 8,105	\$ 13,241,976
Cash and Investments - Restricted	4,512,835	-	1,231,197	1,529,802	-	7,273,834
Receivables:						
Intergovernmental	733,194	-	-	-	-	733,194
Sales, Use, Admissions and Lodging Taxes	3,266,602	-	253,385	168,924	-	3,688,911
Other	255,958	76,719	-	-	-	332,677
Prepaid items	167,676	81,303	-	-	-	248,979
Due from Other Funds	77,347	-	-	-	-	77,347
TOTAL ASSETS	\$ 21,935,071	\$ 470,434	\$ 1,484,582	\$ 1,698,726	\$ 8,105	\$ 25,596,918
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 4,509,729	\$ 70,313	\$ -	\$ 200	\$ 8,000	\$ 4,588,242
Unearned Revenue	67,700	318,774	-	-	-	386,474
Retainage Payable	14,295	-	-	-	-	14,295
Surety Deposits Payable	394,587	-	-	-	-	394,587
Other Deposit Payable	35,310	4,000	-	-	-	39,310
Due to Other Funds	-	77,347	-	-	-	77,347
Total Liabilities	<u>5,021,621</u>	<u>470,434</u>	<u>-</u>	<u>200</u>	<u>8,000</u>	<u>5,500,255</u>
FUND BALANCES						
Non-Spendable	167,676	81,303	-	-	-	248,979
Restricted	2,631,785	37,500	1,484,582	1,698,526	-	5,852,393
Committed	-	-	-	-	105	105
Assigned	9,291,989	8,775	-	-	-	9,300,764
Unassigned	4,822,000	(127,578)	-	-	-	4,694,422
Total Fund Balances	<u>16,913,450</u>	<u>-</u>	<u>1,484,582</u>	<u>1,698,526</u>	<u>105</u>	<u>20,096,663</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,935,071	\$ 470,434	\$ 1,484,582	\$ 1,698,726	\$ 8,105	\$ 25,596,918

These financial statements should be read only in connection
with the accompanying Notes to Financial Statements.

CITY OF LONE TREE
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance - Governmental Funds	\$ 20,096,663
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	124,598,989
Other long-term assets are not current financial resources available to pay current period expenditures and, therefore, are not reported in the funds. Net Pension Asset - FPPA	966,061
Deferred outflows and inflows of resources that represent acquisition or consumption of net position that applies to future periods and, therefore, are not reported in the funds.	
Deferred Outflows - Pension Plan	2,579,461
Deferred Outflows - OPEB	93,857
Deferred Outflows - Refunded Bonds	616,345
Deferred Inflows - Pension Plan	(1,650,283)
Deferred Inflows - OPEB	(10,300)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds Payable	(12,330,000)
Accrued Interest on Bonds Payable	(41,051)
Bond Premiums (Net of Amortization)	(893,326)
Net OPEB Liability - PERA	(615,682)
Net Pension Liability - PERA	(6,788,332)
Compensated Absences	(979,325)
Net Position of Governmental Activities	\$ 125,643,077

These financial statements should be read only in connection with the accompanying
Notes to Financial Statements.

CITY OF LONE TREE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2018

	<u>General</u>	<u>Special Revenue - Cultural and Community Services</u>	<u>Debt Service - Arts and Cultural Facilities</u>	<u>Debt Service - Park and Recreation Improvements</u>	<u>Nonmajor Fund Special Revenue Fund - Lone Tree Art Center Fund 501(c)3</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 25,401,169	\$ -	\$ 2,029,927	\$ 1,353,327	\$ -	\$ 28,784,422
Franchise fees	1,071,791	-	-	-	-	1,071,791
Intergovernmental	10,572,636	-	-	-	-	10,572,636
Licenses, fees and charges	1,350,836	-	-	-	-	1,350,836
Fines and forfeitures	565,302	-	-	-	-	565,302
Net investment income	343,559	-	28,805	27,770	-	400,134
Tenant rental income	250,519	-	-	-	-	250,519
Arts and cultural	-	1,914,112	-	-	8,870	1,922,982
Other	452,654	-	-	-	-	452,654
Total revenues	<u>40,008,466</u>	<u>1,914,112</u>	<u>2,058,731</u>	<u>1,381,097</u>	<u>8,870</u>	<u>45,371,276</u>
EXPENDITURES						
Current						
General government	5,591,215	-	-	-	-	5,591,215
Municipal court	302,995	-	-	-	-	302,995
Community development	1,018,069	-	-	-	-	1,018,069
Police	7,523,559	-	-	-	-	7,523,559
Public works	4,841,201	-	-	-	-	4,841,201
Arts and cultural services	-	2,957,765	-	-	765	2,958,530
Debt service						
Bond interest	-	-	345,000	236,850	-	581,850
Bond principal	-	-	1,225,000	805,000	-	2,030,000
Paying agent fees	-	-	600	600	-	1,200
Capital outlay	23,688,000	-	-	-	-	23,688,000
Total expenditures	<u>42,965,039</u>	<u>2,957,765</u>	<u>1,570,600</u>	<u>1,042,450</u>	<u>765</u>	<u>48,536,619</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,956,573)</u>	<u>(1,043,653)</u>	<u>488,131</u>	<u>338,647</u>	<u>8,105</u>	<u>(3,165,343)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	697,445	1,043,653	-	-	-	1,741,098
Transfers out	(1,035,653)	-	(553,239)	(144,206)	(8,000)	(1,741,098)
Total other financing sources (uses)	<u>(338,208)</u>	<u>1,043,653</u>	<u>(553,239)</u>	<u>(144,206)</u>	<u>(8,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,294,781)	-	(65,107)	194,441	105	(3,165,343)
FUND BALANCES - BEGINNING OF YEAR	<u>20,208,231</u>	<u>-</u>	<u>1,549,690</u>	<u>1,504,085</u>	<u>-</u>	<u>23,262,006</u>
FUND BALANCES - END OF YEAR	<u>\$ 16,913,450</u>	<u>\$ -</u>	<u>\$ 1,484,582</u>	<u>\$ 1,698,526</u>	<u>\$ 105</u>	<u>\$20,096,663</u>

These financial statements should be read only in connection with
the accompanying Notes to Financial Statements.

CITY OF LONE TREE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ (3,165,343)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Asset Additions	7,670,050
Depreciation Expense	(6,332,173)
Loss on Disposal of Assets	(37,021)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond refundings, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond Principal	2,030,000
Bond Premiums - Amortization	252,842
Refunded Bonds - Amortization	(123,269)

Some revenue and expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenue or expenditures in the governmental funds.

Compensated Absences - Change in Liability	(82,855)
Pension Expense	(685,429)
OPEB Expense	(12,610)
Accrued Interest on Bonds - Change in Liability	7,439
Southeast Light Rail Extension	5,445,000

Changes in Net Position of Governmental Activities	<u><u>\$ 4,966,631</u></u>
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These financial statements should be read only in connection with the accompanying Notes to Financial Statements.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 - DEFINITION OF REPORTING ENTITY

The City of Lone Tree, Colorado (City) was incorporated by general election on November 7, 1995. The citizenry voted to become a home rule city on May 5, 1998, under the provisions of Article XX of the Constitution of the State of Colorado. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: building, permitting, planning and zoning, public works (including trash service), public safety (police and animal control) and general government activities including administration, finance, communications, cultural, recreation and municipal court.

The City follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

As required by generally accepted accounting principles (GAAP), these financial statements present the City (the primary government) and its component units.

The City organized the Park Meadows Business Improvement District (PMBID) in October 2006 for the purpose of providing public improvements within the boundaries of the operations area of the PMBID as defined by Ordinance approved by City Council. The PMBID will receive a portion of the sales taxes generated by the Park Meadows Mall (see Note 9 & 11) for the purpose of funding such improvements. The PMBID is comprised of five board members appointed by City Council. The PMBID is required to submit an annual operating plan and budget for City Council approval. Due to the fact that the PMBID's governing body is appointed by City Council along with its fiscal dependence of receiving funds from the City, the PMBID is considered to be a component unit of the City but does not meet the definition of an integral part of the primary government. Therefore, the PMBID is included and presented as a discretely presented component unit of the City.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)

The formation of the Lone Tree Business Improvement District (LTBID) was initiated by commercial business owners and approved by the City on September 1, 2015. The LTBID was created to assist with the financing, construction, operation, marketing and maintenance of public improvements and public services intended to maintain and improve the economic performance of business entities located within the LTBID. The LTBID is governed by a Board of Directors who are appointed by, and may be removed by, City Council. The LTBID must submit an annual operating plan and budget for City Council approval by September 30th of each year per State statute. Since the LTBID's governing body is appointed by City Council and the City has the ability to impose its will, the LTBID is considered to be a component unit of the City but does not meet the definition of an integral part of the primary government. Therefore, the LTBID is included and presented as a discretely presented component unit of the City.

The City organized the Lone Tree Arts Center Fund (LTACF) on October 3, 2017 for the purpose of fundraising to benefit the Lone Tree Arts Center. LTACF will be operated by the City and the City may provide operational support to LTACF. The funds raised by LTACF will be granted to the Lone Tree Arts Center on an annual basis. The Mayor, City Manager, and Executive Director of the Lone Tree Arts Center will serve as ex officio directors as long as they serve in that office or capacity. The board of directors will be appointed by the City Council. The initial board terms are staggered in one, two, and three-year terms. Any appointments made after the inaugural board will be for a three-year term. Since the LTACF's governing body is appointed by City Council and the City has its ability to impose its will, the LTACF is considered to be a component unit of the City but does not meet the definition of an integral part of the primary government. Since LTACF was established to exclusively benefit the primary government, LTACF is considered a blended component unit and is reported herein in a special revenue fund.

For additional information on the individual component units or to obtain a copy of their individual reports, please contact the City's Finance Department at 303-708-1818.

The following services are provided to residents of the City, by the following entities, which are not component units of the City:

- Water and sewer services are provided by Southgate Water and Sanitation District and Northern Douglas County Water Sanitation District.
- Fire protection services are provided by South Metro Fire Rescue Authority.
- Parks and recreation services are provided by South Suburban Parks and Recreation District.
- Street construction and landscaping maintenance of right of way are partially provided by Park Meadows Metropolitan District (PMMD).
- Rampart Range Metropolitan Districts 1-9 (RRMD) provide financing for water, sewer, streets, parks and storm drainage in the areas within RRMD, in the City (see Note 11).

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)

- Heritage Hills Metropolitan District (HHMD) provided financing for public infrastructure within HHMD, in the City, and currently provides certain landscaping maintenance.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the City are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements report all of the activities of the primary government and its component units except for the fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by sales taxes and intergovernmental revenues. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of net position reports all financial and capital resources of the primary government and its component units. The difference between the assets and deferred outflows and liabilities and deferred inflows of the City is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property, equipment and infrastructure are shown as increases in assets, and redemption of bonds are recorded as a reduction in liabilities.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within a reasonable period (typically within 60 days) following the end of the current fiscal period. The major sources of revenue susceptible to accrual are sales, use, lodging and admissions taxes. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The Special Revenue Fund – Cultural and Community Services is used to account for revenues and expenditures related to the operations of the Lone Tree Arts Center, as well as other City sponsored events and cultural services. Revenue reported in this fund include all sales at the Lone Tree Arts Center, which include ticket sales and related fees, rental fees, concessions, donations, and grants.

The Debt Service Fund - Arts and Cultural Facilities is used to account for the resources accumulated and payments made for principal and interest on long-term debt related to arts and cultural facilities improvements.

The Debt Service Fund - Park and Recreation Improvements is used to account for the resources accumulated and payments made for the principal and interest on long-term debt related to park and recreational improvements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the State Budget Law, the City Council holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The City Council can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting, unless otherwise indicated. Budgets for all governmental funds are adopted on a basis consistent with GAAP. Unused appropriations lapse at the end of each fiscal year.

During the year ended December 31, 2018, supplementary appropriations approved by the City Council modified the appropriation from \$65,305,752 to \$65,613,245 in the General Fund.

During the year ended December 31, 2018, there were no supplementary budget amendment appropriations approved by the PMBID.

During the year ended December 31, 2018, there were no supplementary budget amendment appropriations for the LTBID.

Pooled Cash and Investments

The City follows the practice of pooling cash and investments of all funds to maximize interest earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments are carried at fair value.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Balances

The City reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements.

Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings and building improvements	3 - 50 years
Equipment	3 - 15 years
Vehicles	5 - 10 years
Infrastructure	10 - 50 years
Intangibles	40 years

Amortization

Original Issue Discount/Premium

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The City has a policy that allows employees to accumulate unused vacation benefits up to certain maximum hours based on years of service. Compensated absences are accrued when incurred in the government-wide financial statements. The City's General Fund is used to liquidate compensated absences of the governmental activities.

Accounts Receivable

No allowance of doubtful accounts have been provided. Bad debts are expensed when deemed uncollectible. Management has evaluated the accounts and believes they are all collectible.

Unearned Revenue

Unearned revenue in the government-wide and the fund financial statements consists of partner contributions for shuttle service operations in 2019 as well as unearned ticket sales for the Lone Tree Arts Center.

Property Taxes

Property taxes are levied by the LT BID's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the LT BID.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first is shown as pension-related amounts that includes items related to the City's portion of the Colorado Fire and Police Pension Association (FPPA), Colorado Public Employees Retirement Association (PERA) and Colorado PERA Health Care Trust Fund (HCTF) benefit plans. This includes the difference between expected and actual experience, any changes of assumptions or other inputs, the net difference between projected and actual investment earnings on pension plan investments, the change in employer allocation percentage, the difference between the actual contributions and proportionate share of total contributions, as well as the amortization related to the difference, and the related contributions subsequent to the measurement date (see Notes 12 and 13).

The second is shown as refunded bonds related amounts that includes the gain or loss from the original bonds as a result of the refunding that will be deferred over the life of the refunded bonds (see Note 7).

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The first is shown as pension-related amounts that includes items related to the City's portion of the Colorado Fire and Police Pension Association (FPPA), Colorado Public Employees Retirement Association (PERA), and Colorado PERA Health Care Trust Fund (HCTF) benefit plans. This includes the difference between expected and actual experience, any changes of assumptions or other inputs, the net difference between projected and actual investment earnings on pension plan investments, the change in employer allocation percentage, the difference between the actual contributions and proportionate share of total contributions, as well as the amortization related to the difference, and the related contributions subsequent to the measurement date (see Notes 12 and 13). The Lone Tree Business Improvement District has one item shown in this category as deferred property tax revenue. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders, grantors, contributors or laws or regulations of other governments), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, City Council. The constraint may be removed or changed only through formal action of City Council. City Council will either pass an ordinance or resolution as the highest level of decision making dependent on the subject matter. An ordinance requires the matter to be added to the City’s municipal code, whereas a resolution does not require this action, but depending on the subject matter, both are equally binding. Additionally, City Council has adopted a Council Adopted Policy to commit fund balance. Resolution #11-25, which establishes that any remaining fund balance related to the Lone Tree Art Center will be committed to be used solely to fund the Lone Tree Art Center.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the City Council to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. City Council has approved an Intergovernmental Agreement with Douglas County for an emergency disaster management reserve, entered into multiple agreements with private-public entities to operate a free shuttle service between certain employers and the light rail station, as well as setting requirements as part of the site improvement application process for park fees in lieu of land dedication. Additionally, City Council has adopted a Council Adopted Policy to assign fund balance. CAP #12-02, the Capital Reserve Policy, establishes reserves for future capital replacement and project needs.

- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above. Additionally, the unassigned fund balance is generally a negative amount, except for in the general fund, which reports a positive unassigned fund balance amount. The negative amount is appropriate in other governmental funds (excluding the general fund) if the expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the City’s policy to use the most restrictive classification first.

New Accounting Pronouncement

Effective for fiscal years beginning after June 15, 2017, the City implemented the provisions of GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*”. This new pronouncement requires the City to record its “proportionate share” of the Other Postemployment Benefit’s (OPEB) net OPEB liability and/or net OPEB asset and related deferred inflows and outflows of resources in the government-wide financial statements.

As a result of implementing GASB Statement No. 75, the City was required to restate the government-wide beginning net position. See Note 20 for additional information regarding this restatement.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2018 are classified in the accompanying financial statements as follows:

	<u>Primary Government</u>	<u>Park Meadows BID Component Unit</u>	<u>Lone Tree BID Component Unit</u>
Statement of net position:			
Cash and investments	\$ 13,241,976	\$ 3,063,652	\$ 204,400
Cash and investments – Restricted	<u>7,273,834</u>	<u>1,275,989</u>	<u>7,519</u>
Total cash and investments	<u>\$ 20,515,810</u>	<u>\$ 4,339,641</u>	<u>\$ 211,919</u>

Cash and investments as of December 31, 2018 consist of the following:

	<u>Primary Government</u>	<u>Park Meadows BID Component Unit</u>	<u>Lone Tree BID Component Unit</u>
Deposits with financial institutions	\$ 7,366,083	\$ 1,767,862	\$ 211,919
Certificates of deposit	-	2,571,779	-
Investments	<u>13,149,727</u>	<u>-</u>	<u>-</u>
Total cash and investments	<u>\$ 20,515,810</u>	<u>\$ 4,339,641</u>	<u>\$ 211,919</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2018 the City's cash deposits had a bank balance of \$7,296,518 and a carrying balance of \$7,361,436. None of the City's deposits are subject to custodial risk since they are deposited in certified eligible public depositories under the PDPA.

As of December 31, 201, LTACF's cash deposits had a bank and carrying balance of \$4,647. LTAC's deposits are entirely covered by FDIC.

As of December 31, 2018, the PMBID's cash deposits, including certificates of deposit, had a bank balance of \$4,368,066 and a carrying balance of \$4,339,641. None of PMBID's deposits are subject to custodial risk since they are deposited in certified eligible public depositories under the PDPA.

As of December 31, 2018, the LTBID's cash deposits had a bank balance of \$184,169 and a carrying balance of \$211,919. The LTBID's deposits are entirely covered by federal depository insurance (FDIC).

Investments

The City has adopted a formal investment policy to establish parameters and guidelines for the efficient management of the City's funds and for the purchase and sale of investments. The City will consolidate the balances from all funds, except those held in trusts or special funds that have a designated purpose, to maximize investment earnings. The City's primary objectives, in priority order, are: a) Safety of Principal, b) Liquidity, and c) Return on Investments. Pursuant to the City's investment policy, investments will have a duration of no longer than five years. Additionally, the City follows state statutes regarding investments.

The City generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the City is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the City Council. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Revenue bonds of local government securities, corporate and bank securities, and guaranteed investment contracts not purchased with bond proceeds, are limited to maturities of three years or less.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- * Local government investment pools

The City implemented GASB Statement No. 72, *Fair Value Measurement and Application*, in 2016 to categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select Series) and money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee).

The City has the following recurring fair value measurements through Colotrust that are valued using the market approach with maturities based on a weighted average under 60 days approach. PMBID and LTBID had no investments as of December 31, 2018. City investments as of December 31, 2018 are as follows:

- City - Local Government Investment Pool of \$13,146,269 are valued using the fair value of the pool's share price multiplied by the number of shares held. (Level 2)

The City does not have recurring fair value measurements as of December 31, 2018, that are valued using quoted prices in active markets for identical assets (Level 1) or significant unobservable inputs (Level 3).

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

LTACF, a Colorado nonprofit corporation, has developed a policy for accepting gifts of securities and stock-related gifts as contributions. It is the organization's policy to liquidate all securities within three business days of receipt.

- As of December 31, 2018, LTACF held securities valued at \$3,458. Subsequent to year end, the securities were liquidated. The securities are valued using quoted prices in active markets for identical assets. (Level 1)

COLOTRUST

The City invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals.

The custodian's internal records segregate investments owned by the Trust. Colostrust is rated AAAM by Standard & Poor's.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 - FUND BALANCE

The specific purposes for each fund balance classification on the balance sheet are detailed in the table below:

	General Fund	Special Revenue Cultural & Community Services	Debt Service Fund - Arts & Cultural Facilities	Debt Service Fund - Park & Recreation Improvements	Nonmajor Fund Special Revenue Fund - Lone Tree Art Center Fund 501(c)3	Total
Fund Balances						
Nonspendable:						
Prepaid Items	\$ 167,676	\$ 81,303	\$ -	\$ -	\$ -	\$ 248,979
	<u>167,676</u>	<u>81,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,979</u>
Restricted for:						
Emergency Reserve (TABOR)	1,029,551	-	-	-	-	1,029,551
Conservation Trust	212,858	-	-	-	-	212,858
Brick Fence Replacement Reserve	986,200	-	-	-	-	986,200
County Line Road Improvements Reserve	403,176	-	-	-	-	403,176
Lone Tree Art Center Programs	-	37,500	-	-	-	37,500
Debt Service	-	-	1,484,582	1,698,526	-	3,183,108
	<u>2,631,785</u>	<u>37,500</u>	<u>1,484,582</u>	<u>1,698,526</u>	<u>-</u>	<u>5,852,393</u>
Committed to:						
Lone Tree Art Center	-	-	-	-	105	105
Assigned to:						
Emergency Disaster Management - County	143,262	-	-	-	-	143,262
Capital Replacement	8,701,328	-	-	-	-	8,701,328
Park Fee in Lieu of Land Dedication	53,230	-	-	-	-	53,230
Lone Tree Link	262,877	-	-	-	-	262,877
Lone Tree Art Center Activities	-	8,775	-	-	-	8,775
Subsequent Year's Expenditures (capital projects)	131,292	-	-	-	-	131,292
	<u>9,291,989</u>	<u>8,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,300,764</u>
Unassigned	<u>4,822,000</u>	<u>(127,578)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,694,422</u>
Total Fund Balance	<u>\$ 16,913,450</u>	<u>\$ -</u>	<u>\$ 1,484,582</u>	<u>\$ 1,698,526</u>	<u>\$ 105</u>	<u>\$ 20,096,663</u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4- FUND BALANCE (CONTINUED)

Nonspendable

The nonspendable fund balance for prepaid items represents payments to vendors that are applicable to a future accounting period and are, therefore, nonspendable resources and unavailable for appropriation.

Restricted

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 19).

Conservation Trust reserve represents funds received from the State of Colorado from lottery proceeds that are restricted by the State Constitution to be spent for parks, recreation and open space purposes.

The brick fence replacement reserve represents funds received by the City as part of a litigation settlement. These funds are to be used exclusively for capital repairs related to the brick fences throughout the City as a requirement of the settlement.

The County Line Road improvements reserve represents funds received by the City from funding partners on this project. These funds are to be used exclusively for future phases of the County Line Road improvements project.

The Lone Tree Arts Center program reserve represents funds received by donors that are restricted to be used for performances, shows and training opportunities.

The debt service restricted balance represents funds to be used for future payment of bond principal, interest and costs related to the Park and Recreation Improvement Bonds and Arts and Cultural Facilities Bonds.

Committed

Funds committed for the Lone Tree Art Center represent funds that have been committed by the Lone Tree City Council to be used solely to fund the Lone Tree Art Center. This policy was established by City Council in Resolution #11-25.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4- FUND BALANCE (CONTINUED)

Assigned

The emergency disaster management reserve has been provided for pursuant to an intergovernmental agreement with Douglas County estimated at 0.02% of the City's assessed value.

Capital replacement represents funds accumulated for future replacement of capital improvements and/or for capital projects.

Park fee in lieu of land dedication represents funds received on development projects that are pledged for future park and recreation projects pursuant to development site improvement applications.

Lone Tree Link funds are related to a public-private partnership the City has formed with institutions, businesses and organizations along the Park Meadows Drive corridor to provide a circulator shuttle bus service between businesses and the light rail station. These funds are assigned to pay for the operations of this service, which is free to riders (see Note 10).

Lone Tree Art Center activities reserve is an accumulation of funds received from donors with no specific restrictions, but is used to help fund Art Center operations.

Subsequent year's expenditures represents the amount appropriated for use in the budget for the year ending December 31, 2019. This classification of expenditures is present when prior-year fund balance is used for expenditures, such as capital projects. For 2019, these expenditures are primarily for capital projects, such as street improvements.

Unassigned

Included in the unassigned amount in the General Fund is the City's working reserve or stabilization fund. This amount was established by City Council in CAP #11-01 to mitigate current and future risks such as revenue shortfalls and unanticipated expenditures as well as to ensure stable tax rates.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 5 - TRANSFERS

The following schedule summarizes the City's transfers for the year ended December 31, 2018:

Transfers Out	Transfer in General Fund	Transfer in Special Revenue Fund - Cultural & Community Services
Debt Service Fund - Arts/Cultural Facilities	\$ 553,239	\$ -
Debt Service Fund - Park/Recreation Facilities	144,206	-
Special Revenue Fund - Lone Tree Art Center Fund 501(c)3	-	8,000
General Fund	-	1,035,653
	<u>\$ 697,445</u>	<u>\$ 1,043,653</u>

The transfer of \$1,035,653 from the General Fund represents the subsidy needed from the General Fund to cover the operational costs of the Lone Tree Arts Center in excess of revenues generated by the Lone Tree Arts Center. The transfer of \$8,000 from the Lone Tree Art Center Fund 501(c)3 represents foundation gifts received during the year that support the Lone Tree Arts Center. The transfer of \$553,239 and \$144,206 from the Debt Service funds to the General Fund represent reimbursement for capital payments that were made out of the General Fund for Arts and Cultural and Parks and Recreation projects.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 follows:

	<u>Balance at December 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance at December 31, 2018</u>
Primary Government					
Capital Assets, Not Being Depreciated:					
Land	\$ 24,513,050	\$ 963,933	\$ -	\$ -	\$ 25,476,983
Construction in Progress	7,424,937	-	(7,424,937)	-	-
Total Capital Assets, Not Being Depreciated	<u>31,937,987</u>	<u>963,933</u>	<u>(7,424,937)</u>	<u>-</u>	<u>25,476,983</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	41,571,781	448,526	-	(557,498)	41,462,809
Equipment	3,620,015	221,647	(10,984)	588,707	4,419,385
Vehicles	1,515,564	180,171	(134,616)	-	1,561,119
Infrastructure	122,892,758	13,280,710	-	(31,209)	136,142,259
Intangibles	1,500,000	-	-	-	1,500,000
Total Capital Assets, Being Depreciated	<u>171,100,118</u>	<u>14,131,054</u>	<u>(145,600)</u>	<u>-</u>	<u>185,085,572</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(8,085,247)	(1,089,606)	-	-	(9,174,853)
Equipment	(2,519,601)	(471,028)	10,448	-	(2,980,181)
Vehicles	(1,028,692)	(154,537)	98,131	-	(1,085,098)
Infrastructure	(67,600,182)	(4,579,502)	-	-	(72,179,684)
Intangibles	(506,250)	(37,500)	-	-	(543,750)
Total Accumulated Depreciation	<u>(79,739,972)</u>	<u>(6,332,173)</u>	<u>108,579</u>	<u>-</u>	<u>(85,963,566)</u>
Total Capital Assets, Being Depreciated, Net	<u>91,360,146</u>	<u>7,798,881</u>	<u>(37,021)</u>	<u>-</u>	<u>99,122,006</u>
Capital Assets, Net	<u>\$ 123,298,133</u>	<u>\$ 8,762,814</u>	<u>\$ (7,461,958)</u>	<u>\$ -</u>	<u>\$ 124,598,989</u>

In 2018, the City had capital asset transfers to properly classify how certain assets within the City were being reported and tracked. These transfers have a net effect of zero on the 2018 financial statements.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	<u>Balance at December 31, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2018</u>
Park Meadows BID Component Unit:				
Capital Assets, Being Depreciated:				
Infrastructure	\$ 20,111,640	\$ 791,667	\$ -	\$ 20,903,307
Total Capital Assets, Being Depreciated	<u>20,111,640</u>	<u>791,667</u>	<u>-</u>	<u>20,903,307</u>
Less Accumulated Depreciation for:				
Infrastructure	(5,228,021)	(1,084,402)	-	(6,312,423)
Total Accumulated Depreciation	<u>(5,228,021)</u>	<u>(1,084,402)</u>	<u>-</u>	<u>(6,312,423)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,883,619</u>	<u>(292,735)</u>	<u>-</u>	<u>14,590,884</u>
Capital Assets, Net	<u>\$ 14,883,619</u>	<u>\$ (292,735)</u>	<u>\$ -</u>	<u>\$ 14,590,884</u>

Depreciation expense for 2018 was charged to the following functions/programs:

	<u>Governmental Activities</u>	<u>Park Meadows BID Component Unit</u>
General government	\$ 519,160	\$ 1,084,402
Municipal court	10,070	-
Community development	37,900	-
Public works	4,657,773	-
Police department	436,779	-
Arts and cultural	<u>670,491</u>	<u>-</u>
Total depreciation expense	<u>\$ 6,332,173</u>	<u>\$ 1,084,402</u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 7 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the City's long-term obligations for the year ended December 31, 2018:

	<u>Balance at December 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2018</u>	<u>Due Within One Year</u>
Governmental					
Activities					
Sales and Use Tax					
Revenue Bonds -					
Series 2008A	\$ 805,000	-	\$ 805,000	-	-
Sales and Use Tax					
Revenue Refunding					
Bonds - Series 2017A	4,805,000	-	-	4,805,000	855,000
Unamortized					
premium on					
Series 2017A					
Bonds	537,348	-	119,343	418,005	119,343
Sales and Use Tax					
Revenue Bonds-					
Series 2009	2,550,000	-	1,225,000	1,325,000	1,325,000
Sales and Use Tax					
Revenue Refunding					
Bonds - Series 2017B	6,200,000	-	-	6,200,000	-
Unamortized					
premium on					
Series 2017B					
Bonds	608,820	-	133,499	475,321	133,499
Southeast Light					
Rail Extension	10,333,334	-	10,333,334	-	-
Compensated					
Absences	896,470	197,620	114,765	979,325	133,906
	<u>\$ 26,735,972</u>	<u>\$ 197,620</u>	<u>\$ 12,730,941</u>	<u>\$ 14,202,651</u>	<u>\$ 2,566,748</u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

	Balance at December 31, 2017	Additions	Reductions	Balance at December 31, 2018	Due Within One Year
Park Meadows BID					
Component Unit					
Shared Sales Tax Revenue Refunding Loan Series 2017A	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000	-
Shared Sales Tax Revenue Refunding Loan Series 2017B	2,440,000	-	731,789	1,708,211	751,343
	<u>\$ 12,440,000</u>	<u>\$ -</u>	<u>\$ 731,789</u>	<u>\$ 11,708,211</u>	<u>\$ 751,343</u>

Authorized Debt

On May 6, 2008, a majority of the qualified electors of the City authorized the issuance of indebtedness in an amount not to exceed \$18,500,000 and \$12,500,000, for sales and use tax revenue bonds for funding capital improvements for cultural facilities and park and recreation, respectively. The voters also authorized a temporary sales and use tax rate increase of .1875% for arts and cultural facilities and .125% for park and recreation improvements effective July 1, 2008 through December 31, 2023 or until the full payment of such debt if occurring earlier. In 2017, the City refunded these bonds acquiring a lower interest rate, while maintaining the bond terms, which resulted in a savings over the life of the bonds. At December 31, 2018, the City had authorized but unissued bond indebtedness in the following amounts allocated for the following purposes:

	Amount Authorized 2008	Amount Used Series 2008A	Amount Used Series 2009	Amount Unused (Stale)	Remaining Authorization
Arts and cultural facilities	\$ 18,500,000	\$ -	\$ 16,880,000	\$ (1,620,000)	\$ -
Park and recreation improvements	12,500,000	11,000,000	-	(1,500,000)	-
	<u>\$ 31,000,000</u>	<u>\$ 11,000,000</u>	<u>\$ 16,880,000</u>	<u>\$ (3,120,000)</u>	<u>\$ -</u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

Pursuant to recommendation from Bond Counsel in 2017 the remaining authorized amounts became stale on December 31, 2017 due to the length of time that has passed since the election and the issuance of the bonds.

Additionally, the PMBID held an election on November 7, 2006 where eligible voters of the PMBID authorized the issuance of \$135,000,000 of indebtedness payable from ad valorem property taxes or other legally available revenues of the PMBID for capital expenditures related to street, park and recreation, utility lines, transportation, and television relay improvements. As of December 31, 2018, the PMBID has \$118,690,000 in authorized, but unissued indebtedness for capital purposes.

The detail of the City's long-term obligations are as follows:

Series 2008A, \$11,000,000 Sales and Use Tax Revenue Bonds, dated November 19, 2008 (2008A Bonds). On November 19, 2008, the City issued \$11,000,000 in Sales and Use Tax Revenue Bonds for park and recreation projects. The proceeds of the 2008A Bonds were used to acquire and develop park and recreation facilities within the City and pay for the costs of issuing the 2008A Bonds. The 2008A Bonds are due annually in various amounts beginning December 1, 2010 through December 1, 2023 with interest from 3.50% to 5.25%, payable semiannually on June 1 and December 1.

The 2008A Bonds maturing on or before December 1, 2018 are not subject to redemption prior to maturity. The 2008A Bonds maturing on or after December 1, 2019 are subject to redemption prior to maturity at the option of the City with no redemption premium. The principal and interest on the 2008A Bonds is payable solely from and secured by an irrevocable pledge of the 2008A pledged revenues which primarily consist of the revenues derived from the City's recreation sales and use tax imposed at a rate equal to 0.125%. The recreation sales tax went into effect on July 1, 2008 and will end on December 1, 2023. In 2017, the City refunded the portion of the 2008A bonds that were subject to redemption prior to maturity to reduce the interest rate being paid. The total debt service savings for the 2008A bonds as a result of the refunding is approximately \$441,500, while the present value savings from cash flow is approximately \$415,000. See below for further details on the refunded bonds, Series 2017A. As of December 31, 2018, the Series 2008A Bonds were paid in full.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

Series 2009, \$16,880,000 Sales and Use Tax Revenue Bonds, dated August 11, 2009 (2009 Bonds). On August 11, 2009, the City issued \$16,880,000 in Sales and Use Tax Revenue Bonds for arts and cultural facilities projects. The proceeds of the 2009 Bonds will be used to design and construct the Lone Tree Arts Center and pay for the costs of issuing the 2009 Bonds. The 2009 Bonds are due annually in various amounts beginning December 1, 2009 through December 1, 2023 with interest from 2.50% to 4.25%, payable semiannually on June 1 and December 1.

The 2009 Bonds maturing on or before December 1, 2019 are not subject to redemption prior to maturity. The 2009 Bonds maturing on or after December 1, 2020 are subject to redemption prior to maturity at the option of the City with no redemption premium. The principal and interest on the 2009 Bonds is payable solely from and secured by an irrevocable pledge of the 2009 pledged revenues which primarily consist of the revenues derived from the City's cultural sales and use tax imposed at a rate equal to 0.1875%. The cultural sales tax went into effect on July 1, 2008 and will end on December 1, 2023. In 2017, the City refunded the portion of the 2009 bonds that were subject to redemption prior to maturity to reduce the interest rate being paid. The total debt service savings for the 2009 bonds because of the refunding is approximately \$278,500, while the present value savings from cash flow is approximately \$259,000. See below for further details on the refunded bonds, Series 2017B.

Series 2017A, \$4,805,000 Sales and Use Tax Revenue Refunding Bonds, dated May 24, 2017 (2017A Bonds). On May 24, 2017, the City issued \$4,805,000 in Sales and Use Tax Revenue Refunding Bonds at interest rates ranging from 2.00% to 5.00% to refund a portion of the outstanding Sales and Use Tax Revenue Bonds, Series 2008A, whose purpose was to finance the construction of several park and recreation improvements including, the Cook Creek pool and tennis court facility and playground at the Lone Tree Golf Club, as well as a portion of Prairie Sky Park. The purpose of the 2017 refunding was to reduce the interest rate paid on the 2008A Bonds. The terms of the bonds will remain the same with a payoff date of December 1, 2023.

Series 2017B, \$6,200,000 Sales and Use Tax Revenue Refunding Bonds, dated May 24, 2017 (2017B Bonds). On May 24, 2017, the City issued \$6,200,000 in Sales and Use Tax Revenue Refunding Bonds at interest rates ranging from 3.00% to 4.00% to refund a portion of the outstanding Sales and Use Tax Revenue Bonds, Series 2009 whose original purpose was to finance the construction of the Lone Tree Arts Center. The purpose of the 2017 refunding was to reduce the interest rate paid on the 2009 Bonds. The terms of the bonds will remain the same with a payoff date of December 1, 2023.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

The detail of the Park Meadows Business Improvement District's long-term obligation are as follows:

Series 2017A, \$10,000,000 Shared Sales Tax Revenue Refunding Loan, dated December 1, 2017 (2017A Loan). On December 1, 2017 PMBID issued \$10,000,000 in its Shared Sales Tax Revenue Refunding Loan. The proceeds of the 2017A Loan were used to redeem a portion of the 2007 Bonds, fund a reserve account, and pay for the costs of issuing the 2017A Loan. The 2017A Loan principal is due monthly in various amounts beginning March 1, 2021 through December 1, 2031, with interest at 3.02%, payable monthly beginning January 1, 2018.

The 2017A Loan may be prepaid on or after December 1, 2022 at the option of PMBID, with no prepayment penalty or fee. The principal and interest on the 2017A Loan is payable solely from and secured by an irrevocable pledge of the pledged revenues, which primarily consist of the revenues derived from PMBID's shared sales tax with the City imposed at a rate equal to 1.8125%.

Series 2017B, \$2,440,000 Shared Sales Tax Revenue Refunding Loan, dated December 1, 2017 (2017B Loan). On December 1, 2017 PMBID issued \$2,440,000 in its Shared Sales Tax Revenue Refunding Loan. The proceeds of the 2017B Loan were used to redeem a portion of the 2007 Bonds, fund a reserve account, and pay for the costs of issuing the 2017B Loan. The 2017B Loan principal is due monthly in various amounts beginning January 1, 2018 through March 1, 2021, with interest at 2.64%, payable monthly beginning January 1, 2018.

The 2017B Loan may not be prepaid prior to maturity. The principal and interest on the 2017B Loan is payable solely from and secured by an irrevocable pledge of the pledged revenues, which primarily consist of the revenues derived from PMBID's shared sales tax with the City imposed at a rate equal to 1.8125%.

The District is subject to various covenants as agreed to in the Loan Agreement for the 2017A and 2017B Loans. The City is required to pledge 50% of the taxes collected in the PMBID area pursuant to the annexation agreement (see Note 11); however, the City is not ultimately responsible for the payment of the loans.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

Southeast Light Rail Extension Project

During 2015, the City entered into multiple agreements related to the funding of the Southeast Light Rail Extension project, which will add three additional stops, approximately 2.3 miles of additional trackage, and associated infrastructure. The master agreement, which was entered into on October 7, 2015 between the City and the Regional Transportation District (RTD) assumes a local match from the City totaling a \$25 million cash contribution. Construction on this project began in 2016 and is projected to be completed during 2019.

The City's local match to RTD is not contingent upon payment from the other entities, however the City executed agreements with the other entities in 2015, prior to the finalization of the master agreement with RTD. The City agrees to pay RTD in three total annual payments of \$6,333,333 in 2016, \$8,333,333 in 2017, and \$10,333,334 in 2018. Each annual payment will be made in two equal installments, the first of which will be made on May 2 and the second of which will be made on November 1, of each year an annual payment is due.

In addition to the agreement with RTD, the City entered into cost sharing agreements with Douglas County, the Southeast Public Improvement Metropolitan District (SPIMD), and the Rampart Range Metropolitan District (RRMD). Contributions from each entity are as follows:

- City - \$7,332,500
- Douglas County - \$7,335,000
- RRMD - \$7,332,500
- SPIMD - \$3,000,000

During 2018, RTD notified the City that an additional grant was received by RTD for the project that would reduce the local match commitment. The grant amount of \$1,928,000 was applied to the invoice received by the City from RTD in 2018. Pursuant to the agreements with the various funding partners, the proportionate share of the grant was reimbursed to SPIMD, the proportionate share for RRMD was applied to their last payment to the City and the proportionate share for the City and the County were retained by the City for future capital project funding.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 8 - NET POSITION

The City has net position consisting of three components - net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2018, the City had net investment in capital assets of \$111,992,008 calculated as follows:

Primary Government	<u>Governmental Activities</u>
Net investment in capital assets:	
Capital assets, net	\$ 124,598,989
Deferred outflow on refunded bonds	616,345
Current portion of long-term obligations	(2,180,000)
Noncurrent portion of long-term obligations	(10,150,000)
Bond refunding premium (net of accumulated amortization)	<u>(893,326)</u>
Net investment in capital assets	<u>\$ 111,992,008</u>

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The City had restricted net position of \$5,852,393 as of December 31, 2018 as follows:

Primary Government	<u>Governmental Activities</u>
Restricted net position:	
Emergency reserve (see Note 19)	\$ 1,029,551
Conservation Trust	212,858
Brick Fence Replacement	986,200
County Line Road Improvements Reserve	403,176
Lone Tree Art Center Programs	37,500
Debt service (see Note 7)	<u>3,183,108</u>
	<u>\$ 5,852,393</u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 8 – NET POSITION (CONTINUED)

The unrestricted component of net position as of December 31, 2018 totaled \$7,798,676.

The detail of the Park Meadows Business Improvement District’s (PMBID) net position is as follows:

PMBID’s net position consists of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2018, PMBID had net investment in capital assets calculated as follows:

Park Meadows BID

	<u>Governmental Activities</u>
Net investment in capital assets:	
Capital assets, net	\$ 14,590,884
Current portion of long-term obligations	(751,343)
Noncurrent portion of long-term obligations	<u>(10,956,868)</u>
Net investment in capital assets	<u><u>\$ 2,882,673</u></u>

The restricted component of net position includes assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position of \$1,275,989 as of December 31, 2018 as follows:

Park Meadows BID

	<u>Governmental Activities</u>
Restricted net position:	
Emergency reserve	\$ 178,800
Debt service (see Note 7)	<u>1,097,189</u>
	<u><u>\$ 1,275,989</u></u>

PMBID’s unrestricted net position as of December 31, 2018 totaled \$4,307,855.

The Lone Tree Business Improvement District (LTBID) has net position consisting of two components – restricted and unrestricted.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 8 – NET POSITION (CONTINUED)

Restricted net position includes assets that are restricted for use either externally imposed by auditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2018, as follows:

Lone Tree BID	<u>Governmental Activities</u>
Restricted net position:	
Emergency reserve	\$ <u>7,519</u>

LTBID’s unrestricted net position as of December 31, 2018, totaled \$178,755.

NOTE 9 – TAX ABATEMENTS

In accordance with GASB Statement No. 77, the City has disclosed all agreements entered into with other entities that involve sales tax abatements. Due to the limited amount of abatement instances that the City is a part of, no quantitative threshold was set and all agreements were included. The terms of the agreements and payment amounts as of December 31, 2018 are detailed as follows:

Retailer A is to be paid a total of \$750,000, at a minimum, in ten equal installments of \$75,000 beginning in 2011 on condition that Retailer A leases and continually occupies and conducts retail operations at the current location within the City. The payments made pursuant to the agreement are subject to annual appropriation. This agreement was put in place to retain Retailer A in the City to help preserve the City’s sales tax revenue and has a termination date of September 30, 2021. As of December 31, 2018, Retailer A has been paid \$600,000 with a remaining amount committed of \$150,000.

Retailer B is to be paid a total of \$7,200,000. \$2,200,000 will be due from the City upon the issuance of a certificate of occupancy. Additionally, once Retailer B opens, the City will remit an amount equal to 65% of the revenues collected by the City from taxable transactions occurring on the property during the first three years of the revenue sharing period and 50% during the remainder of the revenue sharing period. The revenue sharing period will be fifteen years from the effective date of May 17, 2012 or until the revenue cap of \$5,000,000 is achieved. Furthermore, the City also agrees to rebate 100% of any and all applicable use taxes collected on building and construction materials used for construction of the site improvements and public improvements at the time the initial certificate of occupancy is issued by the City. Such use tax rebates will not be credited against the revenue cap but shall be in addition thereto. The agreement with Retailer B was put in place to help bring in a new tourist retail location to drive economic development and future tax revenues in the City. As of December 31, 2018, Retailer B has been paid \$5,108,266 with a remaining amount committed of \$2,091,734.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 9 – TAX ABATEMENTS (CONTINUED)

Service Provider B shall be reimbursed 100% of all sales and use tax payments imposed or collected by the City on building and construction materials purchased for use in construction or imposed or collected on machinery, equipment, furniture, fixtures, supplies and all other tangible personal property or taxable services purchased for use on the property for 10 years effective from February 7, 2012 to February 7, 2022. As of December 31, 2018, no payments have been made to Service Provider B.

Service Provider C shall be reimbursed 75% of all sales and use tax payments imposed or collected by the City on building and construction materials and building permit and review fees purchased for use in construction or imposed or collected on furniture, fixtures, and equipment for use on the property for 5 years effective from May 21, 2013 to May 21, 2018. Additionally, the City agrees to apply the State of Colorado’s definition of “taxable software” when determining sales and use taxes under the Municipal Code. Service Provider C shall provide an accounts payable listing by project number to verify, to the sole reasonable satisfaction of the City, that the building permit fees, review fees, sales taxes, and use taxes paid by Lessee were for expenditures directly associated with the Property. As of December 31, 2018, \$732 has been remitted to Service Provider C.

Pursuant to the First Amendment to the Annexation and Development Agreement, during the period commencing on January 1, 2014 and ending on December 31, 2032 the City will share with Rampart Range Metropolitan District No.1 (RRMD No.1) all sales tax, lodging tax, admissions tax or use tax collected on taxable transactions occurring within the west side property, without deduction whatsoever other than the deduction of all amounts that the City is required to rebate to Retailer B (discussed above) pursuant to the existing Retailer B Incentive Agreement and MOU. The sales tax shareback was originally created for the purpose of providing certain public improvements and services to and for the benefit of the property located within the boundaries of the special districts contemplated in the service plan that governs RRMD No.1 and that is located within the boundaries of the City as a result of the annexation contemplated and authorized by the Annexation Agreement.

The shareback per this agreement is as follows:

- 45% to RRMD No.1 from January 1, 2014 to December 31, 2018
- 25% to RRMD No.1 from January 1, 2019 to December 31, 2023
- 15% to RRMD No.1 from January 1, 2024 to December 31, 2028
- 10% to RRMD No.1 from January 1, 2029 to December 31, 2032

The City shall make payment to RRMD No.1 in each calendar quarter within sixty (60) days after the end of each calendar quarter. In 2018, the amount paid to RRMD No.1 pursuant to the First Amendment to the Annexation and Development Shareback Agreement totaled \$1,588,261.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 9 – TAX ABATEMENTS (CONTINUED)

Pursuant to the agreement between the City and the owner of the Park Meadows Town Center, commencing on January 1, 2007 and continuing for twenty-five years from the commencement date, the City will distribute 50% of sales tax collections received from the annexed property to the created Park Meadows Business Improvement District (PMBID). Sales tax is considered any sales tax, lodging tax, admissions tax or use tax imposed by the City or on its behalf which is imposed upon taxable transactions occurring with respect to, or the taxable exercise of any privilege on or with respect to the Park Meadows Town Center, specifically excluding ad valorem property taxes. The term of the agreement will automatically be extended for an additional five year period if the sales tax collected in 2027 is more than the sales tax collections in the first full sales tax collection year (referred to as the base year) which begins after the first to occur: i) annexation by the City of all of the anchor retail stores and substantial completion of the “Lifestyle Extension” or ii) December 31, 2009. This sales tax shareback was a negotiated component of the annexation agreement which has contributed to the economic growth of the City and has increased tax revenues.

The City shall make payment to the PMBID in a lump sum due not more than sixty (60) days following the close of each month, provided that such payments may be made at greater intervals, not to exceed one year. In 2018, the amount paid to PMBID totaled \$5,420,242.

NOTE 10 - INTERGOVERNMENTAL AGREEMENTS

The City continues to leverage partnerships for cost effective ways to provide City services as well as continue to invest in capital infrastructure throughout the City. Substantial intergovernmental agreements are highlighted below.

Dispatch Services

The City has entered into an intergovernmental agreement with the Town of Parker to provide dispatch services within the City’s boundaries commencing January 1, 2006. In 2018, the City and Town of Parker entered into the second replacement intergovernmental agreement for services provided. The initial term of the agreement is from January 1, 2019 through December 31, 2019. Thereafter, the agreement shall automatically renew for five subsequent one year terms, unless terminated. The agreement outlines that the Parker Police Department will provide twenty-four hour, seven days per week, public safety dispatch services to the Lone Tree Police Department at the Dispatch Center. All Dispatch Center personnel are employees of the Town of Parker and are subject to their policies and operating procedures. The costs will be allocated initially based on the allocated calls for service at 38% in 2019 and will be adjusted annually. Additionally, a monthly administrative fee of 10% of the allocated costs will be included, not to exceed \$75,000 in any given year.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 10 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Evidence Storage and Crime Scene Investigation

The City has entered into an intergovernmental agreement with the Town of Parker to provide services related to crime scene investigation and evidence storage beginning on January 1, 2013 through December 31, 2013 automatically renewing for five subsequent one year terms unless terminated by either party. As noted above, in 2018, the City and Town of Parker entered into the second replacement intergovernmental agreement for services provided. The agreement outlines that the Parker Police Department will provide evidence storage and twenty-four hour, seven days per week, crime scene response services on an on-call basis to the Lone Tree Police Department. Specifically, those services include crime scene processing which entails responding to crime scenes in the City to process evidence, respond to impound lots to process vehicles held for evidence and lab processing of evidence to discover and preserve fingerprints and tool impressions. Evidence storage includes tracking and managing all physical evidence for the Lone Tree Police Department through bar-coded evidence analysis statistics and tracking, picking up and transporting evidence from Lone Tree Police Department to Parker Police Department as-needed, store, track, inventory and audit evidence stored for Lone Tree Police Department and transporting evidence for submission to area labs for analysis on at least a monthly basis. The costs will be allocated initially 50/50 for evidence storage costs in 2019 and will be adjusted annually. Additionally, a monthly administrative fee of 10% of the allocated costs will be included, not to exceed \$20,000 in any given year. Crime scene services will be invoiced on an hourly basis when requested.

Total estimated costs per these agreements in 2019 is approximately \$811,500.

Lone Tree Link Shuttle Service

During 2014, the City entered into multiple agreements as part of a public-private partnership related to the Lone Tree Shuttle Bus Project or the Lone Tree Link (Link). This project was initiated because Park Meadows Drive is a major travel corridor in the City, connecting the Lincoln Light Rail Station with major institutions and businesses that provide work for thousands of employees. This service gives residents, visitors, shoppers and employees the ability to access these institutions and businesses by means of a shuttle bus service and provides better transportation to jobs and amenities throughout the corridor and reduces the dependency on the single occupant automobile, facilitates the movement of traffic and minimizes traffic congestion in the shuttle area. The private businesses consisting of Sky Ridge Medical Center, Charles Schwab, Lone Tree Restaurant Investment, LLC, GC Net Lease Investors, LLC and BGP Parkridge, LLC, entered into license agreements to allow the Link access to their properties. In addition to the circular service provided on Park Meadows Drive, in 2017 and 2018 the service was expanded with one shuttle being an on-demand service through a partnership with Uber. The on-demand service allows people to use the shuttle between any destinations within the City limits.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 10 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

For the fifth year of service, Sky Ridge Medical Center, OmniPark Metropolitan District, and Charles Schwab continued to be funding partners contributing \$50,000, \$50,000 and \$62,500, respectively, for the 2018-2019 partial operation year, which runs from September 2018 to March 2019 due to the opening of the Southeast Light Rail Extension in 2019. Additionally, an intergovernmental agreement was entered into with the Southeast Public Improvement Metropolitan District (SPIMD), which includes funding support of \$50,000 for the 2018-2019 operation year. The City also contributed \$250,000 in 2018 for the 2018-2019 operation year and is responsible for overseeing the operations of the Link. The circular service will be discontinued in the spring of 2019 due to the opening of the Southeast Light Rail Extension.

NOTE 11 - COMMITMENTS

RidgeGate

During 2000, City voters approved the annexation of approximately 3,500 acres identified as RidgeGate. Subsequent to the original 2001 Annexation Agreement, two amendments have been approved, one for the West Side property and one for the East Side property, replacing the original agreement in totality as described below.

First Amendment to the Annexation and Development Agreement (West Side Property)

On December 16, 2014, the City Council approved the First Amendment to the Annexation and Development Agreement (Amendment) between the City and RidgeGate Investments, Inc. (RidgeGate), which is effective January 1, 2015. Simultaneously with the execution of this Amendment, RidgeGate, the City and Rampart Range Metropolitan District No. 1 (RRMD No.1) entered into an agreement (the West Side Agreement) regarding dedication, acceptance and maintenance of public improvements on the portion of the property located on the west side of I-25, and the sharing of sales tax revenues generated from transactions occurring within the west side property. This amendment replaces the 2001 Annexation Agreement and 2001 Sales Tax Sharing Agreement (the 2001 Agreements) for the west side of the property only. The 2001 Agreements were still in place for the property east of I-25 until the 2017 amendment as described below. The two significant changes in the Amendment include the acceptance of streets and sales tax sharing.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 11 – COMMITMENTS (CONTINUED)

Concurrent with the execution of the Amendment, RRMD No.1 dedicated to the City for perpetual ownership, repair, replacement, operation and maintenance, all streets, sidewalks, street and pedestrian lighting, safety protection and all appurtenant facilities as detailed in Exhibit A of the Amendment. In 2015, the amount added to the City's financials for these assets totaled \$15,357,820. The City will maintain these assets to the same standard as elsewhere in the City. Additionally, the City agreed that it would also accept all streets, sidewalks, street and pedestrian lighting, and all appurtenant facilities constructed or installed in the future on the west side property in accordance with the subdivision improvement standards and procedures adopted by the City at such time of dedication. RRMD No.1 remains responsible for maintenance, operations, repair and replacement of all other public improvements constructed, retained and owned by RRMD No.1 which may include but are not limited to certain park and recreation, drainage, and parking facilities. In order to offset costs incurred by the City in connection with the City's maintenance and operation of the improvements accepted by the City during 2015 through 2019, RRMD No.1 will make five annual payments of \$250,000 each on or before July 1 of each such five years, subject to annual appropriation. Additionally, Rampart Range Metropolitan District Nos. 2 and 7 also agree commencing in the tax collection year 2024, to impose an additional operational mill levy in the amount of one (1) mill that will be paid to the City and used by the City for maintenance and repair of the existing and future streets and sidewalk improvements.

Pursuant to the Amendment, during the period commencing on January 1, 2014 and ending on December 31, 2032, all sales tax, lodging tax, admissions tax or use tax collected by the City on taxable transactions occurring within the west side property, without deduction whatsoever other than the deduction of all amounts that the City is required to rebate pursuant to an existing retailer Incentive Agreement and MOU, shall be shared between the City and RRMD No.1 as follows:

- 45% to RRMD No.1 from January 1, 2014 to December 31, 2018
- 25% to RRMD No.1 from January 1, 2019 to December 31, 2023
- 15% to RRMD No.1 from January 1, 2024 to December 31, 2028
- 10% to RRMD No.1 from January 1, 2029 to December 31, 2032

The first payment shall be made no later than July 31, 2015 for the fiscal year 2014, together with payment for the first calendar quarter of 2015. Thereafter, the City shall make payment to the District in each calendar quarter within sixty (60) days after the end of each calendar quarter.

In 2018, the amount paid to RRMD No.1 pursuant to the First Amendment to the Annexation and Development Shareback Agreement totaled \$1,588,261.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 11 – COMMITMENTS (CONTINUED)

Amended and Restated Annexation and Development Agreement (East Side Property)

On November 21, 2017, the City Council approved the Amended and Restated Annexation and Development Agreement with Respect to the East Side Property (East Side Agreement) between the City and RidgeGate Investments, Inc. (RidgeGate). The East Side Agreement was approved with certain conditions precedent that have all been met as of March 31, 2018. The East Side Agreement outlines various terms including land dedication, vesting rights, attainable housing requirements, and the possible inclusion into the South Suburban Parks and Recreation District occurring within the east side property and is effective until December 31, 2055. This East Side Agreement amends and restates the 2001 Annexation Agreement, with respect to the east side property only. Additionally, the East Side Agreement terminates the 2001 Sales Tax Sharing Agreement and other than the revenue pledged in the Pledge Agreement described below, there shall be no other revenue sharing between the City and RidgeGate for the east side property. Due to the East Side Agreement, the 2001 Annexation Agreement is no longer in place for any part of RidgeGate.

On November 7, 2017, the City Council approved the Mill Levy Pledge Agreement (Pledge Agreement) between the City and Rampart Range Metropolitan District No. 4 (RRMD No. 4). The Pledge Agreement was approved with certain conditions precedent that have all been met as of April 19, 2018. Pursuant to the Pledge Agreement, the City will receive an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of RRMD No. 4 in the amount of eight mills, less the amount of the then-applicable City property tax levy, if any (Contractual Debt Levy). The Contractual Debt Levy shall never be less than two mills. The Contractual Debt Levy term commences in tax certification year 2023 (for collection and remittance in 2024) through and including tax certification year 2054 (for collection and remittance in 2055). For the portion of the Contractual Debt Levy term commencing in tax certification year 2055 (for collection and remittance in 2056) and continuing thereafter until this Pledge Agreement is terminated, an ad valorem mill levy imposed upon all taxable property of RRMD No. 4 each year in the amount of two mills.

If the ratio of valuation for assessment of residential real property is changed after the effective date of this Pledge Agreement, pursuant to Article X, Section 3 of the Colorado Constitution (the “Gallagher Amendment”), the mills levied by RRMD No. 4 pursuant to the Contractual Debt Levy shall be increased or decreased to reflect such change so that, to the extent possible, the actual tax revenues generated by the Contractual Debt Levy, as adjusted, are neither diminished nor enhanced as a result of such changes in ratio of valuation for assessment of residential property; provided that in no event shall the Contractual Debt Levy exceed fifty mills (without adjustment) or be less than two mills (without adjustment). Increases or decreases to the Contractual Debt Levy shall be determined by RRMD No. 4 in good faith and shall be binding and final. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation of residential property shall be deemed to be a change in the method of calculation of assessed valuation.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 11 – COMMITMENTS (CONTINUED)

In exchange for the City’s agreement to provide public services in accordance with the Pledge Agreement, RRMD No. 4 shall levy the Contractual Mill Levy. For avoidance of doubt, the Contractual Debt Levy shall never be less than two mills, subject to adjustment. RRMD No. 4 covenants to lawfully budget and certify annually the Contractual Debt Levy and to appropriate the revenue therefrom and to pay the Contractual Debt Levy obligation to the City no less frequently than quarterly upon receipt of the Contractual Debt Levy revenue, beginning with the calendar quarter ending March 31, 2024.

Park Meadows Mall

During 2006, City Council approved the annexation of the retail shopping property identified as Park Meadows Town Center effective January 1, 2007. The City entered into an agreement with the owner and organized a business improvement district named the Park Meadows Business Improvement District (PMBID). Pursuant to the agreement, commencing January 1, 2007 and continuing for twenty-five years from the commencement date, the City will distribute 50% of sales tax collections received from the annexed property to the PMBID. The term of the agreement will automatically be extended for an additional five year period if the sales tax collected in 2027 is more than the sales tax collections in the first full sales tax collection year (referred to as the base year) which begins after the first to occur: i) annexation by the City of all of the anchor retail stores and substantial completion of the “Lifestyle Extension” or ii) December 31, 2009.

The owner of the retail shopping property has the option to annually notify the City and the PMBID in writing of the amount due by the owners for property taxes certified by the Park Meadows Metropolitan District against the annexed portion of the property within the City for the previous year. Within 60 days of such notice the City shall pay from the sales tax revenue 50% of the stated amount (the Reimbursement). This payment is in addition to the Sales Tax Disbursement.

Construction Commitments

As of December 31, 2018, the City does not have any unexpended construction related contract commitments.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)

Plan Description

The City contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. All full-time, paid police officers of the City are members of the Statewide Defined Benefit Plan. The cost to administer the plan is financed through the contributions and investment earnings of the plan. Colorado Statutes assign the authority to establish benefit provisions to the state legislature.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Statewide Defined Benefit Plan, the Statewide Money Purchase Plan and the Statewide Death and Disability Plan. That report may be obtained by calling FPPA at 303-770-3772 in the Denver Metro area and 1-800-332-FPPA (3772) from outside the metro area or can be obtained at www.fppaco.org.

Pension Benefits

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

**CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

**NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)
(CONTINUED)**

Contributions

The Statewide Defined Benefit Plan (Plan) sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for this Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership.

Members of this Plan and their employers are contributing at the rate of 10 and 8 percent of base salary for a total contribution rate of 18 percent through 2018. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions to the Plan from the City were \$317,519 for the year ended December 31, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the City reported an asset of \$966,061 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At December 31, 2017, the City's proportion was 0.672 percent, which was a decrease of 0.004 percent from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of (\$696,013).

Pension expense for 2018 was charged to the following functions/programs:

	Governmental
	<u>Activities</u>
Police Department	\$ (696,013)
Total pension expense	<u>\$ (696,013)</u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)
(CONTINUED)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning Deferral Amounts as of prior measurement date, December 31, 2016	\$ 1,418,523	\$ -
Differences between actual and expected experience	478,738	(1,708)
Changes in assumptions	(21,173)	-
Net difference between actual and projected earnings on pension plan investments	(658,811)	328,011
Changes in proportion and differences between City contributions and proportionate share of contributions	(299,601)	4,492
City contributions subsequent to the measurement date	317,519	-
Total	\$ 1,235,195	\$ 330,795

\$317,519 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Amounts Reported as Deferred Outflows and Deferred Inflows of Resources Recognized in Pension Expense
2019	\$ 125,302
2020	110,364
2021	(29,052)
2022	(80,755)
2023	113,468
Thereafter	347,554
Total	\$ 586,881

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)
(CONTINUED)

Actuarial Assumptions

The actuarial valuations for the Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2017. The valuations used the following actuarial assumption and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term Investment Rate of Return	7.5 percent, compounded annually net of operating expenses, and including inflation
Projected Salary Increases	4.0 – 14.0 percent
Cost of Living Adjustment	0.0 percent
Inflation	2.5 percent

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	8.33%
Equity Long/Short	9%	7.15%
Illiquid Alternatives	24%	9.70%
Fixed Income	15%	3.00%
Absolute Return	9%	6.46%
Managed Futures	4%	6.85%
Cash	2%	2.26%
Total	100%	

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)
(CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2017, are summarized in the above table.

Discount Rate

The discount rate used to measure the total pension asset was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity of the Department’s proportionate share of the net pension liability / (asset) to changes in the discount rate

The following presents the City’s proportionate share of the net pension asset calculated using the discount rate of 7.50 percent, as well as what the City’s proportionate share of the net pension liability / (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
City’s proportionate share of the net pension liability/(asset)	\$ 1,051,753	\$ (966,061)	\$ (2,641,597)

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the FPPA’s comprehensive annual report which can be obtained at <http://www.fppaco.org/annual-reports.html>.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)
(CONTINUED)

Defined Contribution Pension Plans

Voluntary Investment Program

Plan Description

Employees of the City that are also members of the Statewide Defined Benefit Plan may voluntarily contribute to the IRC Deferred Compensation Plan, created under Internal Revenue Code Section 457 defined contribution plan administered by FPPA. This Deferred Compensation Plan collects amounts deferred by participants of affiliated employers. The assets are held in trust for the exclusive benefit of participants. The plan allows the members to defer a portion of their salary until future years.

Other Post-Employment Benefits

Statewide Death and Disability Plan

Plan Description

The Statewide Death and Disability Plan (Plan) is a cost-sharing multiple-employer defined benefit death and disability plan covering full-time employees of substantially all fire and police departments in Colorado. As of August 1, 2003, the Plan may include part-time police and fire employees; however the City does not currently have any part-time police employees. Contributions to the Plan are used solely for the payment of death and disability benefits. The Plan assets are included in the Fire & Police Members' Benefit Investment Fund.

Plan benefits provide 24-hour coverage, both on and off duty and are available for members not eligible for normal retirement under a defined benefit plan, or members who have not met 25 years of accumulated service and age 55 under a money purchase plan.

In the case of an on-duty death, benefits may be payable to the surviving spouse and/or dependent children of active members who were eligible to retire, but were still working. On-duty death and disability benefits are free from state and federal taxes in the event that a member's disability is determined to be the result of an on-duty injury or an occupational disease.

This plan is reported by FPPA as an Other Post-Employment Benefit (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by FPPA.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 12 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)
(CONTINUED)

Funding Policy

Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of \$39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further State contributions are anticipated. Members hired on or after January 1, 1997, began contributing 2.4 percent of base salary to this Plan as of January 1, 1997. The contribution increased to 2.6 percent of base salary as of January 1, 2007 and to 2.7 percent of base salary on January 1, 2017. This percentage can vary depending on actuarial experience. The percentage contribution may either be paid entirely by the employer or member, or it may be split between the employer and the member. The City contributes the full 2.7 percent of covered salary for each eligible member. Member contributions to the Statewide Death and Disability Plan are not required. Since the City's contribution is elective and could be passed on to the member, no long-term liability is outstanding pursuant to GASB Statement No. 75.

For the years ended December 31, 2016, 2017, and 2018, City contributions totaled \$89,706, \$104,264, and \$106,498, respectively.

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (PERA)

The City participates in the Local Government Division Trust Fund (Trust), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The Trust provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All civilian employees of the City are members of the Trust.

The City also contributes to the Health Care Trust Fund (Health Fund), a cost-sharing multiple-employer healthcare trust administered by PERA. The Health Fund provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries.

Plan Description

Eligible employees of the City are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (PERA) (CONTINUED)

Pension Benefits

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions

Eligible employees of the City are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary.

The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate ¹	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	1.50%
Total Employer Contribution Rate to the LGDTF ¹	12.68%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the City were \$555,896 to the Trust and \$44,717 to the Health Care Trust Fund, for a total City contribution of \$600,613 for the year ended December 31, 2018.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the City reported a liability of \$6,788,332 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The City's proportion of the net pension liability was based on the City's contributions to the LGDTF for the calendar year 2017 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the City's proportion was 0.61 percent, which was an increase of 0.05 percent from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense of \$1,937,338.

Pension expense for 2018 was charged to the following functions/programs:

	Governmental Activities
General Government	\$ 603,102
Municipal Court	80,863
Community Development	215,634
Public Works	188,680
Police Department	283,020
Arts and Cultural	<u>566,039</u>
Total pension expense	<u>\$ 1,937,338</u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

At December 31, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning deferral amounts as of prior measurement date, December 31, 2016	\$ 2,226,724	\$ (21,940)
Differences between actual and expected experience	289,658	-
Changes in assumptions	(466,441)	21,940
Net difference between actual and projected earnings on pension plan investments	(911,153)	1,319,488
Changes in proportion and differences between City contributions and proportionate share of contributions	(350,418)	-
City contributions subsequent to the measurement date	555,896	-
Total	\$ 1,344,266	\$ 1,319,488

\$555,896 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amounts Reported as Deferred Outflows and Deferred Inflows of Resources Recognized in Pension Expense
2019	\$ 566,346
2020	(128,333)
2021	(479,865)
2022	(489,266)
2023	-
Thereafter	-
Total	\$ (531,118)

**CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

**NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)**

Actuarial Assumptions

The December 31, 2016 actuarial valuation used the following actuarial cost method, actuarial assumptions and other inputs:

Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 Board meeting.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 project scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 project scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown in the actuarial assumptions table above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the member contribution rate as of the measurement date. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future Amortization Equalization Disbursement (AED) and Supplemental Amortization Equalization Disbursement (SAED), until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the Annual Increase Reserve (AIR) and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.

The following presents the LGDTF's collective net pension liability calculated using the discount rate of 7.25 percent as of the measurement date, as well as if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
City's proportionate share of the net pension liability	\$ 10,811,611	\$ 6,788,332	\$ 3,434,350

Pension Plan Fiduciary Net Position

Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at:
www.copera.org/investments/pera-financial-reports.

Defined Contribution Pension Plans

Voluntary Investment Program

Plan Description

Employees of the City that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

The City participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value

Plan Description

Eligible employees of the City are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions

Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the City were \$44,717 for the year ended December 31, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the City reported a liability of \$615,682 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the City's proportion was 0.05 percent, which was an increase of 0.01 from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018 the City recognized OPEB expense of \$57,327.

Pension expense for 2018 was charged to the following functions/programs:

	Governmental Activities
General Government	\$ 17,846
Municipal Court	2,393
Community Development	6,381
Public Works	5,583
Police Department	8,375
Arts and Cultural	<u>16,749</u>
Total pension expense	<u><u>\$ 57,327</u></u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 2,912	\$ -
Changes in assumptions	-	-
Net difference between actual and projected earnings on OPEB plan investments	-	10,300
Changes in proportion and differences between City contributions and proportionate share of contributions	46,228	-
City contributions subsequent to the measurement date	44,717	-
Total	\$ 93,857	\$ 10,300

\$44,717 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Amounts Reported as Deferred Outflows and Deferred Inflows of Resources Recognized in Pension Expense
2019	\$ 7,080
2020	7,080
2021	7,080
2022	7,081
2023	9,655
Thereafter	864
Total	\$ 38,840

**CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

**NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)**

Actuarial Assumptions

The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
City's proportionate share of the OPEB Liability	\$598,742	\$615,682	\$636,085

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
City's proportionate share of the net OPEB liability	\$ 692,220	\$ 615,682	\$ 550,355

OPEB Plan Fiduciary Net Position

Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 14 - DEFERRED COMPENSATION PLAN - ASSETS IN TRUST

Plan Description

The City has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is administered by International City/County Management Association. Participation in the plan is optional for all civilian employees. The plan allows the employees to defer a portion of their salary until future years.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 15 - MAJOR TAXPAYERS

For the year ending December 31, 2018, approximately 17% of the City's sales tax revenue was received from three retailers and of those three retailers, one retailer constituted approximately 7% of the total sales tax revenue.

NOTE 16 - CONTINGENCIES

The City has been named in various pending or threatened litigation, claims or assessments. The ultimate outcome/resolution of these matters is not known at this time. The City is monitoring the progress of these matters and has referred various matters to the City Attorney's office for consultation and representation. Claims are insured to \$5,000,000 and representation provided by Colorado Intergovernmental Risk Sharing Agency.

NOTE 17 - RELATED PARTY

The developer and current owner of portions of the property which constitutes the Park Meadows Business Improvement District (the District) is Park Meadows Mall, LLC. The members of the Board of Directors of the District are employees of the management company for the Park Meadows Mall. The management company owns an interest in Park Meadows, LLC. Accordingly, the members of the Board of Directors may have conflicts of interest in dealing with the District. Lease agreements have been entered into between the District and Park Meadows Mall, LLC. The District pays monthly lease amounts to Park Meadows Mall, LLC related to the Lone Tree police substation as well as rent of the indoor common area and the ground lease for the Vista's common area. Pursuant to these leases, the District made lease payments of \$626,125 in 2018. Annual lease amounts will increase by 4% each year. The lease terms expire in 2025, 2032, and 2055. All future lease payments are subject to the District's annual appropriation of funds.

NOTE 18 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, thefts or damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God.

The City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self-insurance pool created by intergovernmental agreement to provide property, liability and workers' compensation coverage to its members. CIRSA is governed by a seven member Board elected by and from its members.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 18 - RISK MANAGEMENT (CONTINUED)

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and that amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

Settled claims have not exceeded insurance coverage in the last five years.

NOTE 19 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. The City voters approved an election question in 1996 and 1999 to remove limits on the amount of revenue the City is allowed to collect, spend and retain.

On May 6, 2008, City voters approved a sales and use tax increase of .1875% for arts and cultural facilities and approved related sales and use taxes be increased by \$2,650,000 in the first full fiscal year (2010) and by whatever additional amounts are raised annually thereafter. Additionally, City voters approved a sales and use tax increase of .125% for park and recreation improvements and approved related sales and use taxes be increased by \$1,750,000 in the first full fiscal year (2010) and by whatever additional amounts are raised annually thereafter.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The City's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 20 – RESTATEMENT

The City’s implementation of GASB Statement No. 75 required a restatement of the government-wide beginning net position as follows:

	<u>Primary Government</u>
Net position as previously reported January 1, 2018	\$121,235,191
Restatement – Implementation of GASB Statement No. 75:	
Defined benefit pension plan – net liability	
Net OPEB liability and contributions subsequent to the measurement date (measurement date as of 12/31/17)	<u>(558,745)</u>
Net position as restated, January 1, 2018	<u>\$ 120,676,446</u>

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2018**

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
TAXES				
Sales Tax	\$ 21,312,984	\$21,312,984	\$21,626,329	\$ 313,345
Use Tax - Retail	772,000	772,000	749,429	(22,571)
Use Tax - Building Materials	809,000	809,000	826,056	17,056
Lodging Tax	1,550,000	1,550,000	1,823,741	273,741
Admissions Tax	365,000	365,000	375,613	10,613
	<u>24,808,984</u>	<u>24,808,984</u>	<u>25,401,169</u>	<u>592,185</u>
FRANCHISE FEES				
Electric and Gas	841,525	841,525	824,085	(17,440)
Cable Television	256,610	256,610	247,706	(8,904)
	<u>1,098,135</u>	<u>1,098,135</u>	<u>1,071,791</u>	<u>(26,344)</u>
INTERGOVERNMENTAL				
Highway Users Tax Fund (HUTF)	351,000	351,000	449,243	98,243
Conservation Trust Fund	67,500	67,500	69,060	1,560
Cigarette Tax	175,000	175,000	169,197	(5,803)
County Road and Bridge Shareback	1,550,178	1,550,178	1,568,344	18,166
Douglas County Shareback - Transportation	2,677,500	2,677,500	2,355,094	(322,406)
Motor Vehicle Registration Fees	48,000	48,000	45,529	(2,472)
Regional Improvements Contribution - RRMD	211,249	211,249	207,661	(3,588)
Reimbursable Costs	22,971,167	22,981,167	5,690,090	(17,291,077)
Grants	202,000	202,000	18,418	(183,582)
	<u>28,253,594</u>	<u>28,263,594</u>	<u>10,572,636</u>	<u>(17,690,958)</u>

(Continued)

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2018
(Continued)

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
LICENSES, FEES AND CHARGES				
Sales, Use Tax and Business License Fees	9,000	9,000	11,040	2,040
Liquor License Fees	15,000	15,000	18,255	3,255
Building Permit Fees	675,000	675,000	1,068,589	393,589
Planning Fees	35,000	35,000	30,555	(4,445)
Engineering Fees	175,000	175,000	138,432	(36,568)
Other	98,500	98,500	83,965	(14,535)
	<u>1,007,500</u>	<u>1,007,500</u>	<u>1,350,836</u>	<u>343,336</u>
FINES AND FORFEITURES				
Court Fees	87,000	87,000	69,439	(17,561)
Vehicle Violation and Other Fines	600,000	600,000	464,453	(135,547)
Victims Assistance Surcharge Fees	41,000	41,000	31,411	(9,589)
	<u>728,000</u>	<u>728,000</u>	<u>565,302</u>	<u>(162,698)</u>
OTHER				
Net Investment Income	103,000	103,000	343,559	240,559
Police Department Fees	170,000	170,000	138,387	(31,613)
Tenant Rental Income	210,000	210,000	250,519	40,518
Other	72,000	72,000	314,268	242,268
	<u>555,000</u>	<u>555,000</u>	<u>1,046,733</u>	<u>491,732</u>
Total Revenues	<u>56,451,213</u>	<u>56,461,213</u>	<u>40,008,466</u>	<u>(16,452,747)</u>

(Continued)

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2018
(Continued)

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
EXPENDITURES				
GENERAL GOVERNMENT				
City Council Expenditures	41,500	41,500	37,374	4,126
City Council Stipend	66,986	66,986	67,108	(122)
Administrative Services - Salaries and Benefits	948,829	948,829	888,277	60,552
City Clerk	55,121	55,121	31,280	23,841
Human Resources	125,900	125,900	134,283	(8,383)
Information Technology	653,639	653,639	610,456	43,183
Facilities	1,141,300	1,141,300	927,528	213,772
Insurance	420,000	420,000	414,307	5,693
Finance - Salaries and Benefits	495,093	495,093	484,601	10,492
Finance	46,190	46,190	39,012	7,178
Audit	38,000	38,000	41,110	(3,110)
City Manager's Office - Salaries and Benefits	985,987	985,987	959,249	26,738
Dues and Memberships	106,336	106,336	103,226	3,110
Legal - General	510,000	510,000	450,135	59,865
Legal - Special	50,000	50,000	67,155	(17,155)
Consulting	133,000	113,000	34,653	78,347
Community Support	22,500	22,500	23,262	(762)
Youth Initiatives	19,800	19,800	19,800	-
Housing Partnership	35,000	35,000	35,000	-
Living and Aging Well	3,300	3,300	1,263	2,037
Communications and Newsletter	133,100	133,100	114,048	19,052
Economic Development	212,500	212,500	104,140	108,360
Miscellaneous	30,000	30,000	3,946	26,054
	<u>6,274,081</u>	<u>6,254,081</u>	<u>5,591,215</u>	<u>662,866</u>

(Continued)

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2018
(Continued)

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
MUNICIPAL COURT				
Municipal Judge	30,000	30,000	26,522	3,478
Legal	36,600	36,600	36,000	600
Administration	264,025	264,025	238,083	25,942
Office and Software	1,500	1,500	2,391	(891)
	<u>332,125</u>	<u>332,125</u>	<u>302,995</u>	<u>29,130</u>
COMMUNITY DEVELOPMENT				
Salaries and Benefits	833,557	833,557	820,646	12,911
Contract Services	500	500	-	500
Field Supplies	1,750	1,750	1,178	572
Planning Commission	2,500	2,500	1,998	502
Plan Review and Other Inspections	75,000	75,000	57,580	17,420
Elevator Inspection	96,500	96,500	88,875	7,625
City Forestry Program	1,500	1,500	-	1,500
Engineering	50,000	50,000	37,819	12,181
Miscellaneous	9,310	9,310	9,973	(663)
	<u>1,070,617</u>	<u>1,070,617</u>	<u>1,018,069</u>	<u>52,548</u>
PUBLIC WORKS				
Salaries and Benefits	477,710	477,710	466,627	11,083
Public Works Department	360,000	360,000	403,519	(43,519)
Street Lighting	450,000	450,000	350,821	99,179
Street Maintenance	680,000	680,000	657,758	22,242
Drainage Maintenance	120,000	120,000	115,065	4,935
Street and Sidewalk Sweeping	55,000	55,000	54,000	1,000
Traffic Signal Energy Cost and Maintenance	125,000	125,000	101,152	23,848
Signal Timing	15,000	15,000	-	15,000
Snow Removal	1,200,000	1,200,000	719,789	480,211
Landscaping Maintenance	28,000	28,000	21,040	6,960
Trash and Recycling Program	540,000	540,000	542,633	(2,633)
Household Hazardous Program	7,000	7,000	6,779	222
Engineering	320,000	320,000	331,490	(11,490)

(Continued)

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2018
(Continued)

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
PUBLIC WORKS (continued)				
Geographic Information System (GIS)	165,000	165,000	147,300	17,700
Materials and Equipment	10,000	10,000	16,155	(6,155)
EPA Phase 2 Drainage	60,000	60,000	70,835	(10,835)
State Mandated Noxious Weeds Control	5,000	5,000	7,416	(2,416)
Signage and Striping	120,000	120,000	96,515	23,485
Accident Repairs	-	-	13,300	(13,300)
Public Works Facility Operations and Equipment	55,000	55,000	48,096	6,904
Software and Support	20,000	20,000	23,884	(3,884)
Mutt Mitts Contract	11,000	11,000	10,951	49
Miscellaneous	3,000	3,000	936	2,064
Public Works Vehicle Maintenance and Gas	3,000	3,000	6,565	(3,565)
Lone Tree Link	655,000	655,000	628,574	26,426
	<u>5,484,710</u>	<u>5,484,710</u>	<u>4,841,201</u>	<u>643,509</u>
POLICE				
Salaries and Benefits	6,231,529	6,231,529	6,126,350	105,179
Office and Administration	120,700	120,700	110,259	10,441
Uniforms and Equipment	43,550	43,550	42,220	1,330
Vehicles and Equipment	398,175	398,175	449,589	(51,414)
General Equipment	63,290	63,290	34,099	29,191
Intergovernmental Agreements	770,980	770,980	689,414	81,566
Training	77,000	77,000	56,005	20,995
Community Outreach and Miscellaneous	28,305	28,305	15,621	12,684
	<u>7,733,529</u>	<u>7,733,529</u>	<u>7,523,559</u>	<u>209,970</u>

(Continued)

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2018
(Continued)

	<u>Budget</u> <u>Amounts</u> <u>Original</u>	<u>Budget</u> <u>Amounts</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u>
CAPITAL OUTLAY				
Software Packages	20,000	20,000	22,239	(2,239)
Overlay/Reconstruction Projects	2,040,000	2,040,000	1,797,411	242,589
Traffic Signalization	350,000	405,000	366,298	38,702
City Identification and Wayfinding Sign Program	200,000	200,000	85,650	114,350
City Office Building	-	-	28,775	(28,775)
Civic Center Capital Improvements	20,000	20,000	13,452	6,548
LTAC Facility Capital Improvements	285,000	285,000	247,100	37,900
Concrete Panel Replacement	700,000	645,000	483,611	161,389
Park Meadows Dr. Regional Pond Upgrade	1,100,000	1,100,000	4,488	1,095,512
County Line Improvements	2,900,000	3,085,000	2,892,658	192,343
Storm Sewer Improvements	-	-	165,616	(165,616)
Light Rail Extension	10,333,333	10,333,333	8,405,333	1,928,000
Lincoln Pedestrian Bridge	210,000	332,493	326,303	6,190
Vehicles	-	-	28,000	(28,000)
Arts Center Improvements	30,000	30,000	9,783	20,217
Schweiger Ranch Preservation	10,000	10,000	10,000	-
Rueter Hess	75,000	75,000	75,000	-
RidgeGate Parkway Widening	15,000,000	15,000,000	-	15,000,000
Surrey Ridge Tunnel Drainage	32,000	32,000	28,009	3,991
West Cook Creek Tributary Improvements Study	200,000	200,000	200,000	-
Adaptive Traffic Signals	600,000	600,000	23,880	576,120
Master Transportation Plan	25,000	45,000	24,623	20,377
Yosemite Medians	10,000	10,000	21,268	(11,268)
Park Meadows Drive Improvements	500,000	250,000	-	250,000
TruNarc Narcotics Analyzer	24,050	24,050	29,250	(5,200)
License Plate Reader	35,000	35,000	20,572	14,428
LTAC Monument Sign	70,000	70,000	58,109	11,891

(Continued)

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2018
(Continued)

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Electric Vehicle Charging Stations	254,000	254,000	-	254,000
Willow Creek Trail Signage Program	155,000	155,000	26,056	128,944
Street Bench Replacement Program	25,000	25,000	7,907	17,093
Trash Can Replacement Program	37,600	37,600	26,998	10,602
Mall Entry Traffic Improvements	30,000	30,000	30,000	-
Capital Contingency	85,000	250,000	76,500	173,500
Landscaping Enhancements	-	85,000	82,096	2,904
Retail Retention Agreement	75,000	75,000	75,000	-
Retail Shareback	470,000	470,000	370,368	99,632
Developer Revenue Shareback	1,557,900	1,557,900	1,588,261	(30,361)
Reimbursement of Sales Taxes-PMBID	5,207,600	5,207,600	5,420,242	(212,642)
Reimbursement of Property Taxes-PMMD	242,350	242,350	248,994	(6,644)
Park and Recreation	462,500	462,500	368,150	94,350
	<u>43,371,333</u>	<u>43,698,826</u>	<u>23,688,000</u>	<u>20,010,827</u>
 Total Expenditures	 <u>64,266,395</u>	 <u>64,573,888</u>	 <u>42,965,039</u>	 <u>21,608,849</u>
 EXCESS REVENUES OVER (UNDER) EXPENDITURES	 <u>(7,815,183)</u>	 <u>(8,112,675)</u>	 <u>(2,956,573)</u>	 <u>5,156,102</u>
 OTHER FINANCING SOURCES (USES)				
Transfers In	868,500	868,500	697,445	(171,055)
Transfers (Out)	(1,039,357)	(1,039,357)	(1,035,653)	3,704
Total Other Financing Sources (Uses)	<u>(170,857)</u>	<u>(170,857)</u>	<u>(338,208)</u>	<u>(167,351)</u>
 NET CHANGE IN FUND BALANCES	 <u>(7,986,040)</u>	 <u>(8,283,532)</u>	 <u>(3,294,781)</u>	 <u>4,988,751</u>
 FUND BALANCES - BEGINNING OF YEAR	 <u>19,280,728</u>	 <u>20,208,231</u>	 <u>20,208,231</u>	 <u>-</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 11,294,687</u>	 <u>\$ 11,924,698</u>	 <u>\$ 16,913,450</u>	 <u>\$ 4,988,751</u>

CITY OF LONE TREE
SPECIAL REVENUE FUND - CULTURAL AND COMMUNITY SERVICES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2018

	<u>Budget Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Ticket Sales and Handling Fees	\$ 1,179,630	\$ 919,617	\$ (260,013)
Rental Fees and Labor Fees	191,300	196,143	4,843
Concessions and Catering	98,000	111,065	13,065
Entry Fees	6,500	7,016	516
Individual, Corporate and Foundation Contributions	345,000	318,241	(26,759)
Government Grants	282,500	331,776	49,276
Miscellaneous	25,600	30,255	4,654
Total Revenues	<u>2,128,530</u>	<u>1,914,112</u>	<u>(214,418)</u>
EXPENDITURES			
Administration	171,186	159,522	11,664
Programming	1,943,396	1,808,479	134,917
Marketing	461,357	454,283	7,074
Miscellaneous	13,300	9,455	3,846
Development	216,249	226,476	(10,227)
Annual Events	270,799	251,699	19,100
Arts and Cultural Events	43,600	39,281	4,319
Recreational Activities and Support	8,000	8,571	(571)
Contingency	40,000	-	40,000
Total Expenditures	<u>3,167,887</u>	<u>2,957,765</u>	<u>210,122</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,039,357)</u>	<u>(1,043,653)</u>	<u>(4,296)</u>
OTHER FINANCING SOURCES			
Transfers In	<u>1,039,357</u>	<u>1,043,653</u>	<u>4,296</u>
Total Other Financing Sources	<u>1,039,357</u>	<u>1,043,653</u>	<u>4,296</u>
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING OF YEAR	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LONE TREE
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
STATE FIRE AND POLICE PENSION PLAN (FPPA)
Last Five Fiscal Years

	2014	2015	2016	2017	2018
City's proportion of the net pension asset	0.745%	0.741%	0.710%	0.675%	0.672%
City's proportionate share of the net pension liability/(asset)	\$ (666,462)	\$ (836,472)	\$ (12,508)	\$ 244,075	\$ (966,061)
City's covered payroll	\$ 3,183,366	\$ 3,458,225	\$ 3,689,690	\$ 3,624,431	\$ 3,976,381
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	20.9%	24.2%	0.3%	6.7%	24.3%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	105.8%	106.8%	101.6%	98.2%	106.3%

*The amounts presented for each year were determined as of December 31, the measurement date used by the City.

CITY OF LONE TREE
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
PUBLIC RETIREMENT ASSOCIATION OF COLORADO (PERA)
Last Five Fiscal Years

	2014	2015	2016	2017	2018
City's proportion of the net pension liability	0.510%	0.523%	0.538%	0.562%	0.610%
City's proportionate share of the net pension liability/(asset)	\$ 4,194,719	\$ 4,685,216	\$ 5,931,027	\$ 7,586,897	\$ 6,788,332
City's covered payroll	\$ 2,893,072	\$ 3,017,148	\$ 3,348,942	\$ 3,554,612	\$ 4,005,795
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	145.0%	155.3%	177.1%	213.4%	169.5%
Plan fiduciary net position as a percentage of the total pension liability	77.7%	80.7%	76.9%	73.6%	79.4%

*The amounts presented for each year were determined as of December 31, the measurement date used by the City.

CITY OF LONE TREE
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)
PUBLIC RETIREMENT ASSOCIATION OF COLORADO OTHER POSTEMPLOYMENT BENEFITS (OPEB)
Last Two Fiscal Years (1)

	2017	2018
City's proportion of the net pension liability	0.043%	0.047%
City's proportionate share of the net pension liability/(asset)	\$ 558,745	\$ 615,682
City's covered payroll	\$ 3,554,612	\$ 4,005,795
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	15.7%	15.4%
Plan fiduciary net position as a percentage of the total pension liability	16.7%	17.5%

(1) The City implemented GASB 75 beginning in 2018. Information prior to 2017 is not available.

*The amounts presented for each year were determined as of December 31, the measurement date used by the City.

**CITY OF LONE TREE
SCHEDULE OF CONTRIBUTIONS
STATE FIRE AND POLICE PENSION PLAN (FPPA)
Last Five Fiscal Years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contributions	\$ 266,647	\$ 275,158	\$ 276,557	\$ 314,225	\$ 317,519
Contributions in relation to the contractually required contribution	(266,647)	(275,158)	(276,557)	(314,225)	(317,519)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,458,225	\$ 3,689,690	\$ 3,624,431	\$ 3,976,381	\$ 4,026,218
Contributions as a percentage of covered payroll	7.71%	7.46%	7.63%	7.90%	7.89%

**CITY OF LONE TREE
SCHEDULE OF CONTRIBUTIONS
PUBLIC RETIREMENT ASSOCIATION OF COLORADO (PERA)
Last Five Fiscal Years**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contributions	\$ 392,338	\$ 418,841	\$ 431,819 *	\$ 487,686 *	\$ 555,896 *
Contributions in relation to the contractually required contribution	(392,338)	(418,841)	(431,819)	(487,686)	(555,896)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,017,148	\$ 3,348,942	\$ 3,554,612	\$ 4,005,795	\$ 4,594,877
Contributions as a percentage of covered payroll	13.00%	12.51%	12.15%	12.17%	12.10%

* Due to the implementation of GASB 75 in 2018, 2016 - 2018 contributions are separated between PERA and OPEB

CITY OF LONE TREE
SCHEDULE OF CONTRIBUTIONS
PUBLIC RETIREMENT ASSOCIATION OF COLORADO OTHER POSTEMPLOYMENT BENEFITS (OPEB)
Last Three Fiscal Years (1)

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contributions	\$ 34,709 *	\$ 39,230 *	\$ 44,717 *
Contributions in relation to the contractually required contribution	(34,709)	(39,230)	(44,717)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,554,612	\$ 4,005,795	\$ 4,594,877
Contributions as a percentage of covered payroll	0.98%	0.98%	0.97%

* Due to the implementation of GASB 75 in 2018, 2016 - 2018 contributions are separated between PERA and OPEB

(1) The City implemented GASB 75 beginning in 2018. Information prior to 2016 is not available.

CITY OF LONE TREE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

NOTE 1 - BUDGETS

Pursuant to State law, budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The City's General Fund and Special Revenue Fund – Cultural and Community Services prepare annual budgets that are legally adopted.

NOTE 2 – PENSION PLAN PROVISIONS

FPPA

Changes in Plan Provisions

The plan provisions have not changed since the prior valuation.

Changes of Assumptions

There were no changes in actuarial assumptions since prior valuation.

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the FPPA's comprehensive annual report which can be obtained at: <http://www.fppaco.org/annual-reports.html>.

PERA

Changes in Plan Provisions

The following changes in the plan provisions were made in the Local Government Division:

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division on December 2, 2017. For the purpose of disclosure as of the December 31, 2017, measurement date, liabilities were determined assuming no additional benefit accruals for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159,000 was allocated to the Local Government Division Trust Fund and the Health Care Trust Fund (HCTF) in the amount of \$1,063,000 and \$96,000, respectively.

Changes of Assumptions

There were no changes in actuarial assumptions since prior valuation.

Pension Plan Fiduciary Net Position

Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at: www.copera.org/investments/pera-financial-reports.

CITY OF LONE TREE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

NOTE 2 – PENSION PLAN PROVISIONS (CONTINUED)

OPEB

Changes in Plan Provisions

The following changes in the plan provisions were made in the Local Government Division:

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division, thereby ending participation in the Health Care Trust Fund (HCTF) on December 2, 2017. For the purpose of disclosure as of the December 31, 2017, measurement date, liabilities were determined assuming no additional service accruals impacting possible future premium subsidies for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159,000 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$1,063,000 and \$96,000, respectively.

Changes of Assumptions

There were no changes made to the actuarial methods or assumptions since prior valuation.

Pension plan fiduciary net position

Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at: www.copera.org/investments/pera-financial-reports.

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BUDGETARY SCHEDULES

DEBT SERVICE FUNDS

CITY OF LONE TREE
DEBT SERVICE FUND - ARTS AND CULTURAL FACILITIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2018

	<u>Budget Amounts</u>		
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Sales Tax	\$ 1,858,184	\$ 1,903,285	\$ 45,101
Use Tax - Retail	61,000	60,723	(278)
Use Tax - Building Materials	36,000	65,919	29,919
Net Investment Income	5,000	28,805	23,805
Total Revenues	<u>1,960,184</u>	<u>2,058,731</u>	<u>98,547</u>
EXPENDITURES			
Bond Interest	345,000	345,000	-
Bond Principal	1,225,000	1,225,000	-
Paying Agent Fees	200	600	(400)
Contingency	4,800	-	4,800
Total Expenditures	<u>1,575,000</u>	<u>1,570,600</u>	<u>4,400</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	385,184	488,131	102,947
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	(576,000)	(553,239)	22,761
Total Other Financing Sources (Uses)	<u>(576,000)</u>	<u>(553,239)</u>	<u>22,761</u>
NET CHANGE IN FUND BALANCES			
	(190,816)	(65,107)	125,709
FUND BALANCES - BEGINNING OF YEAR			
	<u>1,389,655</u>	<u>1,549,690</u>	<u>160,035</u>
FUND BALANCES - END OF YEAR			
	<u>\$ 1,198,839</u>	<u>\$ 1,484,582</u>	<u>\$ 285,743</u>

CITY OF LONE TREE
DEBT SERVICE FUND - PARK AND RECREATION IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2018

	<u>Budget Amounts</u> <u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Sales Tax	\$ 1,238,833	\$ 1,268,857	\$ 30,024
Use Tax - Retail	41,000	40,482	(518)
Use Tax - Building Materials	24,000	43,988	19,988
Net Investment Income	4,900	27,770	22,870
Total Revenues	<u>1,308,733</u>	<u>1,381,097</u>	<u>72,364</u>
EXPENDITURES			
Bond Interest	236,850	236,850	-
Bond Principal	805,000	805,000	-
Paying Agent Fees	200	600	(400)
Contingency	2,950	-	2,950
Total Expenditures	<u>1,045,000</u>	<u>1,042,450</u>	<u>2,550</u>
EXCESS OF REVENUES OVER EXPENDITURES	263,733	338,647	74,914
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(292,500)</u>	<u>(144,206)</u>	<u>148,294</u>
Total other financing sources (uses)	<u>(292,500)</u>	<u>(144,206)</u>	<u>148,294</u>
NET CHANGE IN FUND BALANCES	(28,767)	194,441	223,208
FUND BALANCES - BEGINNING OF YEAR	<u>1,356,258</u>	<u>1,504,085</u>	<u>147,827</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,327,491</u>	<u>\$ 1,698,526</u>	<u>\$ 371,035</u>

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**COMBINING FINANCIAL
STATEMENTS AND SCHEDULES
COMPONENT UNITS**

**CITY OF LONE TREE
PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT
COMBINING BALANCE SHEET
December 31, 2018**

	General	Debt Service	Total Component Unit
ASSETS			
Cash and investments	\$ 3,063,652	\$ -	\$ 3,063,652
Cash and investments - Restricted	178,800	1,097,189	1,275,989
Receivables:			
Intergovernmental	1,323,157	-	1,323,157
Prepaid items	70,694	-	70,694
TOTAL ASSETS	\$ 4,636,303	\$ 1,097,189	\$ 5,733,492
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 291,549	\$ -	\$ 291,549
Total liabilities	291,549	-	291,549
 FUND BALANCES			
Nonspendable:			
Prepaid amounts	70,694	-	70,694
Restricted for:			
Emergencies (TABOR)	178,800	-	178,800
Debt service	-	1,097,189	1,097,189
Unassigned	4,095,260	-	4,095,260
Total fund balances	4,344,754	1,097,189	5,441,943
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,636,303	\$ 1,097,189	\$ 5,733,492

**CITY OF LONE TREE
RECONCILIATION OF THE BALANCE SHEET - PARK MEADOWS BUSINESS
IMPROVEMENT DISTRICT COMPONENT UNIT
TO THE STATEMENT OF NET POSITION
December 31, 2018**

Amounts reported for component unit activities in the statement of net position are different because:

Total fund balances - Park Meadows Business Improvement District component unit	\$ 5,441,943
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	14,590,884
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Loans payable	(11,708,211)
Accrued interest on loans payable	(28,925)
Cost of debt refinancing	170,826
Net position of Park Meadows Business Improvement District component unit activities	\$ 8,466,517

CITY OF LONE TREE
PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended December 31, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Total Component Unit</u>
REVENUES			
Intergovernmental revenue	\$ 5,669,236	\$ -	\$ 5,669,236
Net investment income	13,542	6,739	20,281
Other	18,539	-	18,539
Total revenues	<u>5,701,317</u>	<u>6,739</u>	<u>5,708,056</u>
EXPENDITURES			
Current			
Operations and maintenance	1,869,796	-	1,869,796
Lease	626,125	-	626,125
Property repairs and replacements	315,459	-	315,459
Marketing	484,083	-	484,083
Property tax reimbursement	248,994	-	248,994
Staff and accounting	128,200	-	128,200
District management fee	31,012	-	31,012
Auditing, legal and professional fees	19,127	-	19,127
Off site storage	30,600	-	30,600
Other general and administrative	22,276	-	22,276
Capital projects	791,667	-	791,667
Debt service			
Loan interest	-	357,604	357,604
Loan principal	-	731,789	731,789
Total expenditures	<u>4,567,339</u>	<u>1,089,393</u>	<u>5,656,732</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,133,978</u>	<u>(1,082,654)</u>	<u>51,324</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(1,089,392)	1,089,392	-
Total other financing sources (uses)	<u>(1,089,392)</u>	<u>1,089,392</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	44,586	6,738	51,324
FUND BALANCES - BEGINNING OF YEAR	4,300,168	1,090,451	5,390,619
FUND BALANCES - END OF YEAR	<u>\$ 4,344,754</u>	<u>\$ 1,097,189</u>	<u>\$ 5,441,943</u>

CITY OF LONE TREE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE PARK MEADOWS
BUSINESS IMPROVEMENT DISTRICT COMPONENT UNIT
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Amounts reported for component unit activities in the statement of activities are different because:

Net change in fund balances - Park Meadows Business Improvement District component unit \$ 51,324

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	791,667
Depreciation expense	(1,084,402)

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Loan principal	731,789
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Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Amortization of cost of refunding	(24,894)
Accrued interest on debt - Change in liability	1,610
	1,610

Changes in net position of Park Meadows Business Improvement District component unit activities	\$ 467,094
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CITY OF LONE TREE
PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2018

	<u>Budget Amounts</u>		
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental revenue	\$5,459,000	\$ 5,669,236	\$ 210,236
Net investment income	10,000	13,542	3,542
Other	18,600	18,539	(61)
Total revenues	<u>5,487,600</u>	<u>5,701,317</u>	<u>213,717</u>
EXPENDITURES			
Operations and maintenance	2,000,000	1,869,796	130,204
Lease	642,200	626,125	16,075
Property repairs and replacements	317,000	315,459	1,541
Marketing	423,000	484,083	(61,083)
Property tax reimbursement	249,000	248,994	6
Staff and accounting	132,000	128,200	3,800
District management fee	36,000	31,012	4,988
Auditing, legal and professional fees	39,000	19,127	19,873
Off site storage	30,000	30,600	(600)
Other general and administrative	34,000	22,276	11,724
Capital projects	775,500	791,667	(16,167)
Contingency	150,000	-	150,000
Total expenditures	<u>4,827,700</u>	<u>4,567,339</u>	<u>260,361</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>659,900</u>	<u>1,133,978</u>	<u>474,078</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(1,100,000)</u>	<u>(1,089,392)</u>	<u>10,608</u>
Total other financing sources (uses)	<u>(1,100,000)</u>	<u>(1,089,392)</u>	<u>10,608</u>
NET CHANGE IN FUND BALANCES	(440,100)	44,586	484,686
FUND BALANCES - BEGINNING OF YEAR	<u>4,064,779</u>	<u>4,300,168</u>	<u>235,389</u>
FUND BALANCES - END OF YEAR	<u>\$3,624,679</u>	<u>\$ 4,344,754</u>	<u>\$ 720,075</u>

CITY OF LONE TREE
PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2018

	<u>Budget Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Net investment income	\$ 10,000	\$ 6,739	\$ (3,261)
Total revenues	<u>10,000</u>	<u>6,739</u>	<u>(3,261)</u>
EXPENDITURES			
Loan interest	373,050	357,604	15,446
Loan principal	730,000	731,789	(1,789)
Paying agent fees	3,500	-	3,500
Total expenditures	<u>1,106,550</u>	<u>1,089,393</u>	<u>17,157</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,096,550)</u>	<u>(1,082,654)</u>	<u>13,896</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	1,100,000	1,089,392	(10,608)
Total other financing sources (uses)	<u>1,100,000</u>	<u>1,089,392</u>	<u>(10,608)</u>
NET CHANGE IN FUND BALANCES	3,450	6,738	3,288
FUND BALANCES - BEGINNING OF YEAR	<u>1,110,271</u>	<u>1,090,451</u>	<u>(19,820)</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 1,113,721</u></u>	<u><u>\$ 1,097,189</u></u>	<u><u>\$ (16,532)</u></u>

**CITY OF LONE TREE
LONE TREE BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
December 31, 2018**

	General
ASSETS	
Cash and investments	\$ 204,400
Cash and investments - Restricted	7,519
Receivables:	
Intergovernmental	2,342
Property tax	234,046
TOTAL ASSETS	\$ 448,307
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 27,987
Total liabilities	27,987
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	234,046
 FUND BALANCES	
Emergencies (TABOR)	7,519
Unassigned	178,755
Total fund balances	186,274
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 \$ 448,307

**CITY OF LONE TREE
RECONCILIATION OF THE BALANCE SHEET - LONE TREE BUSINESS
IMPROVEMENT DISTRICT COMPONENT UNIT
TO THE STATEMENT OF NET POSITION
December 31, 2018**

Amounts reported for component unit activities in the statement of net position are different because:

Total fund balances - Lone Tree Business Improvement District component unit	\$	186,274
Other long-term assets are not current financial resources available to pay current period expenditures and, therefore, are not reported in the funds.		
Property Tax Receivable		234,046
Deferred inflows of resources that represent acquisition or consumption of net position that applies to future periods and, therefore, are not reported		
Property Tax Revenues		(234,046)
Net position of Lone Tree Business Improvement District component unit activities	\$	186,274

**CITY OF LONE TREE
LONE TREE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
Year Ended December 31, 2018**

	General
REVENUES	
General Property Tax	\$ 225,931
Specific Ownership Taxes	24,479
Interest Income	212
Total revenues	250,622
EXPENDITURES	
Insurance	3,491
Legal	17,558
Accounting	3,235
Audit	3,500
Management	17,462
Landscaping Services	50,536
Snow Plow Services	76,433
Parking Lot Maintenance	14,399
Holiday Decorations	8,375
Infrastructure Improvements	2,000
Treasurer's Fees	3,389
Bank Fees	24
Total expenditures	200,402
EXCESS OF REVENUES OVER EXPENDITURES	50,220
NET CHANGE IN FUND BALANCES	50,220
FUND BALANCES - BEGINNING OF YEAR	136,054
FUND BALANCES - END OF YEAR	\$ 186,274

CITY OF LONE TREE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE LONE TREE
BUSINESS IMPROVEMENT DISTRICT TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Amounts reported for component unit activities in the statement of activities are different because:

Net change in fund balances - Lone Tree Business Improvement District component unit	<u>\$ 50,220</u>
Changes in net position of Lone Tree Business Improvement District component unit activities	<u><u>\$ 50,220</u></u>

CITY OF LONE TREE
LONE TREE BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2018

	<u>Budget Amounts</u> <u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
General Property Tax	\$ 231,475	\$ 225,931	\$ (5,544)
Specific Ownership Taxes	21,900	24,479	2,579
Interest Income	-	212	212
Total revenues	<u>253,375</u>	<u>250,622</u>	<u>(2,753)</u>
EXPENDITURES			
Insurance	3,000	3,491	(491)
Legal	14,000	17,558	(3,558)
Accounting	-	3,235	(3,235)
Audit	3,500	3,500	-
Management	10,000	17,462	(7,462)
Landscaping Services	51,349	50,536	813
Snow Plow Services	90,000	76,433	13,567
Parking Lot Maintenance	35,000	14,399	20,601
Holiday Decorations	-	8,375	(8,375)
Infrastructure Improvements	145,000	2,000	143,000
Treasurer's Fees	3,472	3,389	83
Contingency	5,000	-	5,000
Bank Fees	-	24	(24)
Total expenditures	<u>360,321</u>	<u>200,402</u>	<u>159,919</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(106,946)</u>	<u>50,220</u>	<u>157,166</u>
NET CHANGE IN FUND BALANCES	(106,946)	50,220	157,166
FUND BALANCES - BEGINNING OF YEAR	<u>124,641</u>	<u>136,054</u>	<u>11,413</u>
FUND BALANCES - END OF YEAR	<u>\$ 17,695</u>	<u>\$ 186,274</u>	<u>\$ 168,579</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF LONE TREE
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2018

\$16,880,000 Sales and Use Tax Revenue Bonds Series 2009, Dated August 11, 2009 Interest Rate at 2.50% to 4.25% Interest Payable June 1 and December 1 Principal Due December 1			\$4,805,000 Sales and Use Tax Revenue Refunding Bonds Series 2017A, Dated May 24, 2017 Interest Rate at 2.00% to 5.00% Interest Payable June 1 and December 1 Principal Due December 1		
	Principal	Interest		Principal	Interest
2019	\$ 1,325,000	\$ 53,000		\$ 855,000	\$ 196,600
2020	-	-		900,000	179,500
2021	-	-		940,000	152,500
2022	-	-		1,020,000	105,500
2023	-	-		1,090,000	54,500
	\$ 1,325,000	\$ 53,000		\$ 4,805,000	\$ 688,600

CITY OF LONE TREE
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2018

\$6,200,000 Sales and Use
Tax Revenue Refunding Bonds Series 2017B,
Dated May 24, 2017
Interest Rate at 3.00% to 4.00%
Interest Payable
June 1 and December 1
Principal Due December 1

			Total	
	Principal	Interest	Principal	Interest
2019	\$ -	\$ 243,000	\$ 2,180,000	\$ 492,600
2020	1,385,000	243,000	2,285,000	422,500
2021	1,495,000	187,600	2,435,000	340,100
2022	1,600,000	127,800	2,620,000	233,300
2023	1,720,000	63,800	2,810,000	118,300
	\$ 6,200,000	\$ 865,200	\$ 12,330,000	\$ 1,606,800

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Lone Tree
		YEAR ENDING : December 2018
This Information from the Records of The City of Lone Tree:	Prepared By: Phone:	Ryan Haugrud 303-708-1818

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	5,449,364
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	711,758
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	818,271
2. General fund appropriations	3,111,504	b. Snow and ice removal	719,789
3. Other local imposts (from page 2)	7,218,793	c. Other	
4. Miscellaneous local receipts (from page 2)	464,453	d. Total (a. through c.)	1,538,060
5. Transfers from toll facilities		4. General administration & miscellaneous	182,319
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	3,408,021
a. Bonds - Original Issues		6. Total (1 through 5)	11,289,522
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	10,794,750	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	494,772	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	11,289,522	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			11,289,522

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		11,289,522	11,289,522		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): 12/18	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	464,453
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	7,218,793	g. Other Misc. Receipts	
6. Total (1. through 5.)	7,218,793	h. Other	
c. Total (a. + b.)	7,218,793	i. Total (a. through h.)	464,453
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	449,243	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	45,529	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	45,529	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	494,772	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		149,170	149,170
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		5,203,679	5,203,679
(3). System Preservation		96,515	96,515
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		5,300,194	5,300,194
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		5,449,364	5,449,364
			(Carry forward to page 1)
Notes and Comments:			

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STATISTICAL SECTION

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the City’s overall financial health. This information has not been audited by the independent auditor.

Page

Financial Trends

These schedules contain trend information that may assist the reader in understanding how the City’s financial performance and well-being have changed over time.

Net Position by Component (Table 1)	137
Changes in Net Position (Table 2)	138
Fund Balances, Governmental Funds (Table 3)	139
Changes in Fund Balances, Governmental Funds (Table 4).....	140

Revenue Capacity

These schedules contain information that may assist the reader in assessing the viability of the City’s most significant “own-source” revenue source, sales taxes. The City does not assess a property tax levy; therefore, schedules containing information on principal property tax payers or property tax levies and collections are not included.

Direct and Overlapping Sales Tax Rates (Table 5)	141
Sales Tax Revenue Payers by Industry (Table 6)	142
Sales Tax Revenue Collections (Table 7).....	143

Debt Capacity

These tables present information to help the reader assess the affordability of the City’s current level of outstanding debt and the City’s ability to issue additional debt in the future.

Assessed Value and Estimated Actual Value of Taxable Property (Table 8).....	144
Property Tax Rates - Direct and Overlapping Governments (Table 9)	145
Ratios of Outstanding Debt by Type (Table 10).....	146
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General Obligation Debt - Direct and Overlapping Governments (Table 13).....	150

Demographic and Economic Information

These schedules offer demographic and economic indicators that may help the reader understand the environment within which the City’s financial activities take place.

Demographic and Economic Statistics (Table 14).....	151
Principal Employers (Table 15)	152

Operating Information

These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.

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Operating Indicators by Function/Program (Table 17).....	154
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Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in fiscal year 2003; therefore, schedules presenting government-wide information include information beginning in that year.

TABLE 1

CITY OF LONE TREE
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011 (2)	2012	2013	2014	2015 (3)	2016	2017	2018 (4)
Governmental activities										
Net investment in capital assets	\$ 70,966,849	\$ 77,603,966	\$ 78,165,476	\$ 77,151,840	\$ 80,973,119	\$ 81,283,223	\$ 97,829,372	\$ 102,243,231	\$ 108,531,579	\$ 111,992,008
Restricted	1,504,800	1,677,162	1,420,091	2,792,447	3,662,144	3,370,714	5,202,543	4,762,302	5,416,090	5,852,393
Unrestricted	6,932,104	4,326,462	8,024,147	11,167,791	12,347,203	16,198,831	13,713,236	13,011,264	7,287,522	7,798,676
Total governmental activities net position	<u>79,403,753</u>	<u>83,607,590</u>	<u>87,609,714</u>	<u>91,112,078</u>	<u>96,982,466</u>	<u>100,852,768</u>	<u>116,745,151</u>	<u>120,016,797</u>	<u>121,235,191</u>	<u>125,643,077</u>
Total primary government net position (1)	<u>\$ 79,403,753</u>	<u>\$ 83,607,590</u>	<u>\$ 87,609,714</u>	<u>\$ 91,112,078</u>	<u>\$ 96,982,466</u>	<u>\$ 100,852,768</u>	<u>\$ 116,745,151</u>	<u>\$ 120,016,797</u>	<u>\$ 121,235,191</u>	<u>\$ 125,643,077</u>

(1) The City does not have any business-type activities; therefore, the total primary government net position is the same as the total governmental activities net position.

(2) Net position restated in 2011 due to implementation of GASB No. 65.

(3) Net position restated in 2015 due to implementation of GASB No. 68.

(4) Net position restated in 2018 due to implementation of GASB No. 75.

TABLE 2

**CITY OF LONE TREE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 32,709,368	\$ 11,420,412	\$ 10,125,512	\$ 11,268,953	\$ 14,573,133	\$ 13,494,009	\$ 14,483,424	\$ 16,173,154	\$ 17,071,135	\$ 16,212,205
Municipal court	321,754	307,016	209,232	213,778	215,894	217,969	234,799	259,849	323,935	374,079
Community development	992,206	1,025,442	1,149,089	1,255,461	1,258,759	1,040,044	1,080,566	1,260,292	1,313,003	1,250,637
Public works	6,252,939	6,198,372	6,550,978	7,369,645	7,286,760	7,972,040	8,743,403	8,436,353	8,406,828	10,028,083
Arts and cultural services	236,880	333,933	1,818,095	2,517,149	2,691,473	3,111,362	3,198,170	3,239,157	4,138,733	4,080,168
Police	5,712,367	5,612,579	6,068,066	6,358,721	6,295,772	6,639,856	6,779,310	7,091,270	7,752,422	7,350,747
Interest and related costs on long-term debt	1,080,706	1,314,525	1,193,860	1,059,855	998,465	924,398	837,894	777,775	586,505	446,040
Total governmental activities expenses	<u>47,306,220</u>	<u>26,212,279</u>	<u>27,114,832</u>	<u>30,043,562</u>	<u>33,320,256</u>	<u>33,399,678</u>	<u>35,357,566</u>	<u>37,237,850</u>	<u>39,592,561</u>	<u>39,741,959</u>
Total primary government expenses (1)	<u>\$ 47,306,220</u>	<u>\$ 26,212,279</u>	<u>\$ 27,114,832</u>	<u>\$ 30,043,562</u>	<u>\$ 33,320,256</u>	<u>\$ 33,399,678</u>	<u>\$ 35,357,566</u>	<u>\$ 37,237,850</u>	<u>\$ 39,592,561</u>	<u>\$ 39,741,959</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 354,032	\$ 357,534	\$ 309,986	\$ 318,668	\$ 249,904	\$ 222,567	\$ 239,633	\$ 179,424	\$ 176,438	\$ 527,238
Municipal court	804,553	892,255	729,769	808,569	648,298	540,304	691,943	680,688	636,085	565,302
Community development	450,607	709,717	623,245	1,184,333	1,717,190	2,098,603	1,396,976	1,156,256	832,431	1,321,541
Public works	-	-	-	-	-	-	-	736	499	21,247
Arts and cultural services	5,275	5,763	666,954	816,591	1,115,051	1,329,312	1,284,726	996,884	1,562,983	1,253,940
Police	23,373	13,211	43,389	26,606	41,845	22,919	3,491	4,453	4,679	7,965
Operating grants and contributions	1,429,822	1,534,227	3,498,072	4,181,941	4,152,656	4,252,466	4,728,754	5,050,314	5,000,361	5,574,101
Capital grants and contributions	3,346,242	5,022,941	3,070,403	1,823,075	4,292,034	1,069,622	16,971,208	3,453,329	4,166,060	4,732,802
Total governmental activities program revenues	<u>6,413,904</u>	<u>8,535,648</u>	<u>8,941,818</u>	<u>9,159,783</u>	<u>12,216,978</u>	<u>9,535,793</u>	<u>25,316,731</u>	<u>11,522,084</u>	<u>12,379,536</u>	<u>14,004,136</u>
Total primary government revenues (1)	<u>\$ 6,413,904</u>	<u>\$ 8,535,648</u>	<u>\$ 8,941,818</u>	<u>\$ 9,159,783</u>	<u>\$ 12,216,978</u>	<u>\$ 9,535,793</u>	<u>\$ 25,316,731</u>	<u>\$ 11,522,084</u>	<u>\$ 12,379,536</u>	<u>\$ 14,004,136</u>
Net (expense) revenue										
Governmental activities	<u>\$ (40,892,316)</u>	<u>\$ (17,676,631)</u>	<u>\$ (18,173,014)</u>	<u>\$ (20,883,779)</u>	<u>\$ (21,103,278)</u>	<u>\$ (23,863,885)</u>	<u>\$ (10,040,835)</u>	<u>\$ (25,715,766)</u>	<u>\$ (27,213,025)</u>	<u>\$ (25,737,823)</u>
Total primary government net (expense) revenue (1)	<u>\$ (40,892,316)</u>	<u>\$ (17,676,631)</u>	<u>\$ (18,173,014)</u>	<u>\$ (20,883,779)</u>	<u>\$ (21,103,278)</u>	<u>\$ (23,863,885)</u>	<u>\$ (10,040,835)</u>	<u>\$ (25,715,766)</u>	<u>\$ (27,213,025)</u>	<u>\$ (25,737,823)</u>
General revenues										
Sales taxes and Use tax - Retail	\$ 18,106,395	\$ 18,989,109	\$ 20,000,973	\$ 21,152,222	\$ 22,275,657	\$ 23,736,964	\$ 24,883,632	\$ 24,649,096	\$ 24,920,993	\$ 25,649,105
Use taxes - Building materials	421,184	263,530	213,438	955,775	1,934,767	1,009,009	1,155,608	791,702	414,263	935,963
Lodging taxes	359,703	467,976	526,104	557,841	766,230	908,192	1,000,349	1,048,252	1,092,192	1,823,741
Admission taxes	399,787	353,922	346,446	333,987	357,294	503,914	368,432	411,421	363,474	375,613
Franchise fees	812,310	873,573	905,892	882,107	973,986	1,033,993	1,040,429	1,041,604	1,069,729	1,071,791
Cigarette taxes	207,691	205,449	202,963	205,289	202,452	196,839	194,668	197,519	175,349	169,197
Investment earnings	106,905	176,843	35,261	20,903	19,945	14,113	22,376	140,767	234,364	400,134
Miscellaneous	360,857	550,066	236,180	278,019	443,335	331,163	136,995	707,051	161,055	278,910
Total governmental activities general revenues	<u>20,774,832</u>	<u>21,880,468</u>	<u>22,467,257</u>	<u>24,386,143</u>	<u>26,973,666</u>	<u>27,734,187</u>	<u>28,802,489</u>	<u>28,987,412</u>	<u>28,431,419</u>	<u>30,704,454</u>
Total primary government general revenues (1)	<u>\$ 20,774,832</u>	<u>\$ 21,880,468</u>	<u>\$ 22,467,257</u>	<u>\$ 24,386,143</u>	<u>\$ 26,973,666</u>	<u>\$ 27,734,187</u>	<u>\$ 28,802,489</u>	<u>\$ 28,987,412</u>	<u>\$ 28,431,419</u>	<u>\$ 30,704,454</u>
Change in net position										
Governmental activities	<u>\$ (20,117,484)</u>	<u>\$ 4,203,837</u>	<u>\$ 4,294,243</u>	<u>\$ 3,502,364</u>	<u>\$ 5,870,388</u>	<u>\$ 3,870,302</u>	<u>\$ 18,761,654</u>	<u>\$ 3,271,646</u>	<u>\$ 1,218,394</u>	<u>\$ 4,966,631</u>
Total primary government change in net position (1)	<u>\$ (20,117,484)</u>	<u>\$ 4,203,837</u>	<u>\$ 4,294,243</u>	<u>\$ 3,502,364</u>	<u>\$ 5,870,388</u>	<u>\$ 3,870,302</u>	<u>\$ 18,761,654</u>	<u>\$ 3,271,646</u>	<u>\$ 1,218,394</u>	<u>\$ 4,966,631</u>

(1) The City does not have any business-type activities; therefore, the totals for primary government are the same as the totals for government activities

TABLE 3

CITY OF LONE TREE
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011 (1)	2012	2013	2014	2015 (2)	2016	2017	2018 (3)
General Fund										
Reserved	\$ 18,833,437	\$ 9,818,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,920,966	7,094,480	-	-	-	-	-	-	-	-
Non-spendable	-	-	547,748	249,701	252,530	401,104	380,189	514,737	406,279	167,676
Restricted	-	-	2,875,620	2,678,432	3,248,713	2,892,348	4,928,216	7,844,007	8,343,148	2,631,785
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	7,700,307	6,376,961	7,062,731	10,860,234	12,489,445	11,966,918	6,913,804	9,291,989
Unassigned	-	-	4,304	3,622,017	3,883,361	3,722,646	4,273,000	4,398,000	4,545,000	4,822,000
Total General Fund	<u>\$ 25,754,403</u>	<u>\$ 16,912,664</u>	<u>\$ 11,127,979</u>	<u>\$ 12,927,111</u>	<u>\$ 14,447,335</u>	<u>\$ 17,876,332</u>	<u>\$ 22,070,850</u>	<u>\$ 24,723,662</u>	<u>\$ 20,208,231</u>	<u>\$ 16,913,450</u>
All other governmental funds										
Reserved	\$ 1,889,401	\$ 2,099,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	(183,511)	(256,671)	-	-	-	-	-	-	-	-
Non-spendable	-	-	2,872	40,982	43,230	46,674	56,673	53,659	110,727	81,303
Restricted	-	-	1,678,692	1,970,822	2,273,653	2,409,455	2,103,679	2,429,178	3,053,775	3,220,608
Committed	-	-	-	-	-	-	-	-	-	105
Assigned	-	-	-	98,726	-	-	-	-	-	8,775
Unassigned, reported in:										
Special revenue funds	-	-	(639,810)	(413,581)	(43,230)	(46,674)	(56,673)	(53,659)	(110,727)	(127,578)
Total all other governmental funds	<u>\$ 1,705,890</u>	<u>\$ 1,842,443</u>	<u>\$ 1,041,754</u>	<u>\$ 1,696,949</u>	<u>\$ 2,273,653</u>	<u>\$ 2,409,455</u>	<u>\$ 2,103,679</u>	<u>\$ 2,429,178</u>	<u>\$ 3,053,775</u>	<u>\$ 3,183,213</u>
Total governmental funds										
Reserved	\$ 20,722,838	\$ 11,917,298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,737,455	6,837,809	-	-	-	-	-	-	-	-
Non-spendable	-	-	550,620	290,683	295,760	447,778	436,862	568,396	517,006	248,979
Restricted	-	-	4,554,312	4,649,254	5,522,366	5,301,803	7,031,895	10,273,185	11,396,923	5,852,393
Committed	-	-	-	-	-	-	-	-	-	105
Assigned	-	-	7,700,307	6,475,687	7,062,731	10,860,234	12,489,445	11,966,918	6,913,804	9,300,764
Unassigned	-	-	(635,506)	3,208,436	3,840,131	3,675,972	4,216,327	4,344,341	4,434,273	4,694,422
Total governmental funds	<u>\$ 27,460,293</u>	<u>\$ 18,755,107</u>	<u>\$ 12,169,733</u>	<u>\$ 14,624,060</u>	<u>\$ 16,720,988</u>	<u>\$ 20,285,787</u>	<u>\$ 24,174,529</u>	<u>\$ 27,152,840</u>	<u>\$ 23,262,006</u>	<u>\$ 20,096,663</u>

(1) The City implemented GASB Statement No. 54 in fiscal year 2011.

(2) The City implemented GASB Statement No. 68 in fiscal year 2015.

(3) The City implemented GASB Statement No. 75 in fiscal year 2018.

TABLE 4

CITY OF LONE TREE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 19,287,069	\$ 20,074,537	\$ 21,086,961	\$ 22,999,825	\$ 25,333,948	\$ 26,158,079	\$ 27,408,021	\$ 26,900,471	\$ 26,790,921	\$ 28,784,422
Franchise fees	812,310	873,573	905,892	882,107	973,986	1,033,993	1,040,429	1,041,604	1,069,729	1,071,791
Intergovernmental	4,302,142	5,353,901	5,687,692	5,072,435	7,317,985	5,066,287	7,073,987	15,301,133	14,291,208	10,572,636
Licenses, fees and charges	492,022	750,829	654,029	1,210,895	1,743,385	2,124,212	1,430,134	1,134,976	869,837	1,350,836
Fines and forfeitures	804,553	892,255	729,769	808,570	648,298	540,304	691,943	680,688	636,085	565,302
Tenant rental income	354,032	357,534	309,986	318,668	249,904	222,567	239,634	179,424	176,438	250,519
Arts and cultural event fees	59,945	71,263	888,893	1,001,410	1,369,872	1,639,949	1,747,181	1,519,316	2,128,189	1,922,982
Base rentals	910,345	1,876,308	1,863,881	894,392	951,972	1,009,664	1,290,006	-	-	-
Net investment income	106,905	176,844	35,261	19,595	19,945	14,113	22,376	140,767	234,364	400,134
Other	383,745	579,263	719,707	684,062	1,490,317	401,910	205,953	839,181	285,663	452,654
Total revenues	27,513,068	31,006,307	32,882,071	33,891,959	40,099,612	38,211,078	41,149,664	47,737,560	46,482,434	45,371,276
Expenditures										
General government	4,101,494	3,708,958	4,333,473	5,021,784	4,838,096	5,001,832	4,706,785	4,932,276	5,493,850	5,591,215
Municipal court	305,767	300,165	201,557	213,150	210,387	213,810	192,197	226,495	270,686	302,995
Community development	932,784	985,132	1,100,737	1,170,779	1,222,386	1,025,520	1,020,830	1,181,680	1,115,634	1,018,069
Public works	3,445,965	3,162,908	3,406,479	3,655,273	3,959,687	4,417,190	4,473,031	4,325,451	4,112,818	4,841,201
Arts and cultural services	1,043,051	9,476,670	11,138,702	1,818,327	2,087,722	2,496,989	2,544,481	2,451,342	3,111,466	2,958,530
Police	5,509,854	5,392,037	5,850,140	6,212,692	6,142,980	6,483,386	6,697,266	6,918,837	7,176,874	7,523,559
Debt service										
Bond principal	1,945,000	2,935,000	3,025,000	2,175,000	2,340,000	2,520,000	2,920,000	1,755,000	1,890,000	2,030,000
Bond interest	895,978	1,194,539	1,089,712	1,027,973	980,328	924,083	866,475	805,432	447,661	581,850
Paying agent fees	200	400	400	400	400	400	400	400	800	1,200
Cost of issuance	-	-	-	-	-	-	-	-	158,935	-
Capital outlay and other	19,773,678	12,555,684	9,321,245	10,142,254	16,220,698	11,563,069	13,839,457	22,162,335	26,495,277	23,688,000
Total expenditures	37,953,771	39,711,493	39,467,445	31,437,632	38,002,684	34,646,279	37,260,922	44,759,248	50,274,001	48,536,619
Excess of revenues over (under) expenditures	(10,440,703)	(8,705,186)	(6,585,374)	2,454,327	2,096,928	3,564,799	3,888,742	2,978,312	(3,791,567)	(3,165,343)
Other financing sources (uses)										
Bond payment to refunded bonds escrow agent	-	-	-	-	-	-	-	-	(12,381,772)	-
Revenue bonds issued	16,880,000	-	-	-	-	-	-	-	11,005,000	-
Bond premium	237,151	-	-	-	-	-	-	-	1,277,505	-
Transfers in	1,057,429	2,057	1,105,188	1,230,413	1,743,279	2,117,873	1,868,506	1,263,381	983,277	1,741,098
Transfers out	(1,057,429)	(2,057)	(1,105,188)	(1,230,413)	(1,743,279)	(2,117,873)	(1,868,506)	(1,263,381)	(983,277)	(1,741,098)
Total other financing sources (uses)	17,117,151	-	-	-	-	-	-	-	(99,267)	-
Net change in fund balances	\$ 6,676,448	\$ (8,705,186)	\$ (6,585,374)	\$ 2,454,327	\$ 2,096,928	\$ 3,564,799	\$ 3,888,742	\$ 2,978,312	\$ (3,890,835)	\$ (3,165,343)
Debt service as a % of noncapital expenditures	6.2%	16.0%	15.0%	11.4%	10.4%	10.8%	21.2%	7.0%	5.9%	6.4%

TABLE 5

**CITY OF LONE TREE
DIRECT AND OVERLAPPING SALES TAX RATES
Last Ten Fiscal Years**

Fiscal Year	City Direct Rate (1)	Douglas County	State of Colorado	Regional Transportation District	Scientific and Cultural Facilities District	Football Stadium District (2)	Total Sales Tax Rate
2009	1.8125%	1.00%	2.90%	1.00%	0.10%	0.10%	6.9125%
2010	1.8125%	1.00%	2.90%	1.00%	0.10%	0.10%	6.9125%
2011	1.8125%	1.00%	2.90%	1.00%	0.10%	0.10%	6.9125%
2012	1.8125%	1.00%	2.90%	1.00%	0.10%	0.00%	6.8125%
2013	1.8125%	1.00%	2.90%	1.00%	0.10%	0.00%	6.8125%
2014	1.8125%	1.00%	2.90%	1.00%	0.10%	0.00%	6.8125%
2015	1.8125%	1.00%	2.90%	1.00%	0.10%	0.00%	6.8125%
2016	1.8125%	1.00%	2.90%	1.00%	0.10%	0.00%	6.8125%
2017	1.8125%	1.00%	2.90%	1.00%	0.10%	0.00%	6.8125%
2018	1.8125%	1.00%	2.90%	1.00%	0.10%	0.00%	6.8125%

(1) An increase in the City's sales tax rate may be changed only with the approval of City voters. Pursuant to election results from May 2008, a sales tax increase of 0.3125% was effective as of July 1, 2008.

(2) Certain portions of the City were not subject to the Football Stadium District sales tax. This tax expired on December 31, 2011.

Source: City Budget Office and Douglas County Department of Finance.

TABLE 6

**CITY OF LONE TREE
SALES TAX REVENUE PAYERS BY INDUSTRY (1)
Fiscal Year 2018**

<u>Industry</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
Retail	\$ 23,925,787	93.28%
Services	927,751	3.61%
Government	934	0.01%
Finance, insurance and real estate	97,404	0.38%
Transportation and utilities	697,229	2.72%
Total	<u>\$ 25,649,105</u>	<u>100.00%</u>

(1) Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's sales tax revenue.

Source: City Sales Tax Department

TABLE 7

**CITY OF LONE TREE
SALES TAX REVENUE COLLECTIONS
Last Ten Fiscal Years**

Fiscal Year	Sales Tax Revenue Collections
2009	18,106,395
2010	18,989,109
2011	20,000,973
2012	21,152,222
2013	22,275,657
2014	23,736,964
2015	24,883,632
2016	24,649,096
2017	24,920,993
2018	25,649,105

TABLE 8

**CITY OF LONE TREE
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years**

<u>Levy Year (1)</u>	<u>Collection Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Assessed Value Other</u>	<u>Personal</u>	<u>Total</u>	<u>Actual Value (2)</u>
2008	2009	\$ 138,674,500	\$ 248,351,230	\$ 11,680,930	\$ 35,837,000	\$ 434,543,660	\$ 2,679,945,519
2009	2010	146,195,720	268,470,540	12,728,970	40,052,380	467,447,610	2,833,648,530
2010	2011	148,163,090	269,544,750	12,082,520	37,376,240	467,166,600	2,961,391,802
2011	2012	135,753,590	257,910,790	10,728,780	40,326,810	444,719,970	2,770,833,890
2012	2013	138,412,900	255,941,730	14,018,510	40,277,100	448,650,240	2,669,739,949
2013	2014	147,664,450	283,865,750	19,112,447	45,720,117	496,362,764	2,931,188,630
2014	2015	155,833,800	309,658,840	20,493,300	54,399,760	540,385,700	3,131,131,975
2015	2016	188,966,170	379,839,260	18,558,910	64,355,840	651,720,180	3,783,743,011
2016	2017	195,142,240	376,546,220	16,546,590	63,227,760	651,462,810	3,840,344,430
2017	2018	205,189,400	427,144,090	22,154,660	62,070,460	716,558,610	4,432,701,543

(1) The City of Lone Tree does not currently levy a property tax. Voter authorization would be required in order to levy a property tax in the future.

(2) Actual value is not intended to represent market value.

Source: Douglas County Assessor's Office

TABLE 9

CITY OF LONE TREE
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
 (Per \$1,000 of Assessed Value)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City of Lone Tree	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Overlapping Mill Levies (1):										
Douglas County	19.774	19.774	19.774	19.774	19.774	19.774	19.774	19.274	19.774	19.774
Douglas County Library District	4.016	4.034	4.034	4.070	4.029	4.032	4.035	4.016	4.021	4.008
Douglas County School District No. Re 1	47.103	46.681	46.890	44.708	45.063	46.051	46.945	45.564	30.942	36.896
Douglas County School District No. Re 1 Bonds	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8.054
Douglas County Soil Conservation District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Heritage Hills Metropolitan District	40.000	40.000	40.000	40.000	40.000	40.000	39.544	39.000	40.000	40.000
Park Meadows Metropolitan District	6.387	6.387	6.387	6.387	6.387	6.387	6.387	6.387	6.387	6.387
Rampart Range Metropolitan District No. 2	46.000	46.000	46.000	46.000	46.000	46.000	46.000	46.000	48.000	48.000
Rampart Range Metropolitan District No. 7	46.000	46.000	46.000	46.000	46.000	46.000	46.000	46.000	48.000	48.000
Regional Transportation District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
South Metro Fire Rescue	9.362	9.541	9.661	9.520	9.444	9.319	9.344	9.250	9.250	9.250
South Suburban Park and Recreation District	6.830	6.777	6.869	6.960	6.915	8.808	8.651	8.643	8.496	8.364
Southeast Public Improvement Metro District	1.650	2.000	2.150	2.080	2.000	2.000	2.000	2.000	2.000	2.000
Southgate Sanitation District	0.544	0.558	0.558	0.558	0.531	0.551	0.510	0.510	0.465	0.465
Southgate Water District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Urban Drainage & Flood Control District	0.508	0.523	0.570	0.600	0.608	0.632	0.553	0.559	0.500	0.726
Urban Drainage & Flood South Platte	0.061	0.053	0.060	0.060	0.064	0.068	0.058	0.061	0.057	0.094
	<u>228.235</u>	<u>228.328</u>	<u>228.953</u>	<u>226.717</u>	<u>226.815</u>	<u>229.622</u>	<u>229.801</u>	<u>227.264</u>	<u>217.892</u>	<u>232.018</u>

(1) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners.

Source: Douglas County Assessor's Office

TABLE 10

**CITY OF LONE TREE
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation (1)	Sales and Use Tax Revenue Bonds (2) (3)			
2009	\$ 7,695,000	\$ 26,922,873	\$ 34,617,873	5.54%	\$ 3,287
2010	5,930,000	25,723,203	31,653,203	4.79%	2,906
2011	4,110,000	24,489,595	28,599,595	3.61%	2,577
2012	3,235,000	23,161,947	26,396,947	3.15%	2,319
2013	2,295,000	21,735,335	24,030,335	2.53%	1,911
2014	1,290,000	20,195,029	21,485,029	2.16%	1,681
2015	-	18,541,137	18,541,137	1.81%	1,449
2016	-	16,763,889	16,763,889	1.53%	1,248
2017	-	15,506,168	15,506,168	1.40%	1,119
2018	-	13,223,326	13,223,326	1.13%	945

(1) In 2007, the Building Authority (included as a blended component unit of the City) issued Certificates of Participation. These were paid off in 2014.

(2) In 2008, the City issued Sales and Use Tax Revenue Bonds for park and recreation improvements. In 2017, a portion of these bonds were refunded as 2017A.

(3) In 2009, the City issued Sales and Use Tax Revenue Bonds for arts and cultural improvements. In 2017, a portion of these bonds were refunded as 2017B.

TABLE 11a

**CITY OF LONE TREE
REVENUE BOND COVERAGE
PARK AND RECREATION IMPROVEMENT BONDS
Last Ten Fiscal Years**

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest (2)	Total	
2009	\$ 910,830	\$ 200	\$ 910,630	\$ 445,000	\$ 515,075	\$ 960,075	95%
2010	\$ 949,885	\$ 200	\$ 949,685	\$ 460,000	\$ 499,500	\$ 959,500	99%
2011	\$ 988,362	\$ 200	\$ 988,162	\$ 475,000	\$ 483,400	\$ 958,400	103%
2012	\$ 1,062,427	\$ 200	\$ 1,062,227	\$ 515,000	\$ 464,400	\$ 979,400	108%
2013	\$ 1,084,382	\$ 200	\$ 1,084,182	\$ 555,000	\$ 443,800	\$ 998,800	109%
2014	\$ 1,116,010	\$ 200	\$ 1,115,810	\$ 600,000	\$ 420,213	\$ 1,020,213	109%
2015	\$ 1,305,096	\$ 200	\$ 1,304,896	\$ 645,000	\$ 394,713	\$ 1,039,713	126%
2016	\$ 1,287,903	\$ 200	\$ 1,287,703	\$ 695,000	\$ 365,688	\$ 1,060,688	121%
2017	\$ 1,291,045	\$ 400	\$ 1,290,645	\$ 750,000	\$ 179,873	\$ 929,873	139%
2018	\$ 1,381,097	\$ 600	\$ 1,380,497	\$ 805,000	\$ 236,850	\$ 1,041,850	133%

(1) Sales and use tax revenues derived from the sales and use tax rate increase of 0.125% effective July 1, 2008.

This amount also includes investment earnings from those monies as well as investment earnings from the bond proceeds.

(2) Interest per debt service schedule paid to bondholders during calendar year; does not include accrued interest. A portion of these bonds were refunded in 2017 to reduce the interest rate.

TABLE 11b

**CITY OF LONE TREE
REVENUE BOND COVERAGE
ARTS AND CULTURAL FACILITIES BONDS
Last Ten Fiscal Years**

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest (2)	Total	
2009	\$ 1,365,655	\$ -	\$ 1,365,655	\$ 785,000	\$ 185,558	\$ 970,558	141%
2010	\$ 1,423,108	\$ 200	\$ 1,422,908	\$ 710,000	\$ 583,731	\$ 1,293,731	110%
2011	\$ 1,480,951	\$ 200	\$ 1,480,751	\$ 730,000	\$ 562,431	\$ 1,292,431	115%
2012	\$ 1,591,285	\$ 200	\$ 1,591,085	\$ 785,000	\$ 544,181	\$ 1,329,181	120%
2013	\$ 1,625,080	\$ 200	\$ 1,624,880	\$ 845,000	\$ 524,556	\$ 1,369,556	119%
2014	\$ 1,673,760	\$ 200	\$ 1,673,560	\$ 915,000	\$ 499,206	\$ 1,414,206	118%
2015	\$ 1,957,203	\$ 200	\$ 1,957,003	\$ 985,000	\$ 471,756	\$ 1,456,756	134%
2016	\$ 1,929,783	\$ 200	\$ 1,929,583	\$ 1,060,000	\$ 439,744	\$ 1,499,744	129%
2017	\$ 1,930,215	\$ 400	\$ 1,929,815	\$ 1,140,000	\$ 267,788	\$ 1,407,788	137%
2018	\$ 2,058,731	\$ 600	\$ 2,058,131	\$ 1,225,000	\$ 345,000	\$ 1,570,000	131%

- (1) Sales and use tax revenues derived from the sales and use tax rate increase of 0.1875% effective July 1, 2008. This amount also includes investment earnings from those monies as well as investment earnings from the bond proceeds.
- (2) Interest per debt service schedule paid to bondholders during calendar year; does not include accrued interest. A portion of these bonds were refunded in 2017 to reduce the interest rate.

TABLE 12

**CITY OF LONE TREE
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000
Total net debt applicable to limit	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000
Legal debt margin (1)	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000
Total net debt applicable to the limit as a percentage of debt limit	89.94%	89.94%	89.94%	89.94%	89.94%	89.94%	89.94%	89.94%	89.94%	89.94%

(1) On May 6, 2008, a majority of the qualified electors of the City authorized the issuance of indebtedness in an amount not to exceed \$18,500,000 and \$12,500,000, for sales and use tax revenue bonds for funding capital improvements for cultural facilities and park and recreation, respectively. The voters also authorized a temporary sales and use tax rate increase of .1875% for arts and cultural facilities and .125% for park and recreation improvements effective July 1, 2008 through December 31, 2023 or until the full payment of such debt if occurring earlier. The City issued \$11,000,000 of its authorized debt during 2008 and \$16,880,000 of its authorized debt during 2009. The City has no other debt authorization. In 2017, the City refunded these bonds acquiring a lower interest rate, while maintaining the bond terms, which resulted in a savings over the life of the bonds. Pursuant to recommendation from Bond Counsel in 2017 the remaining authorized amounts became stale on December 31, 2017 due to the length of time that has passed since the election and the issuance of the bonds.

TABLE 13

CITY OF LONE TREE
GENERAL OBLIGATION DEBT - DIRECT AND OVERLAPPING GOVERNMENTS
As of December 31, 2018

	<u>Outstanding General Obligation Debt</u>	<u>Other Long- Term Debt Instruments</u>	<u>Percent Applicable to City</u>	<u>City's Share of Debt</u>
Direct:				
City of Lone Tree	\$ -	\$ 13,223,326	100.00%	<u>\$ 13,223,326</u>
Overlapping:				
Douglas County School District No. Re 1	236,690,000	-	4.80%	11,361,120
South Suburban Park and Recreation District	3,275,000	-	13.79%	451,623
Southeast Public Improvement Metropolitan District	2,685,000	-	18.74%	<u>503,169</u>
Total overlapping debt				<u>12,315,912</u>
Total direct and overlapping debt				<u><u>\$ 25,539,238</u></u>

The following entities also overlap the City, but have no General Obligation Debt outstanding:

Cherry Creek Basin Water Authority
Douglas County
Douglas County Public Library District
Douglas County Soil Conservation District
Park Meadows Metropolitan District
Rampart Range Metropolitan District No. 1
Rampart Range Metropolitan District No. 2
Rampart Range Metropolitan District No. 7
Regional Transportation District
Southgate Sanitation District
Southgate Water District
South Metro Fire Rescue District
Urban Drainage and Flood Control District
Urban Drainage and Flood South Platte

Sources: Douglas County Assessor's Office and information obtained from individual entities.

TABLE 14

**CITY OF LONE TREE
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years**

<u>Calendar Year</u>	<u>Estimated Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income [1]</u>	<u>Douglas County Unemployment Rate</u>
2009	10,533	\$ 625,217,814	\$ 59,358	6.60%
2010	10,891	661,334,193	60,723	6.70%
2011	11,097	793,047,105	71,465	6.10%
2012	11,385	836,979,660	73,516	5.90%
2013	12,572	950,116,328	75,574	5.60%
2014	12,779	993,771,714	77,766	4.50%
2015	12,800	1,024,268,800	80,021	2.60%
2016	13,431	1,097,326,131	81,701	2.80%
2017	13,860	1,109,728,620	80,067	2.60%
2018	14,000	1,165,780,000	83,270	3.40%

[1] Bureau of Economic Analysis, Washington D.C. ; 2018 Per Capita and Total Personal Income estimated using the .06 change for personal income from '16 to '17 that was estimated for the State of

Source: Douglas County Department of Finance

TABLE 15

**CITY OF LONE TREE
PRINCIPAL EMPLOYERS (1)
Current Year and Ten Years Ago**

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Douglas County School District	6,283	1	6,732	1
Charles Schwab	4,200	2	-	
Echostar Communications	2,520	3	1,930	2
Centura Health	1,500	4	-	
Healthone: Sky Ridge Medical	1,340	5	-	
Douglas County Government	1,223	6	1,111	6
Jacobs Engineering (formerly CH2M Hi	1,130	7	1,650	3
Visa Debit Processing Services	960	8	-	
Specialized Loan Servicing LLC	920	9	-	
Cognizant	830	10	-	
Western Union	-		1,110	7
Aurora Loan Services	-		1,200	5
AVAYA	-		1,500	4
Time Warner Telecom	-		1,100	8
Sprint Nextel Corporation	-		930	10

(1) Selected major employers within Douglas County. Total employment within the City is not available.

Source: Douglas County Department of Finance

TABLE 16

**CITY OF LONE TREE
FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years**

Function/Program (1)	Full-Time Equivalent Employees (2)									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	14.5	16.25	14.50	15.50	17.50	17.75	18.00	19.75	23.38	22.38
Municipal court	2	2	2	2	2	2.00	2.00	2.50	2.50	3.00
Community development	7.25	5.75	5.75	6.00	7.00	6.00	7.00	7.00	8.00	8.00
Arts & Cultural	-	1.50	12.75	13.20	13.75	18.00	19.50	20.50	21.50	22.25
Police	50	47	52	53	54	56.50	56.50	58.50	60.00	59.50
Public Works	-	-	-	-	-	-	-	1.00	1.00	6.00
Total	<u>73.75</u>	<u>72.50</u>	<u>87.00</u>	<u>89.70</u>	<u>94.25</u>	<u>100.25</u>	<u>103.00</u>	<u>109.25</u>	<u>116.38</u>	<u>121.13</u>

(1) The City contracts out its legal and part of its public works departments. The figures above do not include services provided by these contracted parties.

(2) A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

Source: City Finance Department

TABLE 17

**CITY OF LONE TREE
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years**

Function/Program (1)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Municipal court										
Number of court cases	2,159	1,918	2,114	2,107	1,922	1,577	3,094	2,307	1,913	1,748
Community development										
Building permits issued	536	701	700	1,562	809	804	872	770	750	720
Building inspections conducted	2,750	4,513	4,196	8,392	7,662	7,115	5,475	5,329	5,720	4,691
Public works										
Streets overlaid (miles)	11.61	10.48	9.71	8.55	15.81	6.26	6.23	8.25	7.90	14.97
Public safety										
Accidents	970	878	1,008	995	1,169	1,787	1,443	1,255	1,160	1,058
Citations issued	5,619	6,107	4,812	4,380	4,234	4,136	5,079	5,115	4,135	4,674

(1) No operating indicators are available for the general government or capital outlay.

Source: Various City departments

TABLE 18

**CITY OF LONE TREE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years**

Function/Program (1)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public works										
Streets (miles)	139.11	146.32	147.01	147.01	148.51	157.88	160.76	160.76	160.76	160.76
Traffic signals	40	42	42	43	45	47	48	48	49	50
Public safety										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	22	24	24	25	22	22	20	23	21	21
Capital outlay										
Storm drainage (miles)	38.25	38.25	38.25	38.70	39.93	41.18	41.80	43.12	43.12	43.36

(1) No capital indicators are available for the general government, municipal court or community development.

Source: Various City departments