



# Comprehensive Annual Financial Report

For the Year-Ended December 31, 2020

City of Lone Tree, Colorado





CITY OF LONE TREE

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

**For the Year Ended**
**December 31, 2020**

**Prepared by:**
**Department of Finance**

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CITY OF LONE TREE
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Lone Tree, Colorado 80124
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www.cityoflonetree.com

May 26, 2021

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, 2020.

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.

Haynie & Company, a firm of licensed certified public accountants, has audited the City's financial statements for the year ended December 31, 2020. 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, 2020. The independent auditor's report is located at the front of the financial section of this report.

In addition to meeting the requirements set forth in state statutes, the audit included a federally mandated Single Audit designed to meet the needs of federal grantor agencies (2 CFR 200 Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements involved in the administration of federal awards. The reports issued by the independent auditors are presented in a separately issued Single Audit 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 15,000 residents, the City is also home to a large and growing business community in the Denver South region with a daytime population of over 25,000 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 is 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 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. The City is located on the Southeast I-25 Corridor and within the boundaries of the Denver South Economic Development Partnership, which includes 42 million square feet of office space and employment of more than 300,000 people. Additionally, the City is home to the Park Meadows Retail Resort, Colorado's only retail resort with over 200 unique retailers and restaurants including Amazon, Apple Store, LL Bean, Nordstrom and Tesla. In 2020, Cochlear Americas and Lockheed Martin opened offices in Lone Tree, adding 1,200 new jobs to the community. The City provides an important economic presence to the region and State.

The City is also served by five Light Rail stations that residents describe as "enhancing the City's quality of life." They are a significant economic development catalyst for the City and the region, generating additional commercial real estate, residences, and new jobs in the southeast corridor. As expected, the investment in transit has prompted development around these new stations. One of the new light rail stations, Sky Ridge Station, is adjacent to the new corporate campus of Kiewit Infrastructure that is being built as well as a new apartment project that was approved for construction in 2020. The Kiewit campus will employ up to 2,000 engineers and related positions, and the buildings will include a parking structure and 400,000 square feet of office space. Additionally, the end of line station at RidgeGate Parkway has several residential projects under review for Council consideration, including an attainable housing project.

The City's continued investment to improve the transportation network throughout the City has been highlighted in previous years with the construction of multiple large projects. 2019 included a large-scale project on RidgeGate Parkway that widened the roadway from 2 lanes to 6 lanes to provide for enhanced movement of regional traffic today and to support the upcoming development plans within Lone Tree to the east of I-25. One of the key features of this project involved adding a couplet near Badger Gulch to separate the road into one-way streets directing vehicles in opposite direction to help accommodate commercial development in the future. The RidgeGate Parkway Widening project is expected to be completed in early 2021. Projects such as this continue to show the City's commitment to improving the transportation network and always striving to move people through the City more effectively.

2020 was the fourth year of the Link On Demand shuttle service, which was the first of its kind in the country. This service runs Monday - Saturday providing free door to door on-demand rides within the Lone Tree city limits. Due to COVID-19, the service was temporarily suspended for multiple months in 2020 to comply with public health orders. The Link On Demand shuttle is accessible through its own Link On Demand app. Link On Demand is an example of the City's proactive approach to prepare for and encourage future economic growth and to mitigate related traffic impacts. The City and its partner for the Link On Demand are investing in Lone Tree to assure it remains a premier community for both businesses and residents.

The City's largest revenue source are sales taxes which primarily fund the City's operations. 2020 was originally anticipated to remain consistent with 2019, however, due to the COVID-19 pandemic, 2020 sales tax revenue decreased significantly compared to 2019. With a focus on proactive forecasting and the early identification of major expense cuts and reductions the City was able to end the year with a working reserve and a capital replacement reserve pursuant to City policies. In addition, the City focused on supporting its community throughout the pandemic through a variety of initiatives.

The 2021 budget continues to anticipate major impacts on City revenues as a result of COVID-19. An austerity expense budget was approved with a focus on maintaining service levels for the community where possible.

***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 in its working reserve policy that a minimum unrestricted fund balance of 16.7% of operating expenditures be maintained. For the year ended December 31, 2020, the City's unrestricted working reserve totaled approximately 25%. The 2021 budget reflects reducing this reserve to 17.65%. The City also 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. Due to anticipated impacts of the pandemic on 2021 revenues, the 2021 budget includes the usage of the working reserve and the capital reserve to fund maintaining certain service levels for the community and minimal capital projects.

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 4,400 residences, two major retail centers, a recreation center, the Lone Tree Arts Center, the Sky Ridge Medical Center, and the Charles Schwab corporate campus. Additionally, as mentioned above, Kiewit Infrastructure will be opening its new corporate campus next to the Sky Ridge light rail station in 2021.

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 opening mid-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, rental, 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 began, which has tripled the capacity of RidgeGate Parkway. The project was completed in early 2021. This project is an example of Lone Tree's proactive approach to transportation needs. By completing the widening project in advance of development it can better serve the future residents, businesses, and visitors to RidgeGate East.

In 2019, Shea Homes announced their plan to build approximately 1,800 homes as the first master-planned development in the City on the east side of I-25. In 2020, Shea Homes preliminary plan for the Southwest Village, including extensive coordination and review of associated plans was processed. Infrastructure work is expected to begin in 2021 with the first homes being delivered by 2022.

***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 Comprehensive Annual Financial Report for the year ended December 31, 2019. 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 Comprehensive Annual Financial Report. The report must satisfy both GAAP and applicable legal requirements. This was the City's thirteenth year to submit for and to receive the award. A Certificate of Achievement is valid for one year only. We believe this 2020 Comprehensive Annual Financial Report 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 - 2020 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 Comprehensive Annual Financial Report 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, Haynie and Company, 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

Ulli Nierling
Finance Director

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Lone Tree**
**Colorado**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

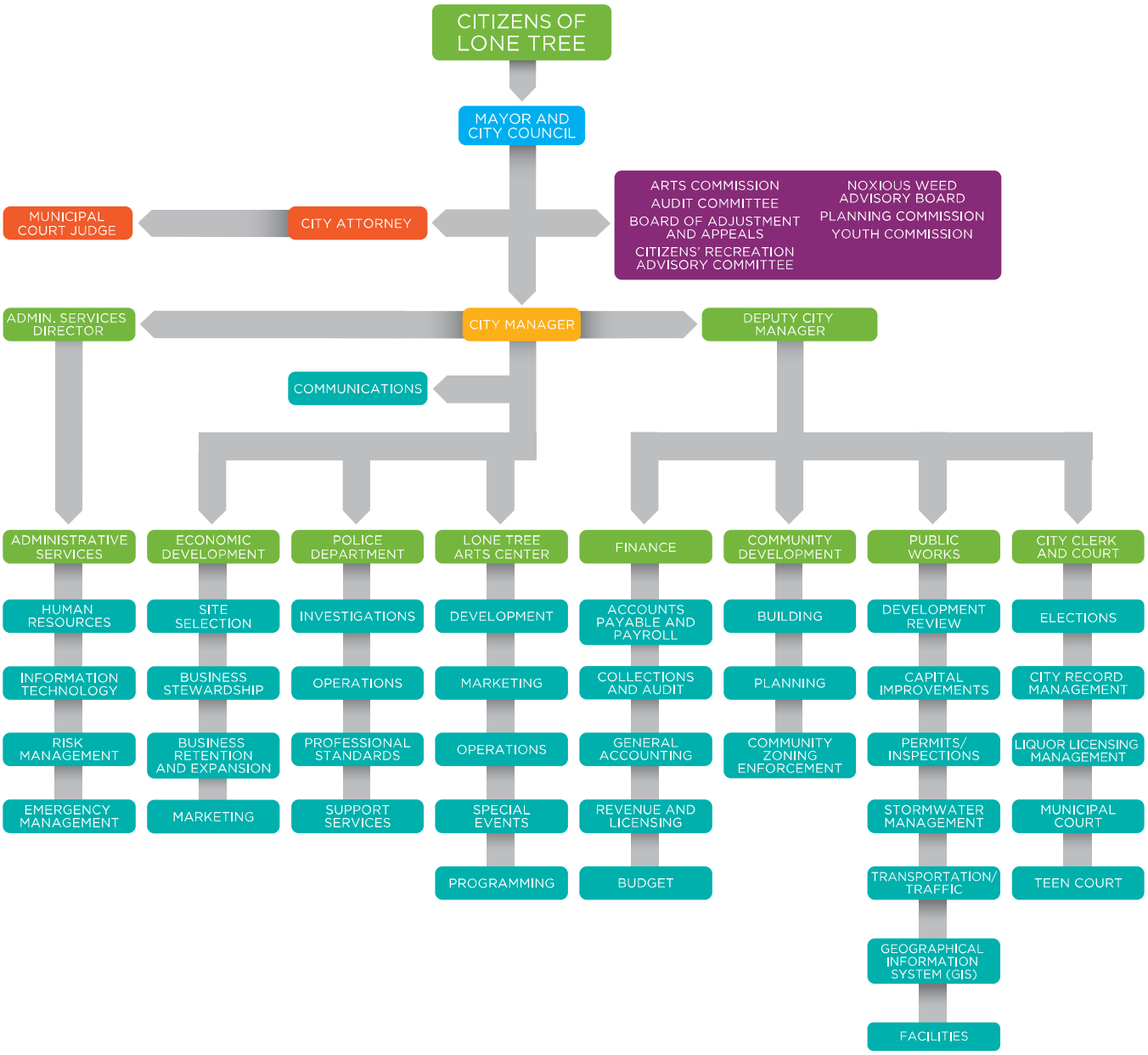
December 31, 2019

Christopher P. Morrill

Executive Director/CEO

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# City of Lone Tree
# Departmental Structure



**CITY OF LONE TREE**
**PRINCIPAL OFFICIALS OF THE CITY OF LONE TREE, COLORADO**
**December 31, 2020**

**CITY COUNCIL**

| | |
|---|---|
| Mayor | Jacqueline A. Millet, At-Large |
| Mayor Pro-Tem | Cathie Brunnick, District 2 |
| Council Members | Jay Carpenter, District 1 |
| | Wynne Shaw, District 1 |
| | Mike Anderson, District 2 |

**MUNICIPAL JUDGE** ..... Louis Gresh

**CITY OFFICIALS**

| | |
|---|---|
| City Manager | Seth Hoffman |
| Deputy City Manager | Kristin Baumgartner |
| Finance Director | Ulli Nierling |
| City Attorney | Linda Michow |
| Public Works & Mobility Director | Justin Schmitz |
| Community Development Director | Kelly First |
| Chief of Police | Kirk Wilson |
| Lone Tree Arts Center Executive Director | Lisa Rigsby Peterson |
| Director of Economic Development & Public Affairs | Jeff Holwell |
| Administrative Services Director | Bill Medina |

Haynie & Company
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To the City Council
City of Lone Tree, Colorado

**Opinions**

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 (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 December 31, 2020, 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.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion, budgetary comparison information and pension schedules, as listed in the table of contents, 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*

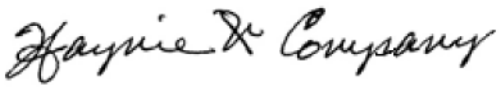
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, budgetary schedules, schedule of debt service requirements to maturity, and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and as also not a required part of the basic financial statements.

The component unit 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 combining and individual nonmajor fund financial statements and schedules, budgetary schedules, debt service requirements to maturity, statistical section, and the Local Highway Finance Report are the responsibility of management and 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, and component unit financial statements and schedules are fairly stated, in all material respects, in relation to the basic 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated May 26, 2021, on our consideration of City of Lone Tree's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Lone Tree's internal control over financial reporting and compliance



Littleton, Colorado

May 26, 2021

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**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, 2020.

## Financial Highlights

With regard to the primary government:

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $160,728,949 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 $25,687,028.
- Total net position increased by $11,071,525 from 2019.
- Total cash and investments decreased by $7,151,032 as compared to the prior year.
- Sales and use tax retail revenue decreased by $5,810,074 as compared to the prior year.
- At the end of the current fiscal year, assigned and unassigned fund balance for the General Fund totaled $18,974,975.

## 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 and Other Governmental Funds. Other Governmental Funds include 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 two funds are considered major funds, while the two Debt Service Funds, as well as the Lone Tree Art Center Fund 501(c)(3) are considered nonmajor funds. 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 31-35 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 36-102 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 103-136 of this report.

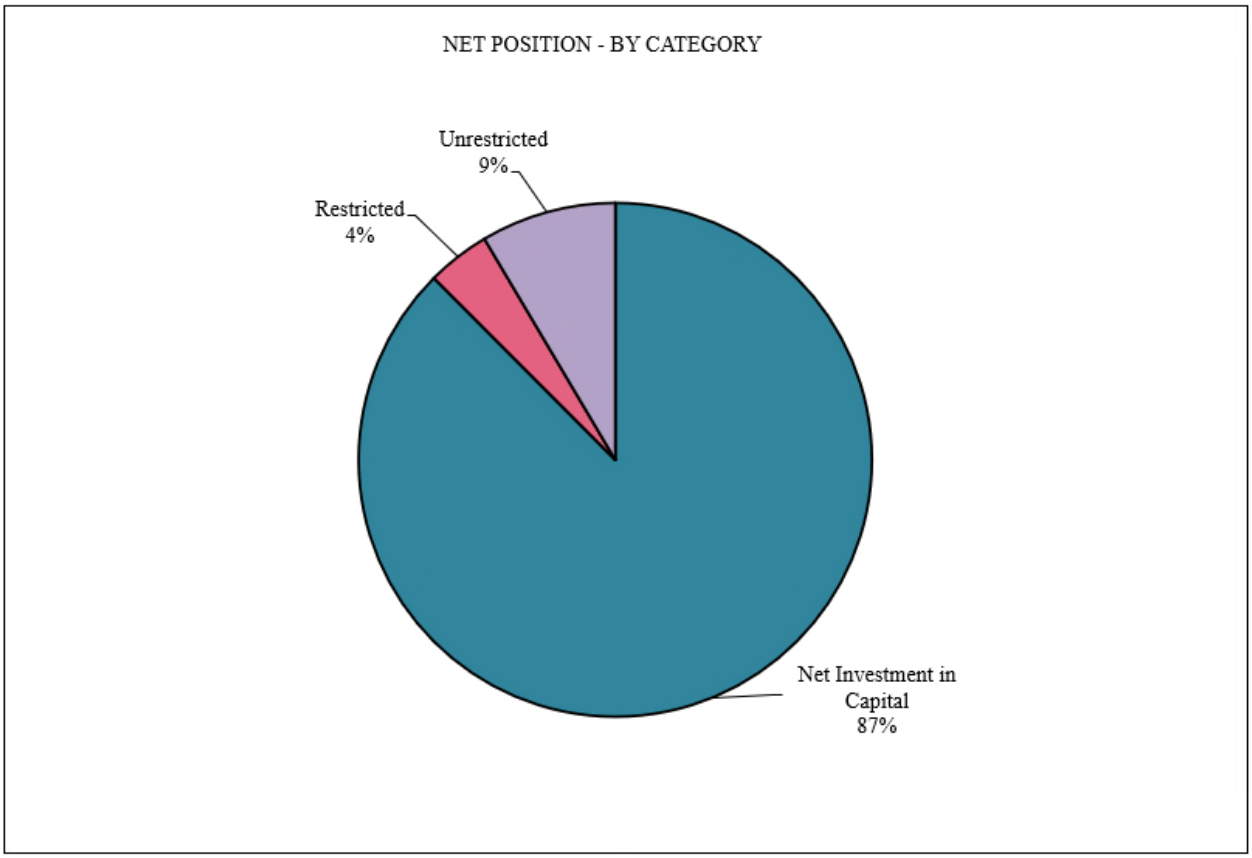
**Other supplementary information.** Combined financial statements and budgetary comparison schedules for the Debt Service Fund - Arts and Cultural Facilities, the Debt Service Fund - Park and Recreation Improvements and the Special Revenue Fund – Lone Tree Art Center Fund 501(c)(3) are presented immediately 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 $160,728,949 at the close of the most recent fiscal year.

## Net Position

| | 2020 | 2019 |
|---|---|---|
| Current Assets | $ 30,279,024 | $ 40,113,777 |
| Capital Assets | 148,541,170 | 130,869,860 |
| Long-term Assets | 341,150 | - |
| Total Assets | 179,161,344 | 170,983,637 |
| | | |
| Pension Related Amounts | 3,531,931 | 5,234,613 |
| OPEB Related Amounts | 143,438 | 146,560 |
| Refunded Bonds Related Amounts | 369,807 | 493,076 |
| Total Deferred Outflows of Resources | 4,045,176 | 5,874,249 |
| | | |
| Other Liabilities | 7,428,637 | 8,445,605 |
| Long-term Liabilities | 12,408,357 | 18,899,467 |
| Total Liabilities | 19,836,994 | 27,345,072 |
| | | |
| Pension Related Amounts | 2,529,580 | (145,684) |
| OPEB Related Amounts | 110,997 | 1,074 |
| Total Deferred Inflows of Resources | 2,640,577 | (144,610) |
| | | |
| Net Investment in Capital Assets | 140,647,955 | 120,572,452 |
| Restricted Net Position | 6,392,901 | 15,365,807 |
| Unrestricted Net Position | 13,688,093 | 13,719,165 |
| Total Net Position | $ 160,728,949 | $ 149,657,424 |



The largest portion of the City's net position (87%) 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 (4%) 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, funds reserved for specific capital projects where funds were received in 2020 and will be spent in future years and funds reserved for future debt service payments). The remaining balance of *unrestricted net position* totaling $13,688,093 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

| | 2020 | 2019 |
|---|---|---|
| Revenue | | |
| Program Revenues | | |
| Charges for Services | $ 2,571,077 | $ 3,817,673 |
| Operating Grants and Contributions | 6,619,538 | 5,918,552 |
| Capital Grants and Contributions | 12,238,449 | 20,427,224 |
| General Revenues | | |
| Sales and Use (Retail) Taxes | 19,726,510 | 25,536,584 |
| Other Taxes | 2,340,811 | 2,998,388 |
| Franchise Fees | 1,048,271 | 1,078,819 |
| Investment Earnings | 149,251 | 431,565 |
| Other | 164,723 | 159,039 |
| Total Revenues | 44,858,630 | 60,367,843 |
| Expenses | | |
| General Government (1) | 10,214,431 | 11,870,287 |
| Municipal Court | 312,221 | 293,408 |
| Community Development | 1,166,136 | 936,466 |
| Public Works (1) | 10,418,266 | 11,380,854 |
| Arts and Cultural | 2,535,888 | 3,421,829 |
| Police | 8,842,924 | 8,092,467 |
| Interest and Related Costs on Long-term Debt | 297,241 | 358,185 |
| Total Expenses | 33,787,104 | 36,353,496 |
| Change in Net Position | 11,071,525 | 24,014,347 |
| Net Position – Beginning | 149,657,424 | 125,643,077 |
| Restatement | - | - |
| Net Position - Ending | $ 160,728,949 | $ 149,657,424 |

(1) As of January 1, 2020, facilities related expenses were moved from General Government to Public Works. For comparison purposes, the 2019 amounts for General Government and Public Works were adjusted to reflect this change as well.

The City's net position related to governmental activities increased by $11,071,525 during the current fiscal year. Several key highlights of the statement of activities during 2020 include the following items:

- 2020 charges for services decreased by $1,246,596 compared to the previous year. While charges for services showed several increases in engineering fees and building permit fees related to new construction and development, these increases were offset by larger decreases in revenue from vehicle fines, court fees and ticket sales at the Lone Tree Arts Center. These decreases are a direct result of the COVID-19 pandemic impacting

commuting patterns as well as restrictions on gathering sizes and the temporary closure of the Lone Tree Arts Center.

- Operating grants and contributions increased by $700,986 from 2019 to 2020 primarily due to funding received from the CARES Act to offset COVID-19 related expenditures.

- Capital grants and contributions decreased by $8,188,775 from 2019 to 2020 largely due to the timing of Intergovernmental Agreements with City partners for the RidgeGate Parkway Widening project.

- Sales and use (retail) taxes decreased by $5,810,074 from 2019 to 2020 as a result of the COVID-19 pandemic and the associated temporary and permanent store closures as well as the impact on consumer confidence.

- Other taxes decreased by $657,577 from 2019 to 2020. Use tax on building materials increased due to increased construction as well as a large construction project at the Kiewit campus. This increase is offset by larger decreases in both lodging tax and admission tax by 61% and 48%, respectively due to the significant impacts of COVID-19.

- Investment earnings decreased by $282,314 from 2019 to 2020 predominantly due to decreased interest income as a result of lower interest rates in 2020.

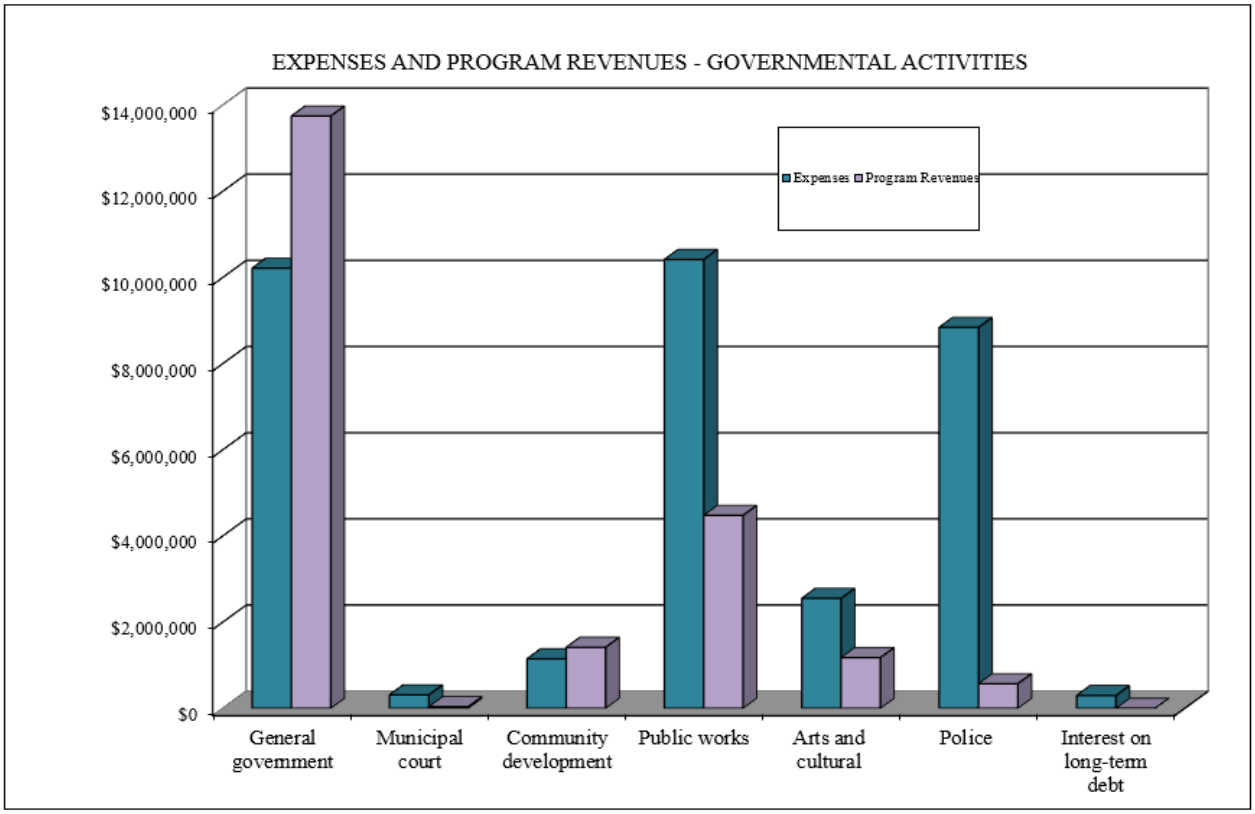
- General government expenses decreased by $1,655,856 or 13.9% from 2019 to 2020. This decrease is mainly attributable to lower sales and use tax shareback amounts to Park Meadows Business Improvement District (PMBID) as a result of the pandemic.

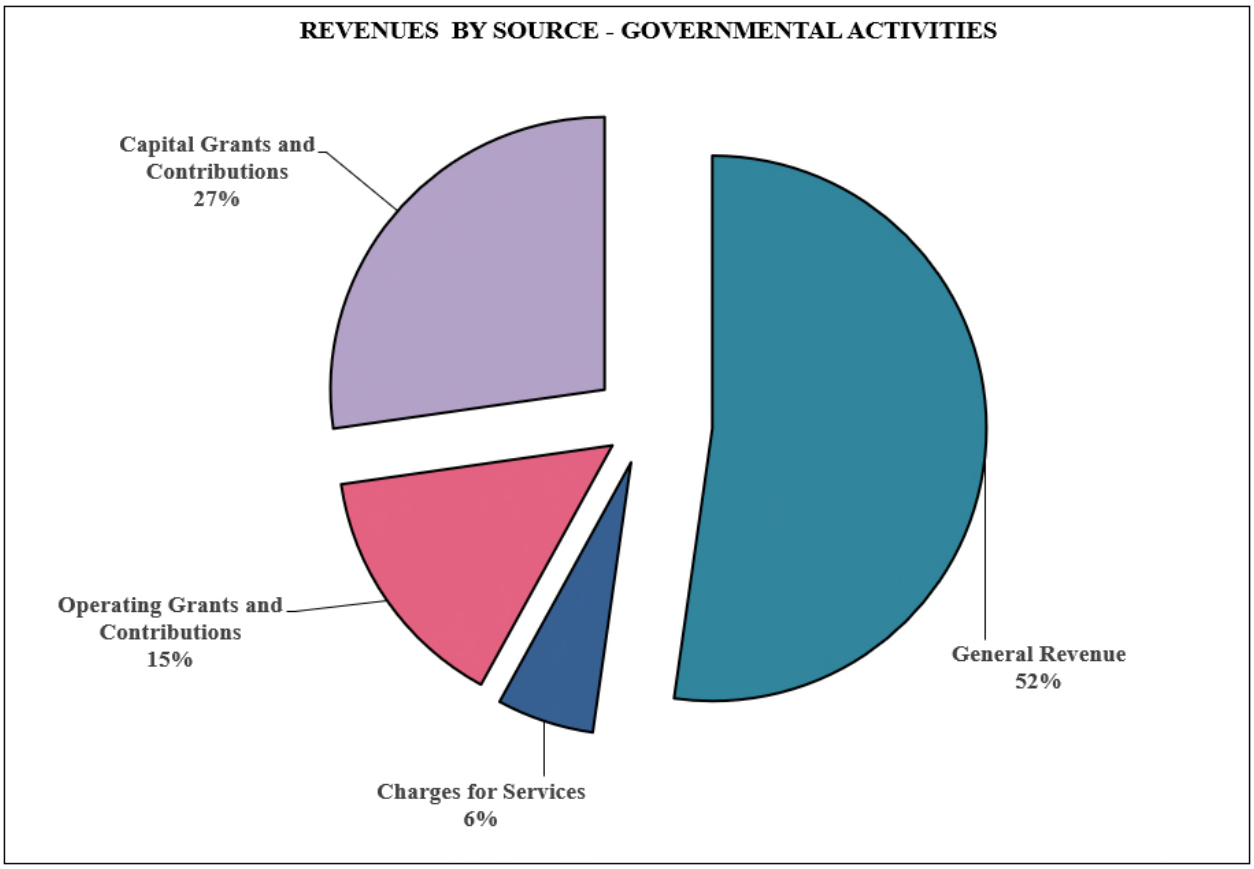
- Community development expenses increased by $229,670 or 24.5% from 2019 to 2020 primarily due to an increase in salaries and benefits resulting from hiring a new Planner II position in February 2020 in anticipation of future growth on the east side, the pension expense allocation related to GASB 68, as well as increased costs in elevator inspections.

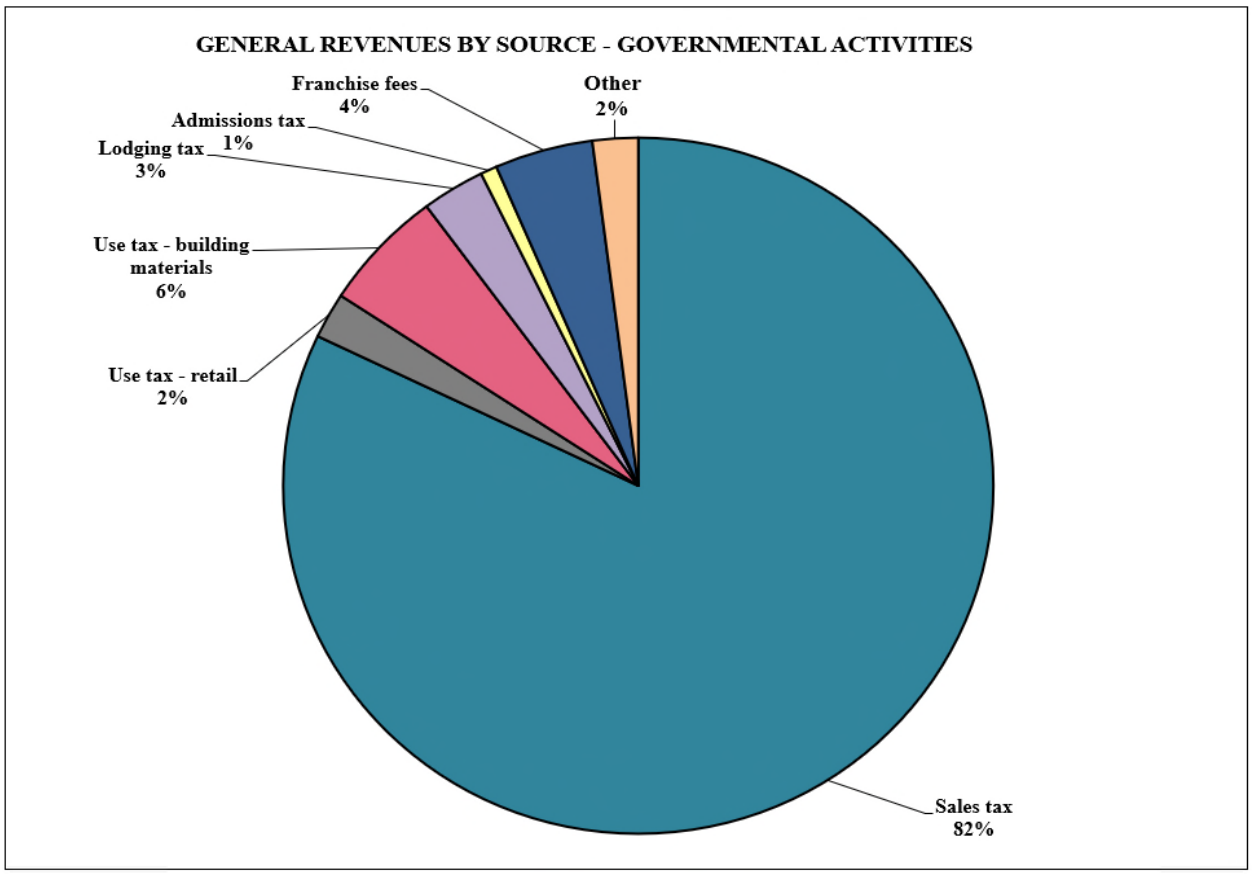
- Public Works expenses decreased by $962,588 from 2019 to 2020 due to expense cuts as a result of COVID-19. Many capital projects were cancelled, the Lone Tree Link shuttle service was temporarily suspended, and operational costs and facility maintenance expenses were reduced or cut.

- Arts and cultural expenses decreased $885,941 or 25.9% from 2019 to 2020 as a result of expense savings/cuts, including hiring freezes and furloughs, due to COVID-19 impacts on the Arts Center facility and its programming.

- Police department expenses increased by $750,457 or 9.3% from 2019 to 2020 primarily due to increased salary and benefit costs, including the restructuring of two positions to Lieutenants for increased oversight, costs associated with taser and body camera replacement to meet requirements of Senate Bill 217, the pension expense allocation related to GASB 68, as well as increased compensated absence expense.


EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
Expenses
Program Revenues
General government
Municipal court
Community development
Public works
Arts and cultural
Police
Interest on long-term debt


REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES
Capital Grants and Contributions 27%
Operating Grants and Contributions 15%
Charges for Services 6%
General Revenue 52%




**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 $25,687,028. Of this amount, $18,974,975 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 $18,974,975 out of a total fund balance of $21,953,411.

The fund balance of the City's General Fund decreased by $8,654,255 during the current fiscal year. The key factor contributing to this decrease was the intergovernmental revenue received in 2019 from City partners for the RidgeGate Parkway Widening project, which was spent in

2020 as the project continued. This was a voluntary nonexchange transaction that was contingent on the City awarding the construction contracts for Phase 1 and Phase 2, which occurred; therefore, the revenue was earned/recognizable in 2019.

At the end of the current fiscal year, the Special Revenue Fund – Cultural and Community Services reported a fund balance of $161,851. The fund balance decreased by 167,697 during the current fiscal year which is attributable to impacts of COVID-19 on Arts Center revenues.

At the end of the current fiscal year, the Debt Service Fund - Arts and Cultural Facilities reported a restricted fund balance of $1,683,750. The fund balance increased by $58,012 in 2020. This balance is an accumulation of pledged revenues.

At the end of the current fiscal year, the Debt Service Fund - Park and Recreation Improvements reported a restricted fund balance of $1,877,433. The fund balance increased by $77,112 in 2020. This balance is an accumulation of pledged revenues.

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 $10,583. The fund balance decreased by $3,380 in 2020 to cover general operating expenses associated with the LTACF. This is the third year of operations for the Lone Tree Art Center fund 501(c)(3). Revenues generated by the fund are 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 2020 came in over budget. The difference between the final budgeted revenue of $27,359,550 and the actual revenue of $30,188,911 was $2,829,361. The primary reason for this positive variance is due to the 2020 budget amendment that was adopted as a result of COVID-19. Revenues were reduced significantly in the 2020 budget amendment to account for impacts for the pandemic. Though, 2020 actual revenues showed a positive variance compared to the final budget, the City experienced a 45% decrease in revenue in the General fund compared to 2019.

The City's General Fund total expenditures for 2020 did not exceed the budgeted appropriations. The difference between the budgeted expenditures (exclusive of transfers out) of $41,160,267 and the actual expenditures of $38,438,529 was $2,721,738. The primary factors contributing to this variance were a result of the RidgeGate Parkway widening capital project continuing into 2021, and expense savings across all departments due to prudent expense management resulting from COVID-19.

**Capital Assets**

The City invested $24,252,344 in net capital assets for its governmental-type activities for the year ended December 31, 2020. Investment in capital assets consisted of projects in 2020 including the RidgeGate Parkway widening project, storm sewer improvements, adaptive traffic signal implementation, and the Crooked Stick Traffic Signal project with significant support from funding partners on most of the projects. Additionally, investments in capital assets include the land dedication for the planned regional park.

More information on the City's capital assets can be found in Note 6 on pages 54-55 of this report.

**Long-Term Debt**

At the end of the fiscal year, the City had total outstanding debt of $7,865,000. 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 $10,185,447. 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 56-60 of this report.

**Next Year's Budget**

The 2021 budget reflects City Council's endeavor for a fiscally responsible budget with a focus on maintaining service levels for the community where possible while balancing continued impacts of COVID-19 on 2021 revenues.

The City has appropriated a total of $38,414,258 for spending in fiscal year 2021. The 2021 budget maintains a high-quality level of service for core services such as snow removal, trash removal and street maintenance. In addition, the 2021 budget includes a new position for a Victim Advocate in the Police Department, which is 95% funded by a grant. To help offset impacts on revenues caused by the pandemic, the budget for salaries and benefits includes six positions that will remain unfilled. Leveraging partnerships is still a key component to be able to fund large capital projects and continued support has been provided for fiscal year 2021. Capital initiatives planned for 2021 include continued overlay of City streets, traffic signal projects, the close out of the RidgeGate Parkway widening project, design work for the I-25 and Lincoln Avenue interchange and design work for the Acres Green pedestrian and bike bridge. In order to balance the 2021, budget City Council approved the usage of the working reserve and the capital reserve to continue to provide a high level of services to the community and to cover the cost of minimal capital projects net of partnership funding that was committed. Future year budgets will include a concentrated effort to re-build the City's reserves.

**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.

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**BASIC FINANCIAL STATEMENTS**

**CITY OF LONE TREE**
**STATEMENT OF NET POSITION**
**December 31, 2020**

| | Primary Government | Component Unit | Component Unit |
|---|---|---|---|
| | Governmental Activities | Park Meadows Business Improvement District | Lone Tree Business Improvement District |
| **ASSETS** | | | |
| Cash and Investments | $ 17,791,045 | $ 2,480,393 | $ 271,905 |
| Cash and Investments - Restricted | 8,187,289 | 1,224,969 | - |
| Receivables: | | | |
| Intergovernmental | 999,280 | 849,714 | 2,428 |
| Sales, Use, Admissions and Lodging Taxes | 2,985,805 | - | - |
| Other | 142,672 | - | - |
| Prepaid Items | 172,933 | 68,807 | 3,180 |
| Property Taxes Receivable | - | - | 284,033 |
| Capital Assets: | | | |
| Non-Depreciable | 54,700,756 | - | - |
| Depreciable, Net | 93,840,414 | 12,874,854 | - |
| Net Pension Asset - FPPA | 341,150 | - | - |
| Total Assets | 179,161,344 | 17,498,737 | 561,546 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Pension Related Amounts | 3,531,931 | - | - |
| OPEB Related Amounts | 143,438 | - | - |
| Refunded Bonds Related Amounts | 369,807 | 125,158 | - |
| Total Deferred Outflows of Resources | 4,045,176 | 125,158 | - |
| **LIABILITIES** | | | |
| Accounts Payable | 3,294,239 | 177,832 | 9,430 |
| Unearned Revenue | 65,527 | - | - |
| Retainage Payable | 976,049 | - | - |
| Surety Deposits Payable | 249,690 | - | - |
| Other Deposits Payable | 6,491 | - | - |
| Accrued Interest Payable | 28,341 | 25,575 | - |
| Noncurrent Liabilities | | | |
| Due within One Year | 2,808,299 | 792,822 | - |
| Due in More than One Year: | | | |
| Other Noncurrent Liabilties | 6,702,256 | 9,392,625 | - |
| Net Liability - OPEB | 600,864 | - | - |
| Net Pension Liability - PERA | 5,105,238 | - | - |
| Total Liabilities | 19,836,994 | 10,388,854 | 9,430 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Pension Related Amounts | 2,529,580 | - | - |
| OPEB Related Amounts | 110,997 | - | - |
| Property Taxes | - | - | 284,033 |
| Total Deferred Inflows of Resources | 2,640,577 | - | 284,033 |
| **NET POSITION** | | | |
| Net Investment in Capital Assets | 140,647,955 | 2,689,407 | - |
| Restricted: | | | |
| Emergency Reserve (TABOR) | 858,570 | 107,500 | 7,950 |
| Conservation Trust | 375,025 | - | - |
| Brick Fence Replacement | 986,200 | - | - |
| RidgeGate Parkway Widening Reserve | 606,923 | - | - |
| Lone Tree Art Center Programs | 5,000 | - | - |
| Debt Service | 3,561,183 | 1,117,469 | - |
| Restricted | 6,392,901 | 1,224,969 | 7,950 |
| Unrestricted | 13,688,093 | 3,320,665 | 260,133 |
| Total Net Position | $ 160,728,949 | $ 7,235,041 | $ 268,083 |

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, 2020**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Component Unit: Park Meadows Business Improvement District | Net (Expense) Revenue and Changes in Net Position: Component Unit: Lone Tree Business Improvement District |
|---|---|---|---|---|---|---|---|
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | $ 10,214,431 | $ 174,152 | $ 1,334,228 | $ 12,238,449 | $ 3,532,399 | $ - | $ - |
| Municipal Court | 312,221 | 37,305 | - | - | (274,915) | - | - |
| Community Development | 1,166,136 | 1,364,480 | 51,570 | - | 249,914 | - | - |
| Public Works | 10,418,266 | 213,624 | 4,265,074 | - | (5,939,568) | - | - |
| Arts and Cultural Services | 2,535,888 | 360,031 | 818,590 | - | (1,357,267) | - | - |
| Police | 8,842,924 | 421,484 | 150,076 | - | (8,271,364) | - | - |
| Interest and Related Costs on Long-Term Debt | 297,241 | - | - | - | (297,241) | - | - |
| Total Primary Government | $ 33,787,104 | $ 2,571,077 | $ 6,619,538 | $ 12,238,449 | (12,358,041) | - | - |
| Component Unit: | | | | | | | |
| Park Meadows Business Improvement District: | | | | | | | |
| General Government | $ 4,340,593 | $ - | $ - | $ - | | (4,340,593) | - |
| Interest on Long-Term Debt | 338,274 | - | - | - | | (338,274) | - |
| Total Component Unit | $ 4,678,867 | $ - | $ - | $ - | | (4,678,867) | - |
| Component Unit: | | | | | | | |
| Lone Tree Business Improvement District: | | | | | | | |
| General Government | $ 176,074 | $ - | $ - | $ - | | | (176,074) |
| Total Component Unit | $ 176,074 | $ - | $ - | $ - | | | (176,074) |
| General Revenues: | | | | | | | |
| Sales Tax | | | | | 19,228,176 | 3,284,471 | - |
| Use Tax - Retail | | | | | 498,334 | - | - |
| Use Tax - Building Materials | | | | | 1,320,568 | 5,896 | - |
| Lodging Tax | | | | | 672,449 | - | - |
| Admissions Tax | | | | | 176,402 | - | - |
| Franchise Fees | | | | | 1,048,271 | - | - |
| Cigarette Tax | | | | | 171,392 | - | - |
| Sales Tax and Liquor Licenses | | | | | 21,860 | - | - |
| Property Tax | | | | | - | - | 241,286 |
| Investment Earnings | | | | | 149,251 | 19,406 | 20,743 |
| Other | | | | | 142,863 | 280,046 | 3,378 |
| Total General Revenues | | | | | 23,429,566 | 3,589,819 | 265,407 |
| Change in Net Position | | | | | 11,071,525 | (1,089,048) | 89,333 |
| Net Position - Beginning | | | | | 149,657,424 | 8,324,089 | 178,750 |
| Net Position - Ending | | | | | $ 160,728,949 | $ 7,235,041 | $ 268,083 |

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

SUMMARY OF FUNDS

Major governmental funds include the General Fund and any governmental fund that comprises 10% or more of a total governmental fund classification (assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures) and at least 5% of the combined governmental and enterprise funds total for the same classification.

MAJOR FUNDS

**General Fund**
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.

**Special Revenue Fund – Cultural and Community Services**
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.

NON-MAJOR FUNDS

**Other Governmental Funds**
The Other Governmental Funds column is an aggregate of the following non-major governmental funds:

- **Debt Service Funds**
  The Debt Service Fund - Arts and Cultural Facilities
  The Debt Service Fund - Park and Recreation Improvements

- **Special Revenue Fund**
  Special Revenue Fund – Lone Tree Arts Center Fund 501(c)(3)

Detailed schedules can be found in the "Combining and Individual Fund Financial Statements and Schedules" section of this report.

**CITY OF LONE TREE**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**December 31, 2020**

| | General | Special Revenue - Cultural and Community Services | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Investments | $ 17,561,566 | $ 229,479 | $ - | $ 17,791,045 |
| Cash and Investments - Restricted | 4,912,728 | - | 3,274,561 | 8,187,289 |
| Receivables: | | | | |
| Intergovernmental | 999,280 | - | - | 999,280 |
| Sales, Use, Admissions and Lodging Taxes | 2,623,630 | - | 362,174 | 2,985,805 |
| Other | 43,431 | 93,942 | 5,300 | 142,672 |
| Prepaid items | 151,718 | 21,215 | - | 172,933 |
| Due from Other Funds | 119,920 | - | - | 119,920 |
| **TOTAL ASSETS** | $ 26,412,273 | $ 344,636 | $ 3,642,035 | $ 30,398,944 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| **LIABILITIES** | | | | |
| Accounts Payable | $ 3,214,947 | $ 9,023 | $ 70,269 | $ 3,294,239 |
| Unearned Revenue | 12,185 | 53,342 | - | 65,527 |
| Retainage Payable | 976,049 | - | - | 976,049 |
| Surety Deposits Payable | 249,690 | - | - | 249,690 |
| Other Deposit Payable | 5,991 | 500 | - | 6,491 |
| Due to Other Funds | - | 119,920 | - | 119,920 |
| Total Liabilities | 4,458,862 | 182,786 | 70,269 | 4,711,917 |
| **FUND BALANCES** | | | | |
| Non-Spendable | 151,718 | 21,215 | - | 172,933 |
| Restricted | 2,826,718 | 5,000 | 3,561,183 | 6,392,901 |
| Committed | - | 135,636 | 10,583 | 146,219 |
| Assigned | 12,523,975 | - | - | 12,523,975 |
| Unassigned | 6,451,000 | - | - | 6,451,000 |
| Total Fund Balances | 21,953,411 | 161,851 | 3,571,766 | 25,687,028 |
| **TOTAL LIABILITIES AND FUND BALANCES** | $ 26,412,273 | $ 344,636 | $ 3,642,035 | $ 30,398,945 |

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, 2020**

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

| | |
|---|---|
| Total Fund Balance - Governmental Funds | $ 25,687,028 |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. | 148,541,170 |
| 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 | 341,150 |
| 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 | 3,531,931 |
| Deferred Outflows - OPEB | 143,438 |
| Deferred Outflows - Refunded Bonds | 369,807 |
| Deferred Inflows - Pension Plan | (2,529,580) |
| Deferred Inflows - OPEB | (110,997) |
| Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Bonds Payable | (7,865,000) |
| Accrued Interest on Bonds Payable | (28,341) |
| Bond Premiums (Net of Amortization) | (398,022) |
| Net OPEB Liability - PERA | (600,864) |
| Net Pension Liability - PERA | (5,105,238) |
| Compensated Absences | (1,247,532) |
| Net Position of Governmental Activities | $ 160,728,949 |

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, 2020**

| | General | Special Revenue - Cultural and Community Services | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ 19,028,299 | $ - | $ 2,867,630 | $ 21,895,929 |
| Franchise fees | 1,048,271 | - | - | 1,048,271 |
| Intergovernmental | 7,411,211 | - | - | 7,411,211 |
| Licenses, Fees and Charges | 1,599,964 | - | - | 1,599,964 |
| Fines and Forfeitures | 436,363 | - | - | 436,363 |
| Net Investment Income | 131,113 | - | 18,138 | 149,251 |
| Tenant Rental Income | 174,152 | - | - | 174,152 |
| Arts and Cultural | - | 1,178,621 | 70,270 | 1,248,891 |
| Other | 359,538 | - | - | 359,538 |
| Total Revenues | 30,188,911 | 1,178,621 | 2,956,038 | $ 34,323,570 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| General Government | 4,575,637 | - | - | 4,575,637 |
| Municipal Court | 299,755 | - | - | 299,755 |
| Community Development | 1,098,689 | - | - | 1,098,689 |
| Police | 8,603,650 | - | - | 8,603,650 |
| Public Works | 5,278,695 | - | - | 5,278,695 |
| Arts and Cultural Services | - | 1,793,301 | 73,649 | 1,866,950 |
| Debt Service | | | | |
| Bond Interest | - | - | 422,500 | 422,500 |
| Bond Principal | - | - | 2,285,000 | 2,285,000 |
| Paying Agent Fees | - | - | 800 | 800 |
| Capital Outlay | 18,582,104 | - | - | 18,582,104 |
| Total Expenditures | 38,438,529 | 1,793,301 | 2,781,949 | 43,013,779 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | (8,249,618) | (614,680) | 174,089 | (8,690,209) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers In | 42,345 | 446,982 | - | 489,327 |
| Transfers Out | (446,982) | - | (42,345) | (489,327) |
| Total Other Financing Sources (Uses) | (404,637) | 446,982 | (42,345) | - |
| **NET CHANGE IN FUND BALANCES** | (8,654,256) | (167,698) | 131,745 | (8,690,209) |
| **FUND BALANCES - BEGINNING OF YEAR** | 30,607,666 | 329,548 | 3,440,022 | 34,377,236 |
| **FUND BALANCES - END OF YEAR** | $ 21,953,411 | $ 161,851 | $ 3,571,766 | $ 25,687,028 |

**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, 2020**

| | |
|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Net Change in Fund Balances - Total Governmental Funds | $ (8,690,209) |
| 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 | 24,438,329 |
| Depreciation Expense | (6,759,937) |
| Loss on Disposal of Assets | (7,082) |
| 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 | 2,285,000 |
| Bond Premiums - Amortization | 242,462 |
| 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 | (322,316) |
| Pension Expense | 10,352 |
| OPEB Expense | (8,672) |
| Accrued Interest on Bonds - Change in Liability | 6,867 |
| Changes in Net Position of Governmental Activities | $ 11,071,525 |

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

## 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.

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

**NOTE 1 - DEFINITION OF REPORTING ENTITY** (CONTINUED)

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 501(c)(3) (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 or 9220 Kimmer Dr., Suite 100, Lone Tree, CO 80124.

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).
- 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.

**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 City reports the following non-major governmental funds:

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.

The Special Revenue Fund – Lone Tree Arts Center Fund 501(c)(3) is used to account for revenues and expenditures related to the operation of the 501(c)(3). Revenue reported in this fund represents contributions received during the year that support the Lone Tree Arts Center.

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

**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, 2020, supplementary budget amendment appropriations approved by City Council as a result of impacts from the COVID-19 pandemic reduced the appropriations from $47,849,914 to $41,621,489 in the General Fund, $3,234,171 to $1,891,774 in the Special Revenue Fund – Cultural and Community Services Fund, $2,135,100 to $1,681,851 in the Debt Service Fund – Arts and Cultural Facilities.

During the year ended December 31, 2020, there were no supplementary budget amendment appropriations for the PMBID.

During the year ended December 31, 2020, 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.

**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.

**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 January 2021 tenant rental income, 2021 Colorado Department of Transportation (CDOT) reimbursement for the Lone Tree Police Department Click It or Ticket program, as well as unearned rental fees and ticket sales for the Lone Tree Arts Center.

**Property Taxes**

Property taxes are levied by the LTBID'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 LTBID.

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.

**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 three items that qualify for reporting in this category. The first two are shown as pension and OPEB-related amounts that include 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 - 14).

The third 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 two are shown as pension- and OPEB-related amounts that include 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 - 14). 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.

**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, from most restrictive to least:

- *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.

**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, 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.

## NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

| | Primary Government | Park Meadows BID Component Unit | Lone Tree BID Component Unit |
|---|---|---|---|
| Statement of Net Position: | | | |
| Cash and Investments | $ 17,791,045 | $ 2,480,393 | $ 271,905 |
| Cash and Investments – Restricted | 8,187,289 | 1,224,969 | - |
| Total Cash and Investments | $ 25,978,334 | $ 3,705,362 | $ 271,905 |

Cash and investments as of December 31, 2020 consist of the following:

| | Primary Government | Park Meadows BID Component Unit | Lone Tree BID Component Unit |
|---|---|---|---|
| Deposits with Financial Institutions | $ 6,193,881 | $ 2,156,587 | $ 271,905 |
| Certificates of Deposit | - | 1,026,580 | - |
| Investments | 19,784,453 | 522,195 | - |
| Total Cash and Investments | $ 25,978,334 | $ 3,705,362 | $ 271,905 |

### 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.

**NOTE 3 - CASH AND INVESTMENTS** (CONTINUED)

As of December 31, 2020, the City's cash deposits had a bank balance of $6,178,267 and a carrying balance of $6,193,882. 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, 2020, the PMBID's cash deposits, including certificates of deposit, had a bank balance of $3,238,440 and a carrying balance of $3,183,167. 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, 2020, the LTBID's cash deposits had a bank balance of $271,905 and a carrying balance of $271,905. The LTBID's deposits up to $250,000 are covered by federal depository insurance (FDIC), with the additional deposits covered by the PDPA.

**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.

**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. LTBID had no investments as of December 31, 2020. City investments, as well as PMBID, as of December 31, 2020 are as follows:

- City - Local Government Investment Pool of $19,784,453 are valued using the fair value of the pool's share price multiplied by the number of shares held. (Level 2)
- PMBID – Local Government Investment Pool of $522,195 are valued using the net asset value method (NAV) per share. The District's investment is not required to be categorized within the fair value hierarchy.

The City does not have recurring fair value measurements as of December 31, 2020, that are valued using quoted prices in active markets for identical assets (Level 1) or significant unobservable inputs (Level 3).

**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, 2020, LTACF did not hold any securities.

**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. Colotrust is rated AAAm by Standard & Poor's.

## 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 Fund - Cultural & Community Services | Other Governmental Funds | Total |
|---|---|---|---|---|
| Fund Balances | | | | |
| Nonspendable | | | | |
| Prepaid Items | $ 151,718 | $ 21,215 | $ - | $ 172,933 |
| | 151,718 | 21,215 | - | 172,933 |
| Restricted for: | | | | |
| Emergency Reserve (TABOR) | 858,570 | - | - | 858,570 |
| Conservation Trust | 375,025 | - | - | 375,025 |
| Brick Fence Replacement Reserve | 986,200 | - | - | 986,200 |
| RidgeGate Parkway Widening | 606,923 | - | - | 606,923 |
| Lone Tree Art Center Programs | - | 5,000 | - | 5,000 |
| Debt Service | - | - | 3,561,183 | 3,561,183 |
| | 2,826,718 | 5,000 | 3,561,183 | 6,392,901 |
| Committed to: | | | | |
| Lone Tree Arts Center | - | 135,636 | 10,583 | 146,219 |
| Assigned to: | | | | |
| Emergency Disaster Management - County | 163,272 | - | - | 163,272 |
| Capital Replacement | 10,761,058 | - | - | 10,761,058 |
| Park Fee in Lieu of Land | 104,800 | - | - | 104,800 |
| Subsequent Year's Expenditures (Capital Projects) | 1,494,846 | - | - | 1,494,846 |
| | 12,523,975 | - | - | 12,523,975 |
| Unassigned | 6,451,000 | - | - | 6,451,000 |
| Total Fund Balance | **$ 21,953,411** | **$ 161,851** | **$ 3,571,766** | **$ 25,687,028** |

**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 20).

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.

RidgeGate Parkway Widening reserve represents funds received by the City from funding partners on this project. These funds are to be used exclusively for the final phase of the RidgeGate Parkway Widening 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.

**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.

Subsequent year's expenditures represent the amount appropriated for use in the budget for the year ending December 31, 2021. This classification of expenditures is present when prior-year fund balance is used for expenditures, such as capital projects. For 2021, 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.

## NOTE 5 - TRANSFERS

The following schedule summarizes the City's transfers for the year ended December 31, 2020:

| Transfers Out | Transfer in General Fund | Transfer in Special Revenue Fund - Cultural & Community Services |
|---|---|---|
| Debt Service Fund - Arts/Cultural Facilities | $ 42,345 | $ - |
| General Fund | - | 446,982 |
| | $ 42,345 | $ 446,982 |

The transfer of $446,982 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 $42,345 from the Debt Service fund to the General Fund represent reimbursement for capital payments that were made out of the General Fund for Arts and Cultural projects.

## NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 follows:

| | Balance at December 31, 2019 | Increases | Decreases | Balance at December 31, 2020 |
|---|---|---|---|---|
| **Primary Government** | | | | |
| Capital Assets, Not being Depreciated: | | | | |
| Land | $ 25,247,385 | $10,605,329 | $ - | $ 35,852,714 |
| Construction in Progress | 8,624,458 | 12,061,635 | (1,838,051) | 18,848,042 |
| Total Capital Assets, not Being Depreciated | 33,871,843 | 22,666,964 | (1,838,051) | 54,700,756 |
| Capital Assets, being Depreciated: | | | | |
| Buildings and Building Improvements | 42,535,977 | 10,000 | - | 42,545,977 |
| Equipment | 4,232,401 | 313,887 | - | 4,546,288 |
| Vehicles | 1,772,218 | 221,108 | (185,986) | 1,807,340 |
| Infrastructure | 139,665,702 | 3,064,422 | - | 142,730,124 |
| Intangibles | 1,500,000 | - | - | 1,500,000 |
| Total Capital Assets, being Depreciated | 189,706,298 | 3,609,416 | (185,986) | 193,129,729 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Building Improvements | (10,318,385) | (1,158,946) | - | (11,477,331) |
| Equipment | (3,411,254) | (392,344) | - | (3,803,598) |
| Vehicles | (1,232,697) | (177,577) | 178,904 | (1,231,370) |
| Infrastructure | (77,164,695) | (4,993,571) | - | (82,158,266) |
| Intangibles | (581,250) | (37,500) | - | (618,750) |
| Total Accumulated Depreciation | (92,708,281) | (6,759,937) | 178,904 | (99,289,314) |
| Total Capital Assets, being Depreciated, Net | 96,998,017 | (3,150,521) | (7,082) | 93,840,414 |
| Capital Assets, Net | $ 130,869,860 | $19,516,443 | $ (1,845,133) | $ 148,541,170 |

**NOTE 6 - CAPITAL ASSETS** (CONTINUED)

| | Balance at December 31, 2019 | Increases | Decreases | Balance at December 31, 2020 |
|---|---|---|---|---|
| **Park Meadows BID Component Unit:** | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Construction in Progress | $ 36,560 | $ - | $ 36,560 | $ - |
| Total Capital Assets, Not Being Depreciated | 36,560 | - | 36,560 | - |
| Capital Assets, Being Depreciated: | | | | |
| Infrastructure | 21,401,388 | 57,159 | - | 21,458,547 |
| Total Capital Assets, Being Depreciated | 21,401,388 | 57,159 | - | 21,458,547 |
| Less Accumulated Depreciation for: | | | | |
| Infrastructure | (7,446,629) | (1,137,064) | - | (8,583,693) |
| Total Accumulated Depreciation | (7,446,629) | (1,137,064) | - | (8,583,693) |
| Total Capital Assets, Being Depreciated, Net | 13,954,759 | (1,079,905) | - | 12,874,854 |
| Capital Assets, Net | $ 13,991,319 | $ (1,079,905) | $ 36,560 | $ 12,874,854 |

Depreciation expense for 2020 was charged to the following functions/programs:

| | Governmental Activities | Park Meadows BID Component Unit |
|---|---|---|
| General Government | $ 504,333 | $ 1,137,064 |
| Municipal Court | 9,948 | - |
| Community Development | 46,119 | - |
| Public Works | 5,095,401 | - |
| Police Department | 428,844 | - |
| Arts and Cultural | 675,292 | - |
| Total Depreciation Expense | $ 6,759,937 | $ 1,137,064 |

## 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, 2020:

| | Balance at December 31, 2019 | Additions | Reductions | Balance at December 31, 2020 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Sales and Use Tax Revenue Refunding Bonds – Series 2017A | $ 3,950,000 | $ - | $ 900,000 | $ 3,050,000 | $ 940,000 |
| Unamortized premium on Series 2017A Bonds | 298,662 | - | 108,963 | 189,699 | 92,573 |
| Sales and Use Tax Revenue Refunding Bonds - Series 2017B | 6,200,000 | - | 1,385,000 | 4,815,000 | 1,495,000 |
| Unamortized premium on Series 2017B Bonds | 341,822 | - | 133,499 | 208,323 | 103,063 |
| Compensated Absences | 925,216 | 381,585 | 59,269 | 1,247,532 | 177,663 |
| | $ 11,715,700 | $ 381,585 | $ 2,586,731 | $ 9,510,554 | $ 2,808,299 |

**NOTE 7 - LONG-TERM OBLIGATIONS** (CONTINUED)

| | Balance at December 31, 2019 | Additions | Reductions | Balance at December 31, 2020 | Due Within One Year |
|---|---|---|---|---|---|
| **Park Meadows BID Component Unit** | | | | | |
| Shared Sales Tax Revenue Refunding Loan Series 2017A | $ 10,000,000 | $ - | $ - | $ 10,000,000 | $ 607,374 |
| Shared Sales Tax Revenue Refunding Loan Series 2017B | 956,868 | - | 771,421 | 185,447 | 185,448 |
| | $ 10,956,868 | $ - | $ 771,421 | $ 10,185,447 | $ 792,822 |

## 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. On December 31, 2020, 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) | - |
| | $ 31,000,000 | $ 11,000,000 | $ 16,880,000 | $ (3,120,000) | $ - |

**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, 2020, 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 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. Series 2008A was originally issued on November 19, 2008, at $11,000,000 in Sales and Use Tax Revenue Bonds. 2008A Bonds were paid in full as of December 31, 2018. The principal and interest on the 2008A Bonds were 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.

The purpose of the 2017 refunding was to reduce the interest rate paid on the 2008A Bonds. 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. The terms of the 2017A bonds remained 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. Series 2009 was originally issued on August 11, 2009, at $16,880,000 in Sales and Use Tax Revenue Bonds. 2009 Bonds were paid in full as of December 31, 2019. The principal and interest on the 2009 Bonds were 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.

**NOTE 7 - LONG-TERM OBLIGATIONS** (CONTINUED)

The purpose of the 2017 refunding was to reduce the interest rate paid on the 2009 Bonds. The total debt service savings for the 2009 bonds as a result of the refunding is approximately $278,500, while the present value savings from cash flow is approximately $259,000. The terms of the bonds remained the same with a payoff date of December 1, 2023.

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.

**NOTE 7 - LONG-TERM OBLIGATIONS** (CONTINUED)

Annual debt service requirements to maturity are as follows:

| Year Ended December 31, | Governmental Activities | | |
|---|---|---|---|
| | Sales and Use Tax Revenue Bonds | | |
| | Principal | Interest | Total |
| 2021 | $ 2,435,000 | $ 340,100 | $ 2,775,100 |
| 2022 | 2,620,000 | 233,300 | 2,853,300 |
| 2023 | 2,810,000 | 118,300 | 2,928,300 |
| | $ 7,865,000 | $ 691,700 | $ 8,556,700 |

| | Component Unit | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2021 | $ 792,824 | $ 296,570 | $ 1,089,394 |
| 2022 | 816,983 | 272,411 | 1,089,394 |
| 2023 | 841,999 | 247,395 | 1,089,394 |
| 2024 | 867,782 | 221,612 | 1,089,394 |
| 2025 | 894,356 | 195,038 | 1,089,394 |
| 2026-2030 | 4,899,738 | 547,231 | 5,446,969 |
| 2031 | 1,071,765 | 17,613 | 1,089,378 |
| | $ 10,185,447 | $ 1,797,870 | $ 11,983,317 |

## 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, 2020, the City had net investment in capital assets of $140,647,955 calculated as follows:

| **Primary Government** | **Governmental Activities** |
|---|---|
| Net Investment in Capital Assets: | |
| Capital Assets, Net | $ 148,541,170 |
| Deferred Outflow on Refunded Bonds | 369,807 |
| Current Portion of Long-term Obligations | (2,435,000) |
| Noncurrent Portion of Long-term Obligations | (5,430,000) |
| Bond Refunding Premium (Net of Accumulated Amortization) | (398,022) |
| Net Investment in Capital Assets | $ 140,647,955 |

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 $6,392,901 as of December 31, 2020 as follows:

| **Primary Government** | **Governmental Activities** |
|---|---|
| Restricted Net Position: | |
| Emergency Reserve (see Note 20) | $ 858,570 |
| Conservation Trust | 375,025 |
| Brick Fence Replacement | 986,200 |
| RidgeGate Parkway Widening Reserve | 606,923 |
| Lone Tree Art Center Programs | 5,000 |
| Debt Service (see Note 7) | 3,561,183 |
| | $ 6,392,901 |

**NOTE 8 – NET POSITION** (CONTINUED)

The unrestricted component of net position as of December 31, 2020 totaled $13,688,093.

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, 2020, PMBID had net investment in capital assets calculated as follows:

**Park Meadows BID**

| | Governmental Activities |
|---|---|
| Net Investment in Capital Assets: | |
| Capital Assets, Net | $ 12,874,854 |
| Current Portion of Long-term Obligations | (792,822) |
| Noncurrent Portion of Long-term Obligations | (9,392,625) |
| Net Investment in Capital Assets | $ 2,689,407 |

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 $1,224,969 as of December 31, 2020 as follows:

**Park Meadows BID**

| | Governmental Activities |
|---|---|
| Restricted Net Position: | |
| Emergency Reserve | $ 107,500 |
| Debt Service (See Note 7) | 1,117,469 |
| | $ 1,224,969 |

PMBID's unrestricted net position as of December 31, 2020 totaled $3,320,665.

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

**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, 2020, as follows:

| **Lone Tree BID** | **Governmental Activities** |
|---|---|
| Restricted Net Position: | |
| Emergency Reserve | $ 7,950 |

LTBID's unrestricted net position as of December 31, 2020, totaled $260,133.

**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, 2020 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, 2020, Retailer A has been paid in full for a total of $750,000.

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, 2020, Retailer B has been paid $5,779,373 with a remaining amount committed of $1,420,627.

**NOTE 9 – TAX ABATEMENTS** (CONTINUED)

Service Provider A 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, 2020, no payments have been made to Service Provider A. In previous years, this Service Provider was identified as Service Provider B.

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 2020, the amount paid to RRMD No.1 pursuant to the First Amendment to the Annexation and Development Shareback Agreement totaled $892,217.

**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 2020, the amount paid to PMBID totaled $3,337,478.

**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. In 2020, the City and Town of Parker entered into a third replacement intergovernmental agreement for services provided, which changes the cost allocation method from the previous agreement starting on January 1, 2021. The allocation for 2021 remains at 38%. Cost for 2022 and future years are calculated based on a percentage calculation for the total authorized sworn staff of each agency for the current year, combined with the percentage of citizen generated calls for service

**NOTE 10 - INTERGOVERNMENTAL AGREEMENTS** (CONTINUED)

averaged for the preceding three years. For 2020, the allocation remained at 38%. Additionally, a monthly administrative fee of 10% of the allocated costs will be included, not to exceed $75,000 in any given year.

**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 were allocated initially 50/50 for evidence storage costs in 2019 and will be adjusted annually. For 2020, the 50/50 allocation remained the same. 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 2021 is approximately $867,665.

**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 – 2018,

**NOTE 10 – INTERGOVERNMENTAL AGREEMENTS** (CONTINUED)

the service was expanded with one shuttle being an on-demand service through a partnership with Uber. In 2019, the on-demand service was powered through Via Mobility and became accessible through its own app. The on-demand service allows people to use the shuttle between any destinations within the City limits.

The circular service was discontinued in May of 2019 due to the opening of the Southeast Light Rail Extension. However, the on-demand service has continued. The City continues to have an intergovernmental agreement with the Southeast Public Improvement Metropolitan District (SPIMD), which included matched funding support of $43,292 for 2020. The on-demand service was suspended temporarily from April through mid-October 2020 due to COVID-19.

**COVID-19 Relief Funding**

In response to the impact of the COVID-19 outbreak, CARES Act provided assistance for State, Local, and Tribal Governments. The CARES Act established a $150 billion Coronavirus Relief Fund. In 2020, the City has entered into an intergovernmental agreement with Douglas County for the purpose of providing the structure for reimbursement of the City's allocation of the CARES Act Reimbursement Funds. The City requested and received its full distribution of $1,231,675 for COVID-19 related expenditures allowable under the CARES Act.

**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

**NOTE 11 – COMMITMENTS** (CONTINUED)

described below. The two significant changes in the Amendment include the acceptance of streets and sales tax sharing.

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. Please see Note 9 for further details on the payment schedule.

**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.

**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, 2020, the City had unexpended construction related contract commitments of $2,247,120.

## 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. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings 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 for Urban Wage Earners and Clerical Workers (CPI-W).

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' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

**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. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

Members of this Plan and their employers are contributing at the rate of 11 and 8 percent of base salary for a total contribution rate of 19 percent through 2020. 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 pensionable earnings. Employer contributions are 8 percent in 2019 and 2020. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings.

Contributions to the Plan from the City were $365,287 for the year ended December 31, 2020.

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

At December 31, 2020, the City reported an asset of $341,150 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, 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, 2019, the City's proportion was 0.603 percent, which was an increase of 0.011 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of ($37,191).

Pension expense for 2020 was charged to the following functions/programs:

| | Governmental Activities |
|---|---|
| Police Department | $ (37,191) |
| Total Pension Expense | $ (37,191) |

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

At December 31, 2020, 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, 2018 | $ 3,045,449 | $ 182,327 |
| Differences Between Actual and Expected Experience | 191,987 | (1,325) |
| Changes in Assumptions | (77,706) | - |
| Net Difference Between Actual and Projected Earnings on Pension Plan Investments | (1,125,576) | - |
| Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions | (356,703) | 51,671 |
| City Contributions Subsequent to the Measurement Date | 365,287 | - |
| Total | $ 2,042,738 | $ 232,673 |

$365,287 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 asset in the year ended December 31, 2021. 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 |
|---|---|
| 2021 | $ 147,176 |
| 2022 | 100,732 |
| 2023 | 275,200 |
| 2024 | 48,902 |
| 2025 | 277,585 |
| Thereafter | 595,183 |
| **Total** | **$ 1,444,778** |

**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, 2019. 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 | 7.0 percent, Compounded Annually Net of All Investment Expenses, and Including Inflation |
| Projected Salary Increases | 4.25 – 11.25 Percent |
| Cost of Living Adjustment | 0.0 Percent |
| Inflation | 2.5 Percent |

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuation beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

| Asset Class | Target Allocation | Long Term Expected Rate of Return |
|---|---|---|
| Global Equity | 38% | 7.00% |
| Equity Long/Short | 8% | 6.00% |
| Private Markets | 25% | 9.20% |
| Fixed Income | 15% | 5.20% |
| Absolute Return | 8% | 5.50% |
| Managed Futures | 4% | 5.00% |
| Cash | 2% | 2.52% |
| **Total** | **100%** | |

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 (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2019, are summarized in the above table.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00 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 liability.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.75 percent (based on the weekly rate closest to but not later

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

than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

***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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | 1.00% Decrease (6.00%) | Current Discount Rate (7.00%) | 1.00% Increase (8.00%) |
|---|---|---|---|
| City's Proportionate Share of the Net Pension Liability/(Asset) | $ 2,068,467 | $ (341,150) | $ (2,339,609) |

***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.

**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.

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

**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.

**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. 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, to 2.7 percent of base salary on January 1, 2017, and to 2.8 percent of base salary on January 1, 2019. 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 2.8 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, 2018, 2019, and 2020, City contributions totaled $106,498, $124,621 and $128,236, 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications to the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions with the goal of eliminating the unfunded actuarial accrued liability of each of PERA's divisions and thereby reaching a 100% funded ratio for each division within the next 30 years.

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

The provisions that effect the Local Government Division are listed below:

**Highest Average Salary (HAS):** For all new PERA members hired on or after January 1, 2020 and for all existing PERA members who do not have 5 years of service credit as of January 1, 2020, the HAS calculation is modified to be based on an average of the highest annual salaries associated with 5 periods of 12 consecutive months of service with a base year, rather than 3 periods of 12 consecutive months of services with a base year.

**Definition of salary:** For all new PERA members hired on or after July 1, 2019, amounts deducted from pay pursuant to a cafeteria plan or a qualified transportation plan are included in the definition of salary.

**Automatic contribution, annual increase, and direct distribution amount changes:** Under certain circumstances, the employer contribution rate, the member contribution rate, and the annual increase percentage for retirement benefits, and the amount of the direct distribution to PERA will be adjusted so the fund remains within the target of paying off the unfunded liability within 30 years. Within specified limits, the yearly adjustments can be up to one-quarter of one percent on the annual increase percentage and up to one-half of one percent on the employer and member contribution percentages.

**Service retirement eligibility for new members:** For new PERA members who are hired on or after January 1, 2020, the age and service requirements for full-service retirement benefits is increased to age 64 with a minimum of 30 years of service credit. For PERA members who began employment on or after January 1, 2020, the age and service requirements for a reduced service retirement benefit increased to 55 years with a minimum of 25 years of service credit.

The following changes were made to the defined contribution plan:

**Eligibility to participate in defined contribution plan:** Beginning January 1, 2019, the defined contribution plan is expanded to include members of the local government division hired on or after that date may now choose to participate in the defined contribution plan. A new member's participant account will receive the same employer contribution as received by current members of the defined contribution plan.

***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

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

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.

***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

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

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.

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*.

The City's contribution rate for the year ended December 31, 2020 was 14.2 percent of covered salaries. The contribution rate for members was 8.5 percent of covered salaries. A portion of the City's contribution (1.02 percent of covered salaries) was appointed to the Health Care Trust Fund (see Note 14).

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 $658,542 to the Trust and $51,232 to the Health Care Trust Fund, for a total City contribution of $709,774 for the year ended December 31, 2020.

**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, 2020, the City reported a liability of $5,105,238 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll forward the total pension liability to December 31, 2019. The City's proportion of the net pension liability was based on the City's contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2019, the City's proportion was 0.70 percent, which was an increase of 0.03 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of $26,839.

Pension expense for 2020 was charged to the following functions/programs:

| | Governmental Activities |
|---|---|
| General Government | $ 8,138 |
| Municipal Court | 996 |
| Community Development | 2,989 |
| Public Works | 3,322 |
| Police Department | 3,504 |
| Arts and Cultural | 7,889 |
| Total Pension Expense | $ 26,839 |

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

At December 31, 2020, 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, 2018 | $ 3,836,663 | $ 1,319,488 |
| Differences Between Actual and Expected Experience | (17,290) | - |
| Changes in Assumptions | - | - |
| Net Difference Between Actual and Projected Earnings on Pension Plan Investments | - | 3,182,970 |
| Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions | (783,171) | - |
| City Contributions Subsequent to the Measurement Date | 658,542 | - |
| Total | $ 3,694,744 | $ 4,502,458 |

$658,542 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, 2021.

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 |
|---|---|
| 2021 | $ (99,270) |
| 2022 | (565,535) |
| 2023 | (88,809) |
| 2024 | (712,641) |
| 2025 | - |
| Thereafter | - |
| **Total** | **$ (1,466,256)** |

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

***Actuarial Assumptions***

The December 31, 2018 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 |
| Post-retirement Benefit Increases: | |
| PERA Benefit Structure Hired Prior to 1/1/07 | 1.25 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, 2018 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.

**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 weighting 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:

**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 basis for the projection of liabilities and the fiduciary net position used to determine the discount rate was an actuarial valuation performed as of December 31, 2018 and the financial status of the Trust Fund as of the prior measurement date (December 31, 2018). 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 rates in effect for each year, including the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

**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 for each year, including the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop .50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the 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. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered annual increase (AI) cap, from 1.50 percent to 1.25 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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.

**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/(Asset) | $ 9,377,944 | $ 5,105,238 | $ 1,511,934 |

***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.

## NOTE 14 – OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit 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.

**NOTE 14 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan)** (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.

**NOTE 14 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan)** (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 $51,232 for the year ended December 31, 2020.

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

At December 31, 2020, the City reported a liability of $600,864 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the City's proportion was 0.05 percent, which was an increase of 0.002 from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020 the City recognized OPEB expense of $8,672.

OPEB expense for 2020 was charged to the following functions/programs:

| | Governmental Activities |
|---|---|
| General Government | $ 2,630 |
| Municipal Court | 322 |
| Community Development | 966 |
| Public Works | 1,073 |
| Police Department | 1,132 |
| Arts and Cultural | 2,549 |
| Total Pension Expense | $ 8,672 |

**NOTE 14 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan)** (CONTINUED)

At December 31, 2020, 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 |
|---|---|---|
| Beginning Deferral Amounts as of Prior Measurement Date, December 31, 2018 | $ 142,504 | $ (2,982) |
| Differences Between Actual and Expected Experience | (566) | 99,894 |
| Changes in Assumptions | 38 | - |
| Net Difference Between Actual and Projected Earnings on OPEB Plan Investments | - | 14,084 |
| Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions | (49,771) | - |
| City Contributions Subsequent to the Measurement Date | 51,232 | - |
| Total | $ 143,437 | $ 110,996 |

$51,232 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, 2021. 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 |
|---|---|
| 2021 | $ 1,016 |
| 2022 | 1,017 |
| 2023 | 3,921 |
| 2024 | (8,161) |
| 2025 | (15,622) |
| Thereafter | (962) |
| **Total** | **$ (18,791)** |

**NOTE 14 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan)** (CONTINUED)

***Actuarial Assumptions***

The total OPEB liability in the December 31, 2018 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 | 5.60 Percent in 2019, Gradually Decreasing to 4.50 Percent in 2029 |
| Medicare Part A Premiums | 3.50 Percent in 2019, Gradually Increasing to 4.50 percent in 2029 |

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.

The actuarial assumptions used in the December 31, 2018, 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 Board's actuary, as discussed below.

**NOTE 14 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan)** (CONTINUED)

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

| Medicare Plan | Cost for Members Without Medicare Part A | Premiums for Members Without Medicare Part A |
|---|---|---|
| Medicare Advantage/Self-Insured Prescription | $601 | $240 |
| Kaiser Permanente Medicare Advantage HMO | 605 | 237 |

The 2019 Medicare Part A premium is $437 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age 65 or older and who are not eligible for premium–free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

| Medicare Plan | Cost for Members Without Medicare Part A |
|---|---|
| Medicare Advantage/Self-Insured Prescription | $562 |
| Kaiser Permanente Medicare Advantage HMO | 571 |

All costs are subject to the health care cost trend rates, as discussed below.

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.

**NOTE 14 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan)** (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. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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 |
|---|---|---|
| 2019 | 5.60% | 3.50% |
| 2020 | 8.60% | 3.50% |
| 2021 | 7.30% | 3.50% |
| 2022 | 6.00% | 3.75% |
| 2023 | 5.70% | 3.75% |
| 2024 | 5.50% | 3.75% |
| 2025 | 5.30% | 4.00% |
| 2026 | 5.10% | 4.00% |
| 2027 | 4.90% | 4.25% |
| 2028 | 4.70% | 4.25% |
| 2029+ | 4.50% | 4.50% |

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.

**NOTE 14 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan)** (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 health care costs assumptions were updated and used in the measurement of the obligations for the Trust Fund:

- 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 2019 plan year.

- The morbidity assumptions were updated to reflect the assumed standard aging factors.

- 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 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.

**NOTE 14 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan)** (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%.

**NOTE 14 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan)** (CONTINUED)

***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 |
|---|---|---|---|
| Initial PERACare Medicare Trend Rate | 4.60% | 5.60% | 6.60% |
| Ultimate PERACare Medicare Trend Rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A Trend Rate | 2.50% | 3.50% | 4.50% |
| Ultimate Medicare Part A Trend Rate | 3.50% | 4.50% | 5.50% |
| City's Proportionate Share of the OPEB Liability | $586,591 | $600,864 | $617,358 |

**NOTE 14 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan)** (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, 2019, 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.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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.

**NOTE 14 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan)** (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/(Asset) | $ 679,398 | $ 600,864 | $ 533,702 |

***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 15 - 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.

## NOTE 16 - MAJOR TAXPAYERS

For the year ending December 31, 2020, approximately 18% of the City's sales tax revenue was received from three retailers and of those three retailers, one retailer constituted approximately 10% of the total sales tax revenue.

## NOTE 17 - 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 18 - 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 $651,665 in 2020. Annual lease amounts will increase by 2% 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 19 - 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.

**NOTE 19 - 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 20 - 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.

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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, 2020**

| | Budget Amounts Original | Budget Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| TAXES | | | | |
| Sales Tax | $ 21,607,870 | $ 13,735,396 | $ 16,604,464 | $ 2,869,068 |
| Use Tax - Retail | 708,900 | 370,000 | 430,535 | 60,535 |
| Use Tax - Building Materials | 597,000 | 894,000 | 1,144,449 | 250,449 |
| Lodging Tax | 1,863,000 | 718,093 | 672,449 | (45,644) |
| Admissions Tax | 324,700 | 107,800 | 176,402 | 68,602 |
| | 25,101,470 | 15,825,289 | 19,028,299 | 3,203,010 |
| FRANCHISE FEES | | | | |
| Electric and Gas | 855,000 | 756,900 | 811,378 | 54,478 |
| Cable Television | 237,450 | 233,700 | 236,892 | 3,192 |
| | 1,092,450 | 990,600 | 1,048,271 | 57,671 |
| INTERGOVERNMENTAL | | | | |
| Highway Users Tax Fund (HUTF) | 365,000 | 320,100 | 328,848 | 8,748 |
| Conservation Trust Fund | 78,200 | 61,100 | 72,853 | 11,753 |
| Cigarette Tax | 159,300 | 155,000 | 171,392 | 16,392 |
| County Road and Bridge Shareback | 1,766,703 | 1,768,685 | 1,800,066 | 31,381 |
| Douglas County Shareback - Transportation | 2,255,080 | 1,674,644 | 2,092,182 | 417,538 |
| Motor Vehicle Registration Fees | 43,900 | 40,700 | 43,978 | 3,278 |
| Regional Improvements Contribution - RRMD | 235,919 | 236,375 | 229,964 | (6,411) |
| CARES Supplemental Funding | - | 1,000,000 | 1,094,619 | 94,619 |
| Reimbursable Costs | 5,769,276 | 2,978,057 | 1,569,912 | (1,408,145) |
| Grants | 22,000 | 24,000 | 7,397 | (16,603) |
| | 10,695,378 | 8,258,661 | 7,411,211 | (847,450) |

(Continued)

**CITY OF LONE TREE**
**GENERAL FUND**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**
**Year Ended December 31, 2020**
(Continued)

| | Budget Amounts Original | Budget Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| LICENSES, FEES AND CHARGES | | | | |
| Sales, Use Tax and Business License Fees | 13,000 | 9,700 | 12,674 | 2,974 |
| Liquor License Fees | 15,000 | 8,900 | 9,186 | 286 |
| Building Permit Fees | 729,000 | 879,000 | 1,225,784 | 346,784 |
| Planning Fees | 28,000 | 32,000 | 36,460 | 4,460 |
| Engineering Fees | 140,000 | 169,000 | 213,624 | 44,624 |
| Other | 99,000 | 98,800 | 102,236 | 3,436 |
| | 1,024,000 | 1,197,400 | 1,599,964 | 402,564 |
| FINES AND FORFEITURES | | | | |
| Court Fees | 58,000 | 34,200 | 37,305 | 3,105 |
| Vehicle Violation and Other Fines | 596,000 | 422,600 | 378,736 | (43,864) |
| Victims Assistance Surcharge Fees | 37,000 | 22,000 | 20,322 | (1,678) |
| | 691,000 | 478,800 | 436,363 | (42,437) |
| OTHER | | | | |
| Net Investment Income | 340,000 | 231,800 | 131,113 | (100,687) |
| Police Department Fees | 166,500 | 98,000 | 146,048 | 48,048 |
| Tenant Rental Income | 200,000 | 169,000 | 174,152 | 5,152 |
| Other | 95,500 | 110,000 | 213,490 | 103,490 |
| | 802,000 | 608,800 | 664,803 | 56,003 |
| | 39,406,298 | 27,359,550 | 30,188,911 | 2,829,361 |

(Continued)

**CITY OF LONE TREE**
**GENERAL FUND**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**
**Year Ended December 31, 2020**
(Continued)

| | Budget Amounts Original | Budget Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **EXPENDITURES** | | | | |
| GENERAL GOVERNMENT | | | | |
| City Council Expenditures | 50,000 | 30,000 | 23,829 | 6,171 |
| City Council Stipend | 69,365 | 69,365 | 67,389 | 1,976 |
| Administrative Services - Salaries and Benefits | 583,315 | 574,816 | 563,427 | 11,389 |
| City Clerk - Salaries and Benefits | 269,442 | 266,442 | 267,274 | (832) |
| City Clerk | 51,000 | 20,000 | 12,331 | 7,669 |
| Human Resources | 147,150 | 134,305 | 113,175 | 21,130 |
| Information Technology | 559,480 | 510,080 | 496,293 | 13,787 |
| Insurance and Risk Management | 446,750 | 446,750 | 421,084 | 25,666 |
| Finance - Salaries and Benefits | 626,552 | 614,552 | 548,579 | 65,973 |
| Finance | 46,690 | 41,690 | 41,584 | 106 |
| Audit | 41,500 | 41,500 | 30,615 | 10,885 |
| City Manager's Office - Salaries and Benefits | 1,116,598 | 1,053,196 | 1,039,082 | 14,114 |
| Dues and Memberships | 125,659 | 125,659 | 123,823 | 1,836 |
| Legal - General | 371,700 | 371,700 | 371,700 | - |
| Legal - Special | 100,000 | 30,000 | 11,133 | 18,867 |
| Consulting | 121,000 | 138,000 | 105,939 | 32,061 |
| Community Support | 31,800 | 31,800 | 5,030 | 26,770 |
| Youth Initiatives | 19,800 | 19,800 | 19,800 | - |
| Housing Partnership | 35,000 | 35,000 | 35,000 | - |
| Living and Aging Well | 1,500 | 1,500 | - | 1,500 |
| Communications | 153,000 | 93,000 | 70,955 | 22,045 |
| Economic Development | 157,500 | 70,000 | 172,411 | (102,411) |
| COVID-19 Impact | - | 400,000 | - | 400,000 |
| Miscellaneous | 11,500 | 1,500 | 35,182 | (33,682) |
| | 5,136,301 | 5,120,655 | 4,575,637 | 545,019 |
| MUNICIPAL COURT | | | | |
| Municipal Judge | 30,000 | 20,000 | 20,751 | (751) |
| Legal | 36,000 | 36,000 | 36,000 | - |
| Administration | 281,267 | 261,597 | 242,332 | 19,265 |
| Office and Software | 2,000 | 1,000 | 437 | 563 |
| Victims Assistance Surcharge | - | - | 236 | (236) |
| | 349,267 | 318,597 | 299,755 | 18,842 |

(Continued)

**CITY OF LONE TREE**
**GENERAL FUND**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**
**Year Ended December 31, 2020**
(Continued)

| | Budget Amounts Original | Budget Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| COMMUNITY DEVELOPMENT | | | | |
| Salaries and Benefits | 1,025,380 | 991,538 | 933,975 | 57,563 |
| Contract Services | 500 | 500 | - | 500 |
| Field Supplies | 1,700 | 1,700 | 1,252 | 448 |
| Planning Commission | 2,000 | 2,000 | 783 | 1,218 |
| Plan Review and Other Inspections | 90,000 | 50,000 | 34,265 | 15,735 |
| Elevator Inspection | 98,725 | 98,725 | 100,995 | (2,270) |
| South Metro Partnership | 20,000 | 20,000 | 20,944 | (944) |
| Miscellaneous | 6,330 | 6,330 | 6,475 | (145) |
| City Forestry Program | 1,500 | - | - | - |
| | 1,246,135 | 1,170,793 | 1,098,689 | 72,104 |
| PUBLIC WORKS | | | | |
| Salaries and Benefits | 1,188,382 | 1,179,867 | 1,186,040 | (6,173) |
| Street Lighting | 400,000 | 380,000 | 361,225 | 18,776 |
| Street Maintenance | 730,000 | 710,000 | 648,679 | 61,321 |
| Drainage Maintenance | 110,000 | 60,000 | 18,847 | 41,153 |
| Street and Sidewalk Sweeping | 60,000 | 60,000 | 60,000 | - |
| Traffic Signal Energy Cost and Maintenance | 175,000 | 175,000 | 167,768 | 7,232 |
| Signal Timing | 20,000 | 10,000 | 10,580 | (580) |
| Snow Removal | 1,200,000 | 1,200,000 | 1,088,108 | 111,892 |
| Trash and Recycling Program | 597,400 | 597,400 | 575,588 | 21,812 |
| Household Hazardous Program | 8,000 | 8,000 | 2,700 | 5,300 |
| Fence Maintenance | 75,000 | 25,000 | - | 25,000 |
| Materials and Equipment | 12,000 | 12,000 | 8,151 | 3,849 |
| EPA Phase 2 Drainage | 2,300 | 2,300 | 2,414 | (114) |
| State Mandated Noxious Weeds Control | 18,500 | 18,500 | 18,364 | 136 |
| Signage and Striping | 150,000 | 75,000 | 51,042 | 23,958 |
| Accident Repairs | 5,000 | 5,000 | - | 5,000 |
| Public Works Facility Operations and Equipment | 55,000 | 55,000 | 41,657 | 13,343 |
| Software and Support | 70,000 | 40,000 | 39,956 | 44 |
| Mutt Mitts Contract | 15,000 | 15,000 | 11,061 | 3,939 |
| Miscellaneous | 3,000 | 3,000 | 1,499 | 1,501 |
| Public Works Vehicle Maintenance and Gas | 20,000 | 20,000 | 16,982 | 3,018 |
| Bridge Maintenance | 65,000 | 35,000 | 30,255 | 4,745 |
| Lone Tree Link | 400,000 | 255,000 | 137,590 | 117,410 |
| Consulting and Surveying | 80,000 | 80,000 | 23,889 | 56,111 |
| Facilities | 1,031,250 | 914,250 | 776,297 | 137,953 |
| | 6,490,832 | 5,935,317 | 5,278,695 | 656,622 |

(Continued)

**CITY OF LONE TREE**
**GENERAL FUND**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**
**Year Ended December 31, 2020**
(Continued)

| | Budget Amounts Original | Budget Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| POLICE | | | | |
| Salaries and Benefits | 7,295,175 | 6,981,961 | 6,907,573 | 74,389 |
| Office and Administration | 110,500 | 105,500 | 97,516 | 7,984 |
| Uniforms and Equipment | 59,000 | 184,000 | 167,429 | 16,571 |
| Vehicles and Equipment | 627,800 | 462,800 | 478,434 | (15,634) |
| General Equipment | 20,000 | 85,280 | 67,548 | 17,732 |
| Intergovernmental Agreements | 846,300 | 846,300 | 826,703 | 19,597 |
| Training | 86,500 | 58,500 | 46,831 | 11,669 |
| Community Outreach and Miscellaneous | 27,125 | 27,125 | 11,615 | 15,510 |
| | 9,072,400 | 8,751,466 | 8,603,650 | 147,817 |
| CAPITAL OUTLAY | | | | |
| Overlay and Reconstruction Projects | 2,150,000 | - | - | - |
| Traffic Signalization | 955,000 | 115,000 | 2,921 | 112,079 |
| Crooked Stick Traffic Signal and Road Improvements | 755,000 | 755,000 | 785,416 | (30,416) |
| Municipal Building Capital Improvements | 35,000 | - | - | - |
| Civic Center Capital Improvements | 50,000 | 10,000 | 10,000 | - |
| LTAC Facility Capital Improvements | 175,000 | 5,000 | 4,696 | 304 |
| Park Meadows Dr. Regional Pond Upgrade | 923,500 | 923,500 | 926,408 | (2,908) |
| Arts Center Improvements | 327,000 | 43,750 | 42,345 | 1,405 |
| Schweiger Ranch Preservation | 10,000 | 10,000 | 10,000 | - |
| RidgeGate Parkway Widening | 9,500,000 | 12,000,000 | 10,341,687 | 1,658,313 |
| City-Wide Pavement Assessment | 50,000 | 50,000 | 47,530 | 2,470 |
| Master Transportation Plan | 100,000 | - | - | - |
| Electric Vehicle Charging Stations | 20,000 | - | - | - |
| Adaptive Traffic Signals | 1,032,000 | 1,190,000 | 1,170,784 | 19,216 |
| Security Enhancements | 20,000 | 20,000 | 13,328 | 6,672 |
| RidgeGate Brick Pavers/Concrete Crosswalks | 310,000 | 15,000 | 11,266 | 3,734 |
| Lincoln-Peoria Signal Upgrade | 90,000 | - | - | - |
| SAN Storage Replacement | 300,000 | 121,000 | 120,903 | 97 |
| Zoning Code Update | 150,000 | - | - | - |
| Pedestrian Walkway Improvements | 60,000 | 60,000 | - | 60,000 |
| Happy Canyon Creek Improvements | 50,000 | 50,000 | 50,000 | - |
| Vehicles - Community Development | 65,000 | 32,500 | 32,348 | 152 |
| Retail Retention Agreement | 75,000 | 75,000 | 75,000 | - |
| Retail Shareback | 291,000 | 327,938 | 343,150 | (15,212) |
| Developer Revenue Shareback | 848,447 | 847,789 | 892,217 | (44,428) |

(Continued)

**CITY OF LONE TREE**
**GENERAL FUND**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**
**Year Ended December 31, 2020**
(Continued)

| | Budget Amounts Original | Budget Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| CAPITAL OUTLAY (continued) | | | | |
| Reimbursement of Sales Taxes-PMBID | 5,375,044 | 2,843,452 | 3,337,478 | (494,026) |
| Reimbursement of Property Taxes-PMMD | 258,866 | 261,508 | 261,508 | - |
| Park and Recreation | 234,000 | 107,000 | 103,117 | 3,883 |
| | 24,209,857 | 19,863,437 | 18,582,104 | 1,281,333 |
| Total Expenditures | 46,504,793 | 41,160,267 | 38,438,529 | 2,721,738 |
| **EXCESS REVENUES OVER (UNDER) EXPENDITURES** | (7,098,495) | (13,800,717) | (8,249,618) | 5,551,099 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers In | 502,000 | 48,751 | 42,345 | (6,406) |
| Transfers (Out) | (1,345,120) | (461,224) | (446,982) | 14,242 |
| Total Other Financing Sources (Uses) | (843,120) | (412,473) | (404,637) | 7,836 |
| **NET CHANGE IN FUND BALANCES** | (7,941,616) | (14,213,190) | (8,654,256) | 5,558,932 |
| **FUND BALANCES - BEGINNING OF YEAR** | 24,436,900 | 30,607,666 | 30,607,666 | - |
| **FUND BALANCES - END OF YEAR** | $ 16,495,284 | $ 16,394,476 | $ 21,953,411 | $ 5,558,932 |

**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, 2020**

| | Budget Amounts Original | Budget Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Ticket Sales and Handling Fees | $ 912,043 | $ 323,623 | $ 273,831 | $ (49,792) |
| Rental Fees and Labor Fees | 190,200 | 82,544 | 58,532 | $ (24,012) |
| Concessions and Catering | 88,900 | 28,628 | 19,333 | $ (9,295) |
| Entry Fees | 18,500 | 3,800 | 3,783 | $ (17) |
| Individual, Corporate and Foundation Contributions | 365,850 | 310,970 | 389,482 | $ 78,512 |
| Government Grants | 309,350 | 239,293 | 287,328 | $ 48,035 |
| CARES Funding | - | 105,600 | 137,056 | $ 31,456 |
| Miscellaneous | 15,500 | 6,544 | 9,276 | $ 2,732 |
| Total Revenues | 1,900,343 | 1,101,002 | 1,178,621 | 77,619 |
| **EXPENDITURES** | | | | |
| Administration | 153,700 | 143,529 | 143,076 | 453 |
| Programming | 1,767,031 | 1,104,346 | 1,037,788 | 66,558 |
| Marketing | 461,092 | 213,270 | 202,414 | 10,856 |
| Miscellaneous | 8,900 | 6,983 | 6,446 | 537 |
| Development | 276,010 | 248,283 | 237,734 | 10,549 |
| Annual Events | 329,420 | 125,881 | 120,039 | 5,842 |
| Arts and Cultural Events | 148,019 | 49,482 | 45,804 | 3,678 |
| Economic Development | 50,000 | - | - | - |
| Contingency | 40,000 | - | - | - |
| Total Expenditures | 3,234,172 | 1,891,774 | 1,793,301 | 98,473 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | (1,333,829) | (790,772) | (614,680) | 176,092 |
| **OTHER FINANCING SOURCES** | | | | |
| Transfers In | 1,345,120 | 461,224 | 446,982 | (14,242) |
| Total Other Financing Sources | 1,345,120 | 461,224 | 446,982 | (14,242) |
| **NET CHANGE IN FUND BALANCES** | 11,291 | (329,548) | (167,698) | 161,851 |
| **FUND BALANCES - BEGINNING OF YEAR** | 118,800 | 329,548 | 329,548 | - |
| **FUND BALANCES - END OF YEAR** | $ 130,091 | $ - | $ 161,851 | $ 161,851 |

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

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| City's proportion of the net pension liability/(asset) | 0.710% | 0.675% | 0.672% | 0.593% | 0.603% |
| City's proportionate share of the net pension liability/(asset) | $ (12,508) | $ 244,075 | $ (966,061) | $ 749,099 | $ (341,150) |
| City's covered payroll | $ 3,689,690 | $ 3,624,431 | $ 3,976,381 | $ 4,026,218 | $ 4,329,357 |
| City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll | 0.3% | 6.7% | 24.3% | 18.6% | 7.9% |
| Plan fiduciary net position as a percentage of the total pension liability/(asset) | 101.6% | 98.2% | 106.3% | 95.2% | 101.9% |

*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**

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| City's proportion of the net pension liability | 0.538% | 0.562% | 0.610% | 0.668% | 0.698% |
| City's proportionate share of the net pension liability/(asset) | $ 5,931,027 | $ 7,586,897 | $ 6,788,332 | $ 8,403,289 | $ 5,105,238 |
| City's covered payroll | $ 3,348,942 | $ 3,554,612 | $ 4,005,795 | $ 4,594,877 | $ 5,012,865 |
| City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll | 177.1% | 213.4% | 169.5% | 182.9% | 101.8% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.9% | 73.6% | 79.4% | 76.0% | 86.3% |

*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 OPEB LIABILITY (ASSET)**
**PUBLIC RETIREMENT ASSOCIATION OF COLORADO OTHER POSTEMPLOYMENT BENEFITS (OPEB)**
**Last Four Fiscal Years (1)**

| | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| City's proportion of the net pension liability | 0.043% | 0.047% | 0.052% | 0.053% |
| City's proportionate share of the net pension liability/(asset) | $ 558,745 | $ 615,682 | $ 705,235 | $ 600,864 |
| City's covered payroll | $ 3,554,612 | $ 4,005,795 | $ 4,594,877 | $ 5,012,865 |
| City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll | 15.7% | 15.4% | 15.3% | 12.0% |
| Plan fiduciary net position as a percentage of the total pension liability | 16.7% | 17.5% | 17.0% | 24.5% |

(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**

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Contractually required contributions | $ 276,557 | $ 314,225 | $ 317,519 | $ 355,665 | $ 365,287 |
| Contributions in relation to the contractually required contribution | (276,557) | (314,225) | (317,519) | (355,665) | (365,287) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| City's covered payroll | $ 3,624,431 | $ 3,976,381 | $ 4,026,218 | $ 4,329,357 | $ 4,594,732 |
| Contributions as a percentage of covered payroll | 7.63% | 7.90% | 7.89% | 8.22% | 7.95% |

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

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Contractually required contributions | $ 431,819 * | $ 487,686 * | $ 555,896 * | $ 609,512 * | $ 658,542 * |
| Contributions in relation to the contractually required contribution | (431,819) | (487,686) | (555,896) | (609,512) | (658,542) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| City's covered payroll | $ 3,554,612 | $ 4,005,795 | $ 4,594,877 | $ 5,012,865 | $ 5,207,144 |
| Contributions as a percentage of covered payroll | 12.15% | 12.17% | 12.10% | 12.16% | 12.65% |

* Due to the implementation of GASB 75 in 2018, 2016 - 2020 contributions are separated between PERA and OPEB

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

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Contractually required contributions | $ 34,709 * | $ 39,230 * | $ 44,717 * | $ 49,030 * | $ 51,232 * |
| Contributions in relation to the contractually required contribution | (34,709) | (39,230) | (44,717) | (49,030) | (51,232) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| City's covered payroll | $ 3,554,612 | $ 4,005,795 | $ 4,594,877 | $ 5,012,865 | $ 5,207,144 |
| Contributions as a percentage of covered payroll | 0.98% | 0.98% | 0.97% | 0.98% | 0.98% |

* Due to the implementation of GASB 75 in 2018, 2016 - 2020 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, 2020**

## 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:

- Annual Increase (AI) cap is lowered from 2.00 percent per year to 1.50 percent per year.
- Initial AI waiting period is extended from one year after retirement to three years after retirement.
- AI payments are suspended for 2018 and 2019.
- The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020, increases from three to five years

***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.

**NOTE 2 – PENSION PLAN PROVISIONS** (CONTINUED)

***OPEB***

***Changes in Plan Provisions***
There were no changes made to the actuarial methods or assumptions since prior valuation.

***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.

# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

OTHER GOVERNMENTAL FUNDS
AND
COMPONENT UNITS

**CITY OF LONE TREE**
**COMBINING BALANCE SHEET**
**OTHER GOVERNMENTAL FUNDS**
**December 31, 2020**

| | Debt Service - Arts and Cultural Facilities | Debt Service - Park and Recreation Improvements | Special Revenue - Lone Tree Art Center Fund 501(c)(3) | Total Other Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Investments - Restricted | $ 1,466,445 | $ 1,732,564 | $ 75,552 | $ 3,274,561 |
| Receivables: | | | | |
| Sales, Use, Admissions and Lodging Taxes | 217,305 | 144,870 | - | 362,174 |
| Other | - | - | 5,300 | 5,300 |
| **TOTAL ASSETS** | $ 1,683,750 | $ 1,877,433 | $ 80,852 | $ 3,642,035 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| **LIABILITIES** | | | | |
| Accounts Payable | $ - | $ - | $ 70,269 | $ 70,269 |
| Total Liabilities | - | - | 70,269 | 70,269 |
| **FUND BALANCES** | | | | |
| Restricted | 1,683,750 | 1,877,433 | - | 3,561,183 |
| Committed | - | - | 10,583 | 10,583 |
| Total Fund Balances | 1,683,750 | 1,877,433 | 10,583 | 3,571,766 |
| **TOTAL LIABILITIES AND FUND BALANCES** | $ 1,683,750 | $ 1,877,433 | $ 80,852 | $ 3,642,035 |

**CITY OF LONE TREE**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**OTHER GOVERNMENTAL FUNDS**
**Year Ended December 31, 2020**

| | Debt Service - Arts and Cultural Facilities | Debt Service - Park and Recreation Improvements | Special Revenue - Lone Tree Art Center Fund 501(c)(3) | Total Other Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ 1,720,538 | $ 1,147,093 | $ - | $ 2,867,631 |
| Net Investment Income | 8,219 | 9,919 | - | 18,138 |
| Arts and Cultural | - | - | 70,270 | 70,270 |
| Total Revenues | 1,728,756 | 1,157,012 | 70,270 | 2,956,040 |
| **EXPENDITURES** | | | | |
| Current | | | | |
| Arts and Cultural Services | - | - | 3,380 | 3,380 |
| Debt Service | | | | |
| Bond Interest | 243,000 | 179,500 | - | 422,500 |
| Bond Principal | 1,385,000 | 900,000 | - | 2,285,000 |
| Paying Agent Fees | 400 | 400 | - | 800 |
| Total Expenditures | 1,628,400 | 1,079,900 | 3,380 | 2,711,680 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | 100,356 | 77,112 | 66,890 | 244,360 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers Out | (42,345) | - | (70,269) | (112,614) |
| Total Other Financing Sources (Uses) | (42,345) | - | (70,269) | (112,614) |
| **NET CHANGE IN FUND BALANCES** | 58,012 | 77,112 | (3,379) | 131,746 |
| **FUND BALANCES - BEGINNING OF YEAR** | 1,625,738 | 1,800,321 | 13,963 | 3,440,022 |
| **FUND BALANCES - END OF YEAR** | $ 1,683,750 | $ 1,877,433 | $ 10,583 | $ 3,571,769 |

**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, 2020**

| | Budget Amounts Original | Budget Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Sales Tax | $ 1,961,845 | $ 1,363,815 | $ 1,574,227 | $ 210,412 |
| Use Tax - Retail | 55,000 | 33,000 | 40,680 | 7,679 |
| Use Tax - Building Materials | 76,000 | 84,654 | 105,631 | 20,977 |
| Net Investment Income | 29,300 | 20,100 | 8,219 | (11,881) |
| Total Revenues | 2,122,145 | 1,501,569 | 1,728,755 | 227,186 |
| **EXPENDITURES** | | | | |
| Bond Interest | 243,000 | 243,000 | 243,000 | - |
| Bond Principal | 1,385,000 | 1,385,000 | 1,385,000 | - |
| Paying Agent Fees | 600 | 600 | 400 | 200 |
| Contingency | 4,500 | 4,500 | - | 4,500 |
| Total Expenditures | 1,633,100 | 1,633,100 | 1,628,400 | 4,700 |
| **EXCESS OF REVENUES OVER EXPENDITURES** | 489,045 | (131,531) | 100,356 | 231,887 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers In (Out) | (502,000) | (48,751) | (42,345) | 6,406 |
| Total Other Financing Sources (Uses) | (502,000) | (48,751) | (42,345) | 6,406 |
| **NET CHANGE IN FUND BALANCES** | (12,955) | (180,282) | 58,012 | 238,294 |
| **FUND BALANCES - BEGINNING OF YEAR** | 1,597,084 | 1,625,738 | 1,625,738 | - |
| **FUND BALANCES - END OF YEAR** | $ 1,584,129 | $ 1,445,456 | $ 1,683,750 | $ 238,294 |

**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, 2020**

| | Budget Amounts Original | Budget Amounts Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Sales Tax | $ 1,309,162 | $ 910,089 | $ 1,049,485 | $ 139,396 |
| Use Tax - Retail | 38,000 | 22,000 | 27,120 | 5,120 |
| Use Tax - Building Materials | 51,000 | 56,491 | 70,488 | 13,997 |
| Net Investment Income | 31,400 | 20,515 | 9,919 | (10,596) |
| | 1,429,562 | 1,009,095 | 1,157,012 | 147,917 |
| **EXPENDITURES** | | | | |
| Bond Interest | 179,500 | 179,500 | 179,500 | - |
| Bond Principal | 900,000 | 900,000 | 900,000 | - |
| Paying Agent Fees | 600 | 600 | 400 | 200 |
| Contingency | 2,500 | 2,500 | - | 2,500 |
| | 1,082,600 | 1,082,600 | 1,079,900 | 2,700 |
| **EXCESS OF REVENUES OVER EXPENDITURES** | 346,962 | (73,505) | 77,112 | 150,617 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers In (Out) | - | - | - | - |
| | - | - | - | - |
| **NET CHANGE IN FUND BALANCES** | 346,962 | (73,505) | 77,112 | 150,617 |
| **FUND BALANCES - BEGINNING OF YEAR** | 1,831,724 | 1,800,321 | 1,800,321 | - |
| **FUND BALANCES - END OF YEAR** | $ 2,178,686 | $ 1,726,816 | $ 1,877,433 | $ 150,617 |

**CITY OF LONE TREE**
**SPECIAL REVENUE FUND - LONE TREE ARTS CENTER FUND 501(c)(3)**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**
**Year Ended December 31, 2020**

| | Budget Amounts Original and Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|
| **REVENUES** | | | |
| Individual Gifts | $ 14,805 | $ 24,785 | $ 9,980 |
| Corporate Gifts | 10,000 | 635 | (9,365) |
| Foundation Gifts | 52,500 | 36,500 | (16,000) |
| Gifts of Securities | - | 6,749 | 6,749 |
| Matching Corporate Gifts | 875 | 1,600 | 725 |
| Total Revenues | 78,180 | 70,269 | (7,911) |
| **EXPENDITURES** | | | |
| Accounting Services | 2,250 | 2,064 | 186 |
| Office Supplies | 975 | 1,170 | (195) |
| Meeting Expenses | 750 | 146 | 604 |
| LTAC Grant Award | 78,180 | 70,269 | 7,911 |
| Total Expenditures | 82,155 | 73,649 | 8,506 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | (3,975) | (3,379) | 596 |
| **NET CHANGE IN FUND BALANCES** | (3,975) | (3,379) | 596 |
| **FUND BALANCES - BEGINNING OF YEAR** | 13,963 | 13,963 | - |
| **FUND BALANCES - END OF YEAR** | $ 9,988 | $ 10,583 | $ 596 |

**CITY OF LONE TREE**
**PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT**
**COMBINING BALANCE SHEET**
**December 31, 2020**

| | General | Debt Service | Total Component Unit |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Investments | $ 2,480,393 | $ - | $ 2,480,393 |
| Cash and Investments - Restricted | 107,500 | 1,117,469 | 1,224,969 |
| Receivables: | | | |
| Intergovernmental | 849,714 | - | 849,714 |
| Prepaid Items | 68,807 | - | 68,807 |
| **TOTAL ASSETS** | $ 3,506,414 | $ 1,117,469 | $ 4,623,883 |
| **LIABILITIES AND FUND BALANCES** | | | |
| **LIABILITIES** | | | |
| Accounts Payable | $ 177,832 | $ - | $ 177,832 |
| Total Liabilities | 177,832 | - | 177,832 |
| **FUND BALANCES** | | | |
| Nonspendable: | | | |
| Prepaid Amounts | 68,807 | - | 68,807 |
| Restricted for: | | | |
| Emergencies (TABOR) | 107,500 | - | 107,500 |
| Debt Service | - | 1,117,469 | 1,117,469 |
| Assigned to: | | | |
| Subsequent Year's Expenditures | 203,889 | - | 203,889 |
| Unassigned | 2,948,386 | - | 2,948,386 |
| Total Fund Balances | 3,328,582 | 1,117,469 | 4,446,051 |
| **TOTAL LIABILITIES AND FUND BALANCES** | $ 3,506,414 | $ 1,117,469 | $ 4,623,883 |

**CITY OF LONE TREE**
**RECONCILIATION OF THE BALANCE SHEET - PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT COMPONENT UNIT TO THE STATEMENT OF NET POSITION**
**December 31, 2020**

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 | $ 4,446,051 |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. | 12,874,854 |
| Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Loans Payable | (10,185,447) |
| Accrued Interest on Loans Payable | (25,575) |
| Cost of Debt Refinancing | 125,158 |
| Net position of Park Meadows Business Improvement District component unit activities | $ 7,235,041 |

**CITY OF LONE TREE**
**PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**Year Ended December 31, 2020**

| | General | Debt Service | Total Component Unit |
|---|---|---|---|
| **REVENUES** | | | |
| Intergovernmental Revenue | $ 3,551,875 | $ - | $ 3,551,875 |
| Net Investment Income | 12,753 | 6,653 | 19,406 |
| Other | 18,538 | - | 18,538 |
| Total Revenues | 3,583,166 | 6,653 | 3,589,819 |
| **EXPENDITURES** | | | |
| Current | | | |
| Operations and Maintenance | 1,528,696 | - | 1,528,696 |
| Lease | 651,665 | - | 651,665 |
| Property Repairs and Replacements | 171,274 | - | 171,274 |
| Marketing | 253,339 | - | 253,339 |
| Property Tax Reimbursement | 261,508 | - | 261,508 |
| Staff and Accounting | 147,000 | - | 147,000 |
| District Management Fee | 31,012 | - | 31,012 |
| Auditing, Legal and Professional Fees | 16,835 | - | 16,835 |
| Off Site Storage | 30,000 | - | 30,000 |
| Other General and Administrative | 19,580 | - | 19,580 |
| Capital Projects | 113,220 | - | 113,220 |
| Debt Service | | | |
| Loan Interest | - | 317,971 | 317,971 |
| Loan Principal | - | 771,421 | 771,421 |
| Total Expenditures | 3,224,129 | 1,089,392 | 4,313,521 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | 359,037 | (1,082,739) | (723,702) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers (Out) | (1,089,392) | 1,089,392 | - |
| Total Other Financing Sources (Uses) | (1,089,392) | 1,089,392 | - |
| **NET CHANGE IN FUND BALANCES** | (730,355) | 6,653 | (723,702) |
| **FUND BALANCES - BEGINNING OF YEAR** | 4,058,937 | 1,110,816 | 5,169,753 |
| **FUND BALANCES - END OF YEAR** | $ 3,328,582 | $ 1,117,469 | $ 4,446,051 |

**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, 2020**

| | | |
|---|---|---|
| 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 | $ | (723,702) |
| 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 | | 20,599 |
| Depreciation Expense | | (1,137,064) |
| 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 | | 771,421 |
| 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 | | (22,135) |
| Accrued Interest on Debt - Change in Liability | | 1,833 |
| Changes in net position of Park Meadows Business Improvement District component unit activities | $ | (1,089,048) |

**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, 2020**

| | Original and Final Budget Amounts | Actual Amounts | Variance with Final Budget |
|---|---|---|---|
| **REVENUES** | | | |
| Intergovernmental Revenue | $ 5,335,008 | $ 3,551,875 | $ (1,783,133) |
| Net Investment Income | 10,000 | 12,753 | 2,753 |
| Other | 18,540 | 18,538 | (2) |
| Total Revenues | 5,363,548 | 3,583,166 | (1,780,382) |
| **EXPENDITURES** | | | |
| Operations and Maintenance | 2,071,400 | 1,528,696 | 542,704 |
| Lease | 668,137 | 651,665 | 16,472 |
| Property Repairs and Replacements | 220,000 | 171,274 | 48,726 |
| Marketing | 470,000 | 253,339 | 216,661 |
| Property Tax Reimbursement | 261,508 | 261,508 | - |
| Staff and Accounting | 144,000 | 147,000 | (3,000) |
| District Management Fee | 30,000 | 31,012 | (1,012) |
| Auditing, Legal and Professional Fees | 84,000 | 16,835 | 67,165 |
| Off Site Storage | 30,000 | 30,000 | - |
| Other General and Administrative | 29,000 | 19,580 | 9,420 |
| Capital Projects | 860,000 | 113,220 | 746,780 |
| Contingency | 150,000 | - | 150,000 |
| Total Expenditures | 5,018,045 | 3,224,129 | 1,793,916 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | 345,503 | 359,037 | 13,534 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers In (Out) | (1,089,392) | (1,089,392) | - |
| Total Other Financing Sources (Uses) | (1,089,392) | (1,089,392) | - |
| **NET CHANGE IN FUND BALANCES** | (743,889) | (730,355) | 13,534 |
| **FUND BALANCES - BEGINNING OF YEAR** | 4,491,916 | 4,058,937 | (432,979) |
| **FUND BALANCES - END OF YEAR** | $ 3,748,027 | $ 3,328,582 | $ (419,445) |

**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, 2020**

| | Original and Final Budget Amounts | Actual Amounts | Variance with Final Budget |
|---|---|---|---|
| **REVENUES** | | | |
| Net Investment Income | $ - | $ 6,653 | $ 6,653 |
| Total Revenues | - | 6,653 | 6,653 |
| **EXPENDITURES** | | | |
| Loan Interest | 317,971 | 317,971 | - |
| Loan Principal | 771,421 | 771,421 | - |
| Total Expenditures | 1,089,392 | 1,089,392 | - |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | (1,089,392) | (1,082,739) | 6,653 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers In (Out) | 1,089,392 | 1,089,392 | - |
| Total Other Financing Sources (Uses) | 1,089,392 | 1,089,392 | - |
| **NET CHANGE IN FUND BALANCES** | - | 6,653 | 6,653 |
| **FUND BALANCES - BEGINNING OF YEAR** | 1,097,189 | 1,110,816 | 13,627 |
| **FUND BALANCES - END OF YEAR** | $ 1,097,189 | $ 1,117,469 | $ 20,280 |

**CITY OF LONE TREE**
**LONE TREE BUSINESS IMPROVEMENT DISTRICT**
**BALANCE SHEET**
**December 31, 2020**

| | General | Capital Projects | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Investments | $ 58,520 | $ 213,385 | $ 271,905 |
| Receivables: | | | |
| Intergovernmental | 2,428 | - | 2,428 |
| Property Tax | 284,033 | - | 284,033 |
| Accrued Interest Receivable | 3,180 | - | 3,180 |
| **TOTAL ASSETS** | $ 348,161 | $ 213,385 | $ 561,546 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | | | |
| **LIABILITIES** | | | |
| Accounts Payable | $ 9,430 | $ - | $ 9,430 |
| Total Liabilities | 9,430 | - | 9,430 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Unavailable Revenue - Property Taxes | 284,033 | - | 284,033 |
| **FUND BALANCES** | | | |
| Nonspendable: | | | |
| Prepaid Items | 3,180 | - | 3,180 |
| Restricted for: | | | |
| Emergencies (TABOR) | 7,950 | - | 7,950 |
| Assigned for: | | | |
| Capital Projects | - | 213,385 | 213,385 |
| Unassigned | 43,568 | - | 43,568 |
| Total Fund Balances | 54,698 | 213,385 | 268,083 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | $ 348,161 | $ 213,385 | $ 561,546 |

**CITY OF LONE TREE**
**RECONCILIATION OF THE BALANCE SHEET - LONE TREE BUSINESS IMPROVEMENT DISTRICT COMPONENT UNIT TO THE STATEMENT OF NET POSITION**
**December 31, 2020**

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 | $ | 268,083 |
| 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 | | 284,033 |
| 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 | | (284,033) |
| Net position of Lone Tree Business Improvement District component unit activities | $ | 268,083 |

**CITY OF LONE TREE**
**LONE TREE BUSINESS IMPROVEMENT DISTRICT**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**Year Ended December 31, 2020**

| | General | Capital Projects | Total Governmental Funds |
|---|---|---|---|
| **REVENUES** | | | |
| General Property Tax | $ 241,286 | $ - | $ 241,286 |
| Specific Ownership Taxes | 20,743 | - | 20,743 |
| Interest Income | 2,972 | 406 | 3,378 |
| Total Revenues | 265,001 | 406 | 265,407 |
| **EXPENDITURES** | | | |
| Insurance | 3,657 | - | 3,657 |
| Legal | 9,897 | - | 9,897 |
| Accounting | 8,957 | - | 8,957 |
| Audit | 4,355 | - | 4,355 |
| Landscaping Services | 59,389 | - | 59,389 |
| Snow Plow Services | 85,488 | - | 85,488 |
| Treasurer's Fees | 3,664 | - | 3,664 |
| Bank Fees | 667 | - | 667 |
| Total Expenditures | 176,074 | - | 176,074 |
| **EXCESS OF REVENUES OVER EXPENDITURES** | 88,927 | 406 | 89,333 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers In | - | 87,000 | 87,000 |
| Transfers Out | (87,000) | - | (87,000) |
| Total Other Financing Sources (Uses) | (87,000) | 87,000 | - |
| **NET CHANGE IN FUND BALANCES** | 1,927 | 87,406 | 89,333 |
| **FUND BALANCES - BEGINNING OF YEAR** | 52,771 | 125,979 | 178,750 |
| **FUND BALANCES - END OF YEAR** | $ 54,698 | $ 213,385 | $ 268,083 |

**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, 2020**

| | |
|---|---|
| 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 | $ 89,333 |
| Changes in net position of Lone Tree Business Improvement District component unit activities | $ 89,333 |

**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, 2020**

| | Budget Amounts Original and Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|
| **REVENUES** | | | |
| General Property Tax | $ 240,482 | $ 241,286 | $ 804 |
| Specific Ownership Taxes | 22,846 | 20,743 | (2,103) |
| Interest Income | 10 | 2,972 | 2,962 |
| Total Revenues | 263,338 | 265,001 | 1,663 |
| **EXPENDITURES** | | | |
| Insurance | 3,000 | 3,657 | (657) |
| Legal | 21,000 | 9,897 | 11,103 |
| Accounting | 18,000 | 8,957 | 9,043 |
| Audit | 4,120 | 4,355 | (235) |
| Landscaping Services | 89,982 | 59,389 | 30,593 |
| Snow Plow Services | 88,625 | 85,488 | 3,137 |
| Treasurer's Fees | 3,607 | 3,664 | (57) |
| Contingency | 10,000 | - | 10,000 |
| Bank Fees | 750 | 667 | 83 |
| Total Expenditures | 239,084 | 176,074 | 63,010 |
| **EXCESS OF REVENUES OVER EXPENDITURES** | 24,254 | 88,927 | 64,673 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers Out | (24,000) | (87,000) | (63,000) |
| Total Other Financing Sources (Uses) | (24,000) | (87,000) | (63,000) |
| **NET CHANGE IN FUND BALANCES** | 254 | 1,927 | 1,673 |
| **FUND BALANCES - BEGINNING OF YEAR** | 52,533 | 52,771 | 238 |
| **FUND BALANCES - END OF YEAR** | $ 52,787 | $ 54,698 | $ 1,911 |

**CITY OF LONE TREE**
**LONE TREE BUSINESS IMPROVEMENT DISTRICT**
**CAPITAL PROJECTS FUND**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**
**Year Ended December 31, 2020**

| | Budget Original and Final | Actual Amounts | Variance with Final Budget |
|---|---|---|---|
| **REVENUES** | | | |
| Interest Income | $ 500 | $ 406 | $ (94) |
| Total Revenues | 500 | 406 | (94) |
| **EXPENDITURES** | | | |
| Landscaping Services | 14,100 | - | 14,100 |
| Plaza & Lighting Upgrades | 99,843 | - | 99,843 |
| Contingency | 8,000 | - | 8,000 |
| Total Expenditures | 121,943 | - | 121,943 |
| **EXCESS OF REVENUES OVER EXPENDITURES** | (121,443) | 406 | 121,849 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers In | 24,000 | 87,000 | 63,000 |
| Total Other Financing Sources (Uses) | 24,000 | 87,000 | 63,000 |
| **NET CHANGE IN FUND BALANCES** | (97,443) | 87,406 | 184,849 |
| **FUND BALANCES - BEGINNING OF YEAR** | 97,965 | 125,979 | 28,014 |
| **FUND BALANCES - END OF YEAR** | $ 522 | $ 213,385 | $ 212,863 |

# OTHER SUPPLEMENTARY INFORMATION

**CITY OF LONE TREE**
**SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**
**December 31, 2020**

| | $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 | | $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 | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2021 | $ 940,000 | $ 152,500 | $ 1,495,000 | $ 187,600 |
| 2022 | 1,020,000 | 105,500 | 1,600,000 | 127,800 |
| 2023 | 1,090,000 | 54,500 | 1,720,000 | 63,800 |
| | $ 3,050,000 | $ 312,500 | $ 4,815,000 | $ 379,200 |

| | Total | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2021 | $ 2,435,000 | $ 340,100 | $ 2,775,100 |
| 2022 | 2,620,000 | 233,300 | 2,853,300 |
| 2023 | 2,810,000 | 118,300 | 2,928,300 |
| | $ 7,865,000 | $ 691,700 | $ 8,556,700 |

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 2020 |

This Information from the Records of The City of Lone Tree: Prepared By: Liam Mai Phone: 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

| ITEM | AMOUNT |
|---|---|
| **A. Receipts from local sources:** | |
| 1. Local highway-user taxes | |
| a. Motor Fuel (from Item I.A.5.) | |
| b. Motor Vehicle (from Item I.B.5.) | |
| c. Total (a.+b.) | |
| 2. General fund appropriations | 3,546,981 |
| 3. Other local imposts (from page 2) | 5,289,491 |
| 4. Miscellaneous local receipts (from page 2) | 378,736 |
| 5. Transfers from toll facilities | |
| 6. Proceeds of sale of bonds and notes: | |
| a. Bonds - Original Issues | |
| b. Bonds - Refunding Issues | |
| c. Notes | |
| d. Total (a. + b. + c.) | 0 |
| 7. Total (1 through 6) | 9,215,208 |
| **B. Private Contributions** | |
| **C. Receipts from State government** (from page 2) | 372,826 |
| **D. Receipts from Federal Government** (from page 2) | 0 |
| **E. Total receipts (A.7 + B + C + D)** | 9,588,034 |

## III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT |
|---|---|
| **A. Local highway disbursements:** | |
| 1. Capital outlay (from page 2) | 10,392,730 |
| 2. Maintenance: | 708,679 |
| 3. Road and street services: | |
| a. Traffic control operations | 2,498,695 |
| b. Snow and ice removal | 1,088,108 |
| c. Other | |
| d. Total (a. through c.) | 3,586,803 |
| 4. General administration & miscellaneous | 0 |
| 5. Highway law enforcement and safety | 3,871,642 |
| 6. Total (1 through 5) | 18,559,854 |
| **B. Debt service on local obligations:** | |
| 1. Bonds: | |
| a. Interest | |
| b. Redemption | |
| c. Total (a. + b.) | 0 |
| 2. Notes: | |
| a. Interest | |
| 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)** | 18,559,854 |

## 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 |
|---|---|---|---|---|
| 8,971,820 | 9,588,034 | 18,559,854 | 0 | 0 |

**Notes and Comments:**

Beginning Balance Balance of $8,971,820 is caused by a timing difference in partnership funding received versus expenditures for the RidgeGate Parkway widening project from 2019. Beginning Balance was used in 2020 towards the project.

| LOCAL HIGHWAY FINANCE REPORT | STATE: Colorado |
|---|---|
| | YEAR ENDING (mm/yy): 12/20 |

## 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 & Penalities | 378,736 |
| 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 | 5,289,491 | g. Other Misc. Receipts | |
| 6. Total (1. through 5.) | 5,289,491 | h. Other | |
| c. Total (a. + b.) | 5,289,491 | i. Total (a. through h.) | 378,736 |
| | (Carry forward to page 1) | | (Carry forward to page 1) |

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|---|---|---|
| **C. Receipts from State Government** | | **D. Receipts from Federal Government** | |
| 1. Highway-user taxes | 328,848 | 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 | 43,978 | 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.) | 43,978 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 372,826 | 3. Total (1. + 2.g) | |
| | | | (Carry forward to page 1) |

## III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

| | 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 | | 0 | 0 |
| c. Construction: | | | |
| (1). New Facilities | | | 0 |
| (2). Capacity Improvements | | 10,341,687 | 10,341,687 |
| (3). System Preservation | | 51,042 | 51,042 |
| (4). System Enhancement & Operation | | | 0 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 10,392,730 | 10,392,730 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0 | 10,392,730 | 10,392,730 |
| | | | (Carry forward to page 1) |

**Notes and Comments:**

**FORM FHWA-536 (Rev.1-05)** PREVIOUS EDITIONS OBSOLETE

## 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) ....142
Changes in Net Position (Table 2) ....143
Fund Balances, Governmental Funds (Table 3) ....144
Changes in Fund Balances, Governmental Funds (Table 4) ....145

**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) ....146
Sales Tax Revenue Payers by Industry (Table 6) ....147
Sales Tax Revenue Collections (Table 7) ....148

**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) ....149
Property Tax Rates - Direct and Overlapping Governments (Table 9) ....150
Ratios of Outstanding Debt by Type (Table 10) ....151
Revenue Bond Coverage (Table 11 a and b) ....152
Legal Debt Margin Information (Table 12) ....154
General Obligation Debt - Direct and Overlapping Governments (Table 13) ....155

**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) ....156
Principal Employers (Table 15) ....157

**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.

Full-time Equivalent City Government Employees by Function/Program (Table 16) ....158
Operating Indicators by Function/Program (Table 17) ....159
Capital Asset Statistics by Function/Program (Table 18) ....160


**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 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2011 (2)** | **2012** | **2013** | **2014** | **2015 (3)** | **2016** | **2017** | **2018 (4)** | **2019** | **2020** |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | $ 78,165,476 | $ 77,151,840 | $ 80,973,119 | $ 81,283,223 | $ 97,829,372 | $ 102,243,231 | $ 108,531,579 | $ 111,992,008 | $ 120,572,452 | $ 140,647,955 |
| Restricted | 1,420,091 | 2,792,447 | 3,662,144 | 3,370,714 | 5,202,543 | 4,762,302 | 5,416,090 | 5,852,393 | 15,365,807 | 6,392,901 |
| Unrestricted | 8,024,147 | 11,167,791 | 12,347,203 | 16,198,831 | 13,713,236 | 13,011,264 | 7,287,522 | 7,798,676 | 13,719,165 | 13,688,093 |
| Total governmental activities net position | 87,609,714 | 91,112,078 | 96,982,466 | 100,852,768 | 116,745,151 | 120,016,797 | 121,235,191 | 125,643,077 | 149,657,424 | 160,728,949 |
| Total primary government net position (1) | $ 87,609,714 | $ 91,112,078 | $ 96,982,466 | $ 100,852,768 | $ 116,745,151 | $ 120,016,797 | $ 121,235,191 | $ 125,643,077 | $ 149,657,424 | $ 160,728,949 |

(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 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** |
| **Expenses** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | $ 10,125,512 | $ 11,268,953 | $ 14,573,133 | $ 13,494,009 | $ 14,483,424 | $ 16,173,154 | $ 17,071,135 | $ 16,212,205 | $ 12,856,050 | $ 10,214,431 |
| Municipal court | 209,232 | 213,778 | 215,894 | 217,969 | 234,799 | 259,849 | 323,935 | 374,079 | 293,408 | 312,221 |
| Community development | 1,149,089 | 1,255,461 | 1,258,759 | 1,040,044 | 1,080,566 | 1,260,292 | 1,313,003 | 1,250,637 | 936,466 | 1,166,136 |
| Public works | 6,550,978 | 7,369,645 | 7,286,760 | 7,972,040 | 8,743,403 | 8,436,353 | 8,406,828 | 10,028,083 | 10,395,092 | 10,418,266 |
| Arts and cultural services | 1,818,095 | 2,517,149 | 2,691,473 | 3,111,362 | 3,198,170 | 3,239,157 | 4,138,733 | 4,080,168 | 3,421,829 | 2,535,888 |
| Police | 6,068,066 | 6,358,721 | 6,295,772 | 6,639,856 | 6,779,310 | 7,091,270 | 7,752,422 | 7,350,747 | 8,092,467 | 8,842,924 |
| Interest and related costs on long-term debt | 1,193,860 | 1,059,855 | 998,465 | 924,398 | 837,894 | 777,775 | 586,505 | 446,040 | 358,185 | 297,241 |
| Total governmental activities expenses | 27,114,832 | 30,043,562 | 33,320,256 | 33,399,678 | 35,357,566 | 37,237,850 | 39,592,561 | 39,741,959 | 36,353,496 | 33,787,104 |
| Total primary government expenses (1) | $ 27,114,832 | $ 30,043,562 | $ 33,320,256 | $ 33,399,678 | $ 35,357,566 | $ 37,237,850 | $ 39,592,561 | $ 39,741,959 | $ 36,353,496 | $ 33,787,104 |
| **Program revenues** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | $ 309,986 | $ 318,668 | $ 249,904 | $ 222,567 | $ 239,633 | $ 179,424 | $ 176,438 | $ 527,238 | $ 228,916 | $ 174,152 |
| Municipal court | 729,769 | 808,569 | 648,298 | 540,304 | 691,943 | 680,688 | 636,085 | 565,302 | 54,044 | 37,305 |
| Community development | 623,245 | 1,184,333 | 1,717,190 | 2,098,603 | 1,396,976 | 1,156,256 | 832,431 | 1,321,541 | 1,215,296 | 1,364,480 |
| Public works | - | - | - | - | - | 736 | 499 | 21,247 | 150,570 | 213,624 |
| Arts and cultural services | 666,954 | 816,591 | 1,115,051 | 1,329,312 | 1,284,726 | 996,884 | 1,562,983 | 1,253,940 | 1,537,972 | 360,031 |
| Police | 43,389 | 26,606 | 41,845 | 22,919 | 3,491 | 4,453 | 4,679 | 7,965 | 630,875 | 421,484 |
| Operating grants and contributions | 3,498,072 | 4,181,941 | 4,152,656 | 4,252,466 | 4,728,754 | 5,050,314 | 5,000,361 | 5,574,101 | 5,918,552 | 6,619,538 |
| Capital grants and contributions | 3,070,403 | 1,823,075 | 4,292,034 | 1,069,622 | 16,971,208 | 3,453,329 | 4,166,060 | 4,732,802 | 20,427,224 | 12,238,449 |
| Total governmental activities program revenues | 8,941,818 | 9,159,783 | 12,216,978 | 9,535,793 | 25,316,731 | 11,522,084 | 12,379,536 | 14,004,136 | 30,163,449 | 21,429,064 |
| Total primary government revenues (1) | $ 8,941,818 | $ 9,159,783 | $ 12,216,978 | $ 9,535,793 | $ 25,316,731 | $ 11,522,084 | $ 12,379,536 | $ 14,004,136 | $ 30,163,449 | $ 21,429,064 |
| **Net (expense) revenue** | | | | | | | | | | |
| Governmental activities | $ (18,173,014) | $ (20,883,779) | $ (21,103,278) | $ (23,863,885) | $ (10,040,835) | $ (25,715,766) | $ (27,213,025) | $ (25,737,823) | $ (6,190,048) | $ (12,358,041) |
| Total primary government net (expense) revenue (1) | $ (18,173,014) | $ (20,883,779) | $ (21,103,278) | $ (23,863,885) | $ (10,040,835) | $ (25,715,766) | $ (27,213,025) | $ (25,737,823) | $ (6,190,048) | $ (12,358,041) |
| **General revenues** | | | | | | | | | | |
| Sales taxes and Use tax - Retail | $ 20,000,973 | $ 21,152,222 | $ 22,275,657 | $ 23,736,964 | $ 24,883,632 | $ 24,649,096 | $ 24,920,993 | $ 25,649,105 | $ 25,536,584 | $ 19,726,510 |
| Use taxes - Building materials | 213,438 | 955,775 | 1,934,767 | 1,009,009 | 1,155,608 | 791,702 | 414,263 | 935,963 | 770,496 | 1,320,568 |
| Lodging taxes | 526,104 | 557,841 | 766,230 | 908,192 | 1,000,349 | 1,048,252 | 1,092,192 | 1,823,741 | 1,736,799 | 672,449 |
| Admission taxes | 346,446 | 333,987 | 357,294 | 503,914 | 368,432 | 411,421 | 363,474 | 375,613 | 337,637 | 176,402 |
| Franchise fees | 905,892 | 882,107 | 973,986 | 1,033,993 | 1,040,429 | 1,041,604 | 1,069,729 | 1,071,791 | 1,078,819 | 1,048,271 |
| Cigarette taxes | 202,963 | 205,289 | 202,452 | 196,839 | 194,668 | 197,519 | 175,349 | 169,197 | 153,456 | 171,392 |
| Investment earnings | 35,261 | 20,903 | 19,945 | 14,113 | 22,376 | 140,767 | 234,364 | 400,134 | 431,565 | 149,251 |
| Miscellaneous | 236,180 | 278,019 | 443,335 | 331,163 | 136,995 | 707,051 | 161,055 | 278,910 | 159,039 | 164,723 |
| Total governmental activities general revenues | 22,467,257 | 24,386,143 | 26,973,666 | 27,734,187 | 28,802,489 | 28,987,412 | 28,431,419 | 30,704,454 | 30,204,395 | 23,429,566 |
| Total primary government general revenues (1) | $ 22,467,257 | $ 24,386,143 | $ 26,973,666 | $ 27,734,187 | $ 28,802,489 | $ 28,987,412 | $ 28,431,419 | $ 30,704,454 | $ 30,204,395 | $ 23,429,566 |
| **Change in net position** | | | | | | | | | | |
| Governmental activities | $ 4,294,243 | $ 3,502,364 | $ 5,870,388 | $ 3,870,302 | $ 18,761,654 | $ 3,271,646 | $ 1,218,394 | $ 4,966,631 | $ 24,014,347 | $ 11,071,525 |
| Total primary government change in net position (1) | $ 4,294,243 | $ 3,502,364 | $ 5,870,388 | $ 3,870,302 | $ 18,761,654 | $ 3,271,646 | $ 1,218,394 | $ 4,966,631 | $ 24,014,347 | $ 11,071,525 |

(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 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2011 (1)** | **2012** | **2013** | **2014** | **2015 (2)** | **2016** | **2017** | **2018 (3)** | **2019** | **2020** |
| General Fund | | | | | | | | | | |
| Reserved | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Unreserved | - | - | - | - | - | - | - | - | - | - |
| Non-spendable | 547,748 | 249,701 | 252,530 | 401,104 | 380,189 | 514,737 | 406,279 | 167,676 | 162,809 | 151,718 |
| 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 | 11,908,748 | 2,826,718 |
| 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 | 13,558,108 | 12,523,975 |
| Unassigned | 4,304 | 3,622,017 | 3,883,361 | 3,722,646 | 4,273,000 | 4,398,000 | 4,545,000 | 4,822,000 | 4,978,000 | 6,451,000 |
| Total General Fund | $ 11,127,979 | $ 12,927,111 | $ 14,447,335 | $ 17,876,332 | $ 22,070,850 | $ 24,723,662 | $ 20,208,231 | $ 16,913,450 | $ 30,607,666 | $ 21,953,411 |
| All other governmental funds | | | | | | | | | | |
| Reserved | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | - | - | - | - | - | - | - | - | - | - |
| Non-spendable | 2,872 | 40,982 | 43,230 | 46,674 | 56,673 | 53,659 | 110,727 | 81,303 | 106,025 | 21,215 |
| 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 | 3,457,059 | 3,566,183 |
| Committed | - | - | - | - | - | - | - | 105 | 206,486 | 146,219 |
| 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 | $ 1,041,754 | $ 1,696,949 | $ 2,273,653 | $ 2,409,455 | $ 2,103,679 | $ 2,429,178 | $ 3,053,775 | $ 3,183,213 | $ 3,769,570 | $ 3,733,617 |
| Total governmental funds | | | | | | | | | | |
| Reserved | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Unreserved | - | - | - | - | - | - | - | - | - | - |
| Non-spendable | 550,620 | 290,683 | 295,760 | 447,778 | 436,862 | 568,396 | 517,006 | 248,979 | 268,834 | 172,933 |
| 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 | 15,365,807 | 6,392,901 |
| Committed | - | - | - | - | - | - | - | 105 | 206,486 | 146,219 |
| 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 | 13,558,108 | 12,523,975 |
| Unassigned | (635,506) | 3,208,436 | 3,840,131 | 3,675,972 | 4,216,327 | 4,344,341 | 4,434,273 | 4,694,422 | 4,978,000 | 6,451,000 |
| Total governmental funds | $ 12,169,733 | $ 14,624,060 | $ 16,720,988 | $ 20,285,787 | $ 24,174,529 | $ 27,152,840 | $ 23,262,006 | $ 20,096,663 | $ 34,377,236 | $ 25,687,028 |

(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 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** |
| Revenues | | | | | | | | | | |
| Taxes | $ 21,086,961 | $ 22,999,825 | $ 25,333,948 | $ 26,158,079 | $ 27,408,021 | $ 26,900,471 | $ 26,790,921 | $ 28,784,422 | $ 28,381,516 | $ 21,895,929 |
| Franchise fees | 905,892 | 882,107 | 973,986 | 1,033,993 | 1,040,429 | 1,041,604 | 1,069,729 | 1,071,791 | 1,078,819 | 1,048,271 |
| Intergovernmental | 5,687,692 | 5,072,435 | 7,317,985 | 5,066,287 | 7,073,987 | 15,301,133 | 14,291,208 | 10,572,636 | 25,845,262 | 7,411,211 |
| Licenses, fees and charges | 654,029 | 1,210,895 | 1,743,385 | 2,124,212 | 1,430,134 | 1,134,976 | 869,837 | 1,350,836 | 1,435,736 | 1,599,964 |
| Fines and forfeitures | 729,769 | 808,570 | 648,298 | 540,304 | 691,943 | 680,688 | 636,085 | 565,302 | 672,181 | 436,363 |
| Net investment income | 35,261 | 19,595 | 19,945 | 14,113 | 22,376 | 140,767 | 234,364 | 400,134 | 431,565 | 149,251 |
| Tenant rental income | 309,986 | 318,668 | 249,904 | 222,567 | 239,634 | 179,424 | 176,438 | 250,519 | 228,919 | 174,152 |
| Arts and cultural event fees | 888,893 | 1,001,410 | 1,369,872 | 1,639,949 | 1,747,181 | 1,519,316 | 2,128,189 | 1,922,982 | 2,216,130 | 1,248,891 |
| Other | 719,707 | 684,062 | 1,490,317 | 401,910 | 205,953 | 839,181 | 285,663 | 452,654 | 307,314 | 359,538 |
| Base rentals | 1,863,881 | 894,392 | 951,972 | 1,009,664 | 1,290,006 | - | - | - | - | - |
| Total revenues | 32,882,071 | 33,891,959 | 40,099,612 | 38,211,078 | 41,149,664 | 47,737,560 | 46,482,434 | 45,371,276 | 60,597,442 | 34,323,570 |
| Expenditures | | | | | | | | | | |
| General government | 4,333,473 | 5,021,784 | 4,838,096 | 5,001,832 | 4,706,785 | 4,932,276 | 5,493,850 | 5,591,215 | 5,647,331 | 4,575,637 |
| Municipal court | 201,557 | 213,150 | 210,387 | 213,810 | 192,197 | 226,495 | 270,686 | 302,995 | 309,063 | 299,755 |
| Community development | 1,100,737 | 1,170,779 | 1,222,386 | 1,025,520 | 1,020,830 | 1,181,680 | 1,115,634 | 1,018,069 | 1,000,326 | 1,098,689 |
| Police | 5,850,140 | 6,212,692 | 6,142,980 | 6,483,386 | 6,697,266 | 6,918,837 | 7,176,874 | 7,523,559 | 8,216,629 | 8,603,650 |
| Public works | 3,406,479 | 3,655,273 | 3,959,687 | 4,417,190 | 4,473,031 | 4,325,451 | 4,112,818 | 4,841,201 | 4,737,463 | 5,278,695 |
| Arts and cultural services | 11,138,702 | 1,818,327 | 2,087,722 | 2,496,989 | 2,544,481 | 2,451,342 | 3,111,466 | 2,958,530 | 3,000,630 | 1,866,950 |
| Debt service | | | | | | | | | | |
| Bond principal | 3,025,000 | 2,175,000 | 2,340,000 | 2,520,000 | 2,920,000 | 1,755,000 | 1,890,000 | 2,030,000 | 492,600 | 422,500 |
| Bond interest | 1,089,712 | 1,027,973 | 980,328 | 924,083 | 866,475 | 805,432 | 447,661 | 581,850 | 2,180,000 | 2,285,000 |
| Paying agent fees | 400 | 400 | 400 | 400 | 400 | 400 | 800 | 1,200 | 1,000 | 800 |
| Cost of issuance | - | - | - | - | - | - | 158,935 | - | - | - |
| Capital outlay and other | 9,321,245 | 10,142,254 | 16,220,698 | 11,563,069 | 13,839,457 | 22,162,335 | 26,495,277 | 23,688,000 | 20,731,828 | 18,582,104 |
| Total expenditures | 39,467,445 | 31,437,632 | 38,002,684 | 34,646,279 | 37,260,922 | 44,759,248 | 50,274,001 | 48,536,619 | 46,316,869 | 43,013,779 |
| Excess of revenues over (under) expenditures | (6,585,374) | 2,454,327 | 2,096,928 | 3,564,799 | 3,888,742 | 2,978,312 | (3,791,567) | (3,165,343) | 14,280,573 | (8,690,209) |
| Other financing sources (uses) | | | | | | | | | | |
| Bond payment to refunded bonds escrow agent | - | - | - | - | - | - | (12,381,772) | - | - | - |
| Revenue bonds issued | - | - | - | - | - | - | 11,005,000 | - | - | - |
| Bond premium | - | - | - | - | - | - | 1,277,505 | - | - | - |
| Transfers in | 1,105,188 | 1,230,413 | 1,743,279 | 2,117,873 | 1,868,506 | 1,263,381 | 983,277 | 1,741,098 | 1,720,549 | 489,327 |
| Transfers out | (1,105,188) | (1,230,413) | (1,743,279) | (2,117,873) | (1,868,506) | (1,263,381) | (983,277) | (1,741,098) | (1,720,549) | (489,327) |
| Total other financing sources (uses) | - | - | - | - | - | - | (99,267) | - | - | - |
| Net change in fund balances | $ (6,585,374) | $ 2,454,327 | $ 2,096,928 | $ 3,564,799 | $ 3,888,742 | $ 2,978,312 | $ (3,890,835) | $ (3,165,343) | $ 14,280,574 | $ (8,690,209) |
| Debt service as a % of noncapital expenditures | 15.0% | 11.4% | 10.4% | 10.8% | 21.2% | 7.0% | 5.9% | 6.4% | 8.0% | 14.4% |

**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 |
|---|---|---|---|---|---|---|---|
| 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% |
| 2019 | 1.8125% | 1.00% | 2.90% | 1.00% | 0.10% | 0.00% | 6.8125% |
| 2020 | 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 2020**

| Industry | Tax Liability | Percentage of Total |
|---|---|---|
| Retail | $ 18,596,144 | 94.27% |
| Services | 442,325 | 2.23% |
| Government | 398 | 0.01% |
| Finance, insurance and real estate | 82,522 | 0.42% |
| Transportation and utilities | 605,121 | 3.07% |
| Total | $ 19,726,510 | 100.00% |

(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 |
|---|---|
| 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 |
| 2019 | 25,536,584 |
| 2020 | 19,726,510 |

**TABLE 8**

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

| Levy Year (1) | Collection Year | Assessed Value Residential | Commercial | Other | Personal | Total | Actual Value (2) |
|---|---|---|---|---|---|---|---|
| 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 |
| 2018 | 2019 | 241,702,730 | 490,445,000 | 17,314,590 | 67,813,980 | 817,276,300 | 5,195,739,181 |
| 2019 | 2020 | 245,996,550 | 490,611,300 | 14,807,010 | 65,541,430 | 816,956,320 | 5,249,030,422 |

(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)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| 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): | | | | | | | | | | |
| Cherry Creek Basin Water Authority | 0.500 | 0.500 | 0.500 | 0.500 | 0.449 | 0.473 | 0.453 | 0.479 | 0.451 | 0.478 |
| Douglas County | 19.774 | 19.774 | 19.774 | 19.774 | 19.774 | 19.274 | 19.774 | 19.774 | 19.274 | 19.274 |
| Douglas County Library District | 4.034 | 4.070 | 4.029 | 4.032 | 4.035 | 4.016 | 4.021 | 4.008 | 4.023 | 4.012 |
| Douglas County School District No. Re 1 | 46.890 | 44.708 | 45.063 | 46.051 | 46.945 | 45.564 | 30.942 | 36.896 | 35.785 | 35.450 |
| Douglas County School District No. Re 1 Bonds | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 8.054 | 8.054 | 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 | 39.544 | 39.000 | 40.000 | 40.000 | 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. 1 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Rampart Range Metropolitan District No. 2 | 46.000 | 46.000 | 46.000 | 46.000 | 46.000 | 46.000 | 48.000 | 48.000 | 49.000 | 49.000 |
| Rampart Range Metropolitan District No. 7 | 46.000 | 46.000 | 46.000 | 46.000 | 46.000 | 46.000 | 48.000 | 48.000 | 49.000 | 49.000 |
| 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 | 9.661 | 9.520 | 9.444 | 9.319 | 9.344 | 9.250 | 9.250 | 9.250 | 9.250 | 9.250 |
| South Suburban Park and Recreation District | 6.869 | 6.960 | 6.915 | 8.808 | 8.651 | 8.643 | 8.496 | 8.364 | 8.365 | 8.385 |
| Southeast Public Improvement Metro District | 2.150 | 2.080 | 2.000 | 2.000 | 2.000 | 2.000 | 2.000 | 2.000 | 2.000 | 2.000 |
| Southgate Sanitation District | 0.558 | 0.558 | 0.531 | 0.551 | 0.510 | 0.510 | 0.465 | 0.465 | 0.445 | 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 | 0.570 | 0.600 | 0.608 | 0.632 | 0.553 | 0.559 | 0.500 | 0.726 | 0.900 | 0.900 |
| Urban Drainage & Flood South Platte | 0.060 | 0.060 | 0.064 | 0.068 | 0.058 | 0.061 | 0.057 | 0.094 | 0.097 | 0.100 |
| | 229.453 | 227.217 | 227.315 | 230.122 | 230.250 | 227.737 | 218.345 | 232.497 | 233.031 | 232.755 |

(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) | | | |
| 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 |
| 2019 | - | 10,790,484 | 10,790,484 | 0.84% | 719 |
| 2020 | - | 8,263,023 | 8,263,023 | 0.62% | 551 |

(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 | | | |
|---|---|---|---|---|---|---|---|
| | | | | Principal | Interest (2) | Total | Coverage |
| 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% |
| 2019 | $ 1,391,091 | $ 400 | $ 1,390,691 | $ 855,000 | $ 196,600 | $ 1,051,600 | 132% |
| 2020 | $ 1,157,012 | $ 400 | $ 1,156,612 | $ 900,000 | $ 179,500 | $ 1,079,500 | 107% |

(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 | | | |
|---|---|---|---|---|---|---|---|
| | | | | Principal | Interest (2) | Total | Coverage |
| 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% |
| 2019 | $ 2,066,779 | $ 600 | $ 2,066,179 | $ 1,325,000 | $ 296,000 | $ 1,621,000 | 127% |
| 2020 | $ 1,728,755 | $ 400 | $ 1,728,355 | $ 1,385,000 | $ 243,000 | $ 1,628,000 | 106% |

(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**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 occuring 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, 2020**

| | Outstanding General Obligation Debt | Other Long-Term Debt Instruments | Percent Applicable to City* | City's Share of Debt |
|---|---|---|---|---|
| Direct: | | | | |
| City of Lone Tree | $ - | $ 8,263,023 | 100.00% | $ 8,263,023 |
| Overlapping: | | | | |
| Douglas County School District No. Re 1 | 419,585,000 | - | 10.94% | 45,887,428 |
| South Suburban Park and Recreation District | 39,235,000 | - | 22.59% | 8,862,363 |
| Southeast Public Improvement Metropolitan District | 2,385,000 | - | 27.93% | 666,145 |
| Total overlapping debt | | | | 55,415,935 |
| Total direct and overlapping debt | | | | $ 63,678,958 |

* The percent applicable to the City is calculated using the gross total taxable assessed valuation based on the previous levy year published by the various County Assessor's Offices.

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
Heritage Hills Metropolitan 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: Assessor's Office for the following Counties: Douglas, Araphoe, Jefferson and Denver, as well as information obtained from individual entities.

**TABLE 14**

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

| Calendar Year | Estimated Population | Personal Income | Per Capita Personal Income [1] | Douglas County Unemployment Rate |
|---|---|---|---|---|
| 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% |
| 2019 | 15,000 | 1,286,520,000 | 85,768 | 2.80% |
| 2020 | 15,000 | 1,337,985,000 | 89,199 | 2.80% |

[1] Bureau of Economic Analysis, Washington D.C. ; 2020 Per Capita and Total Personal Income estimated using the .04 change for personal income from '18 to '19 that was estimated for the State of Colorado

Source: Douglas County Department of Finance

**TABLE 15**

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

| | 2020 | | 2010 | |
|---|---|---|---|---|
| **Employer** | **Employees** | **Rank** | **Employees** | **Rank** |
| Douglas County School District | 6,477 | 1 | 6,245 | 1 |
| Charles Schwab | 4,300 | 2 | - | |
| Echostar Communications | 2,700 | 3 | 1,840 | 2 |
| Centura Health | 1,510 | 4 | - | |
| Healthone: Sky Ridge Medical | 1,370 | 5 | 1,030 | 7 |
| Douglas County Government | 1,332 | 6 | 1,061 | 6 |
| Visa Debit Processing Services | 990 | 7 | - | |
| Specialized Loan Servicing LLC | 920 | 8 | - | |
| Jacobs Engineering (formerly CH2M Hill) | 880 | 9 | 1,600 | 3 |
| HIS Markit | 750 | 10 | - | |
| Time Warner Telecom | - | | 1,100 | 4 |
| Western Union | - | | 1,090 | 5 |
| Centura: Parker Adventist Hospital | | | 840 | 8 |
| Liberty Media | - | | 730 | 9 |
| Information Handling Services | - | | 700 | 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**

| | Full-Time Equivalent Employees (2) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Function/Program (1)** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** |
| General government | 14.50 | 15.50 | 17.50 | 17.75 | 18.00 | 19.75 | 23.38 | 22.38 | 22.50 | 22.50 |
| Municipal court | 2 | 2 | 2 | 2.00 | 2.00 | 2.50 | 2.50 | 3.00 | 3.00 | 3.00 |
| Community development | 5.75 | 6.00 | 7.00 | 6.00 | 7.00 | 7.00 | 8.00 | 8.00 | 8.00 | 10.00 |
| Arts & Cultural | 12.75 | 13.20 | 13.75 | 18.00 | 19.50 | 20.50 | 21.50 | 22.25 | 22.25 | 23.00 |
| Police | 52 | 53 | 54 | 56.50 | 56.50 | 58.50 | 60.00 | 59.50 | 62.50 | 62.50 |
| Public Works | - | - | - | - | - | 1.00 | 1.00 | 6.00 | 9.00 | 11.00 |
| Total | 87.00 | 89.70 | 94.25 | 100.25 | 103.00 | 109.25 | 116.38 | 121.13 | 127.25 | 132.00 |

(1) The City contracts out its legal department. 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) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 (2) |
|---|---|---|---|---|---|---|---|---|---|---|
| Municipal court | | | | | | | | | | |
| Number of court cases | 2,114 | 2,107 | 1,922 | 1,577 | 3,094 | 2,307 | 1,913 | 1,748 | 1,432 | 887 |
| Community development | | | | | | | | | | |
| Building permits issued | 700 | 1,562 | 809 | 804 | 872 | 770 | 750 | 720 | 806 | 711 |
| Building inspections conducted | 4,196 | 8,392 | 7,662 | 7,115 | 5,475 | 5,329 | 5,720 | 4,691 | 4,279 | 4,169 |
| Public works | | | | | | | | | | |
| Streets overlayed (miles) | 9.71 | 8.55 | 15.81 | 6.26 | 6.23 | 8.25 | 7.90 | 14.97 | 7.43 | - |
| Public safety | | | | | | | | | | |
| Accidents | 1,008 | 995 | 1,169 | 1,787 | 1,443 | 1,255 | 1,160 | 1,058 | 846 | 520 |
| Citations issued | 4,812 | 4,380 | 4,234 | 4,136 | 5,079 | 5,115 | 4,135 | 4,674 | 4,497 | 2,143 |

(1) No operating indicators are available for the general government or capital outlay.
(2) Decrease in operating indicators for 2020 is mainly attributable to the COVID-19 pandemic.

Source: Various City departments

**TABLE 18**

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

| Function/Program (1) | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| Public works | | | | | | | | | | |
| Streets (miles) | 147.01 | 147.01 | 148.51 | 157.88 | 160.76 | 160.76 | 160.76 | 160.76 | 161.1 | 161.1 |
| Traffic signals | 42 | 43 | 45 | 47 | 48 | 48 | 49 | 50 | 53 | 54 |
| Public safety | | | | | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Patrol units | 24 | 25 | 22 | 22 | 20 | 23 | 21 | 21 | 21 | 21 |
| Capital outlay | | | | | | | | | | |
| Storm drainage (miles) | 38.25 | 38.70 | 39.93 | 41.18 | 41.80 | 43.12 | 43.12 | 43.36 | 43.36 | 43.36 |

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

Source: Various City departments