

2021

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FOR THE YEAR-ENDED DECEMBER 31, 2021
LONE TREE, COLORADO



PREPARED BY
**CITY OF LONE TREE
FINANCE DEPARTMENT**

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

**For the Year Ended
December 31, 2021**

**Prepared by:
Department of Finance**

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
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9220 Kimmer Drive Suite 100, Lone Tree, CO 80124

June 13, 2022

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, 2021.

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 controls 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, 2021. 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, 2021. 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. Our welcoming, connected, and resilient **community.**
4. Our signature **cultural and recreational opportunities**, exceptional places, and beautiful natural environment.
5. Our diverse and sustainable economy powered by **top-tier businesses.**
6. Our commitment to building the best team to support 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, professional 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 retailers and restaurants including Apple Store, Athleta, LL Bean, Macy's, Nordstrom, Tesla, Cheesecake Factory, PF Chang's, Season's 52, and Fogo de Chao. In 2021, Kiewit Infrastructure opened its new corporate campus at the Sky Ridge Station, adding up to 2,000 engineers and related positions 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. 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 stations. One of the light rail stations, Sky Ridge Station, is adjacent to the new corporate campus of Kiewit Infrastructure as well as a new apartment project that was approved for construction in 2020. Furthermore, a multi-family development that includes 3,000 square feet of on-site retail space near the Lincoln light rail station was approved by City Council in August of 2021. Additionally, the end of line station at RidgeGate Parkway has several residential projects under construction, including an attainable housing project, and more projects under review for Council consideration in 2022.

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 was completed in 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.

2021 was the fifth 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. 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. In 2021, the City continued to take a conservative approach to budget sales tax collections due to the continued uncertainty associated with the COVID-19 pandemic. 2021 sales tax revenue trended higher compared to 2020, in which year the City experienced the most significant pandemic related impact on revenues. With the successful passing of ballot question 2E, which temporarily increases the City's sales and use tax by one percent for ten years to support public safety, capital investments, parks and recreation, and other vital City services, we are excited for the upcoming year and the opportunities a stable revenue stream will provide. This tax increase will allow the City to remain as a premier community today and in the future.

Through conservative revenue budgeting, as well as expenditure monitoring during 2021, the City was able to end the year with a working reserve and capital replacement reserve pursuant to City policies.

Relevant Financial Policies

In order to mitigate current and future risks such as revenue shortfalls and unanticipated expenditures as well as to ensure stable tax rates, the City has established certain reserve policies. Specifically, the City requires 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, 2021, the City's unrestricted working reserve totaled approximately 25%. 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.

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, Kiewit Infrastructure opened 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 2021, the RidgeGate Parkway Widening project was completed, which tripled the capacity of RidgeGate Parkway. 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 began 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 Annual Comprehensive Financial Report for the year ended December 31, 2020. 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 Annual Comprehensive Financial Report. The report must satisfy both GAAP and applicable legal requirements. This was the City's fourteenth year to submit for and to receive the award. A Certificate of Achievement is valid for one year only. We believe this 2021 Annual Comprehensive 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 - 2021 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 Annual Comprehensive 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

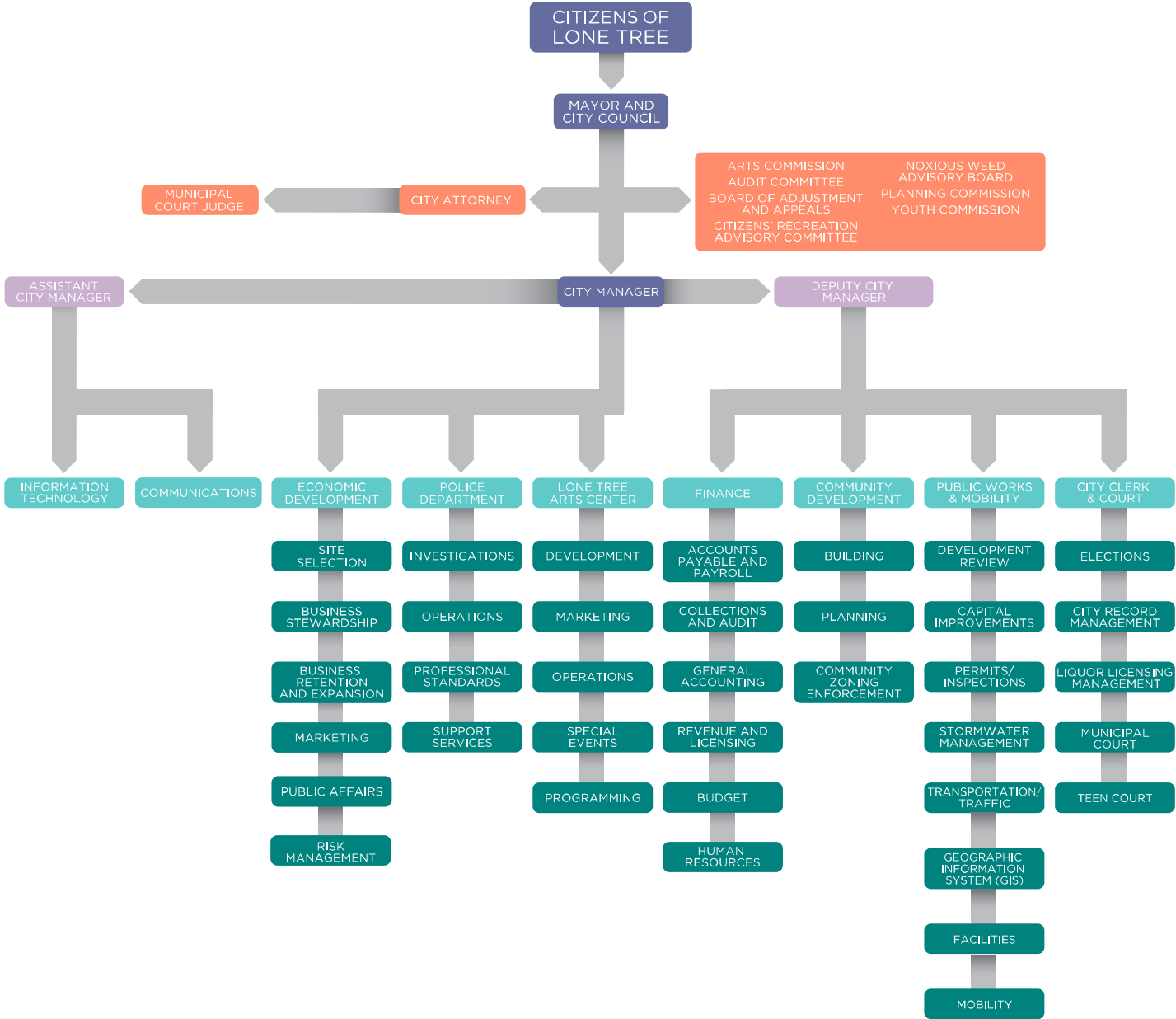
December 31, 2020

Christopher P. Morill

Executive Director/CEO


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City of Lone Tree Departmental Structure





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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, 2021, 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, 2021, 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.

We did not audit the financial statements of the Park Meadows Business Improvement District and the Lone Tree Business Improvement District. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Park Meadows Business Improvement District and the Lone Tree Business Improvement District, is based solely on the reports of the other auditors.

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.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Supplementary 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 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. The 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 by us and other auditors. 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.

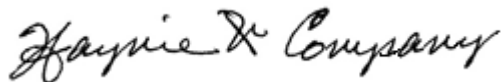
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2022, 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

The image shows a handwritten signature in cursive script that reads "Haynie & Company". The signature is written in dark ink and is positioned above the typed name and date.

Littleton, Colorado
June 13, 2022

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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, 2021.

Financial Highlights

With regard to the primary government:

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$174,018,862 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 \$34,235,098.
- Total net position increased by \$13,289,913 from 2020.
- Total cash and investments increased by \$7,653,011 as compared to the prior year.
- Sales and use tax retail revenue increased by \$5,956,151 as compared to the prior year.
- At the end of the current fiscal year, assigned and unassigned fund balance for the General Fund totaled \$26,035,729.

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 30-31 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 32-36 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 37-106 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 107-124 of this report.

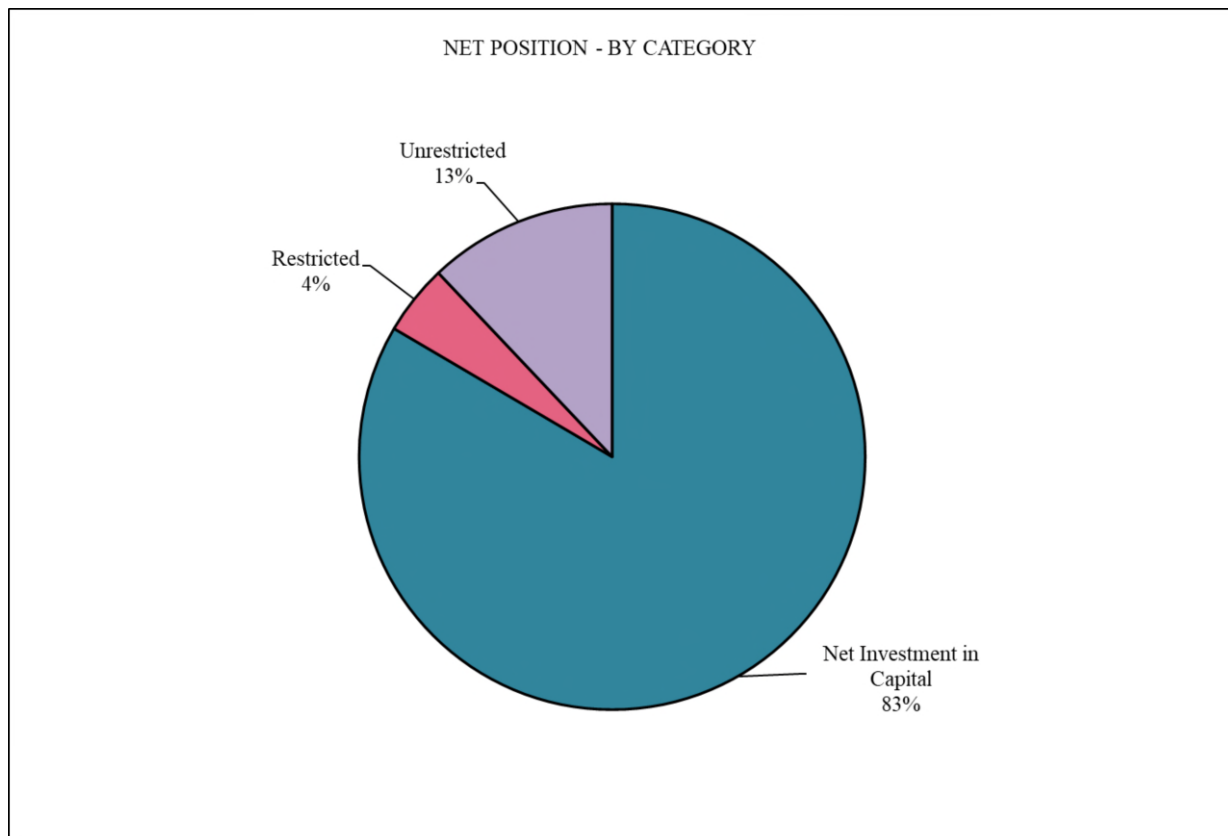
Other supplementary information. Combined financial statements and budgetary comparison schedules for the Debt Service Fund - Arts and Cultural Facilities, the Debt Service Fund - Park and Recreation Improvements and the Special Revenue Fund – Lone Tree Art Center Fund 501(c)(3) are presented immediately 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 \$174,018,862 at the close of the most recent fiscal year.

Net Position

	2021	2020
Current Assets	\$ 40,402,536	\$ 30,279,024
Capital Assets	150,618,493	148,541,170
Long-term Assets	<u>1,849,944</u>	<u>341,150</u>
Total Assets	<u>192,870,973</u>	<u>179,161,344</u>
Pension Related Amounts	3,935,629	3,531,931
OPEB Related Amounts	134,070	143,438
Refunded Bonds Related Amounts	<u>246,538</u>	<u>369,807</u>
Total Deferred Outflows of Resources	<u>4,316,237</u>	<u>4,045,176</u>
Other Liabilities	9,144,560	7,428,637
Long-term Liabilities	<u>8,117,691</u>	<u>12,408,357</u>
Total Liabilities	<u>17,262,251</u>	<u>19,836,994</u>
Pension Related Amounts	5,124,051	2,529,580
OPEB Related Amounts	166,277	110,997
RidgeGate Affordable Housing Project – Loan	<u>615,769</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>5,906,097</u>	<u>2,640,577</u>
Net Investment in Capital Assets	145,232,645	140,647,955
Restricted Net Position	7,816,276	6,392,901
Unrestricted Net Position	<u>20,969,941</u>	<u>13,688,093</u>
Total Net Position	<u>\$ 174,018,862</u>	<u>\$ 160,728,949</u>



The largest portion of the City's net position (83%) 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 2021 and will be spent in future years and funds reserved for future debt service payments). The remaining balance of *unrestricted net position* totaling \$20,969,941 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

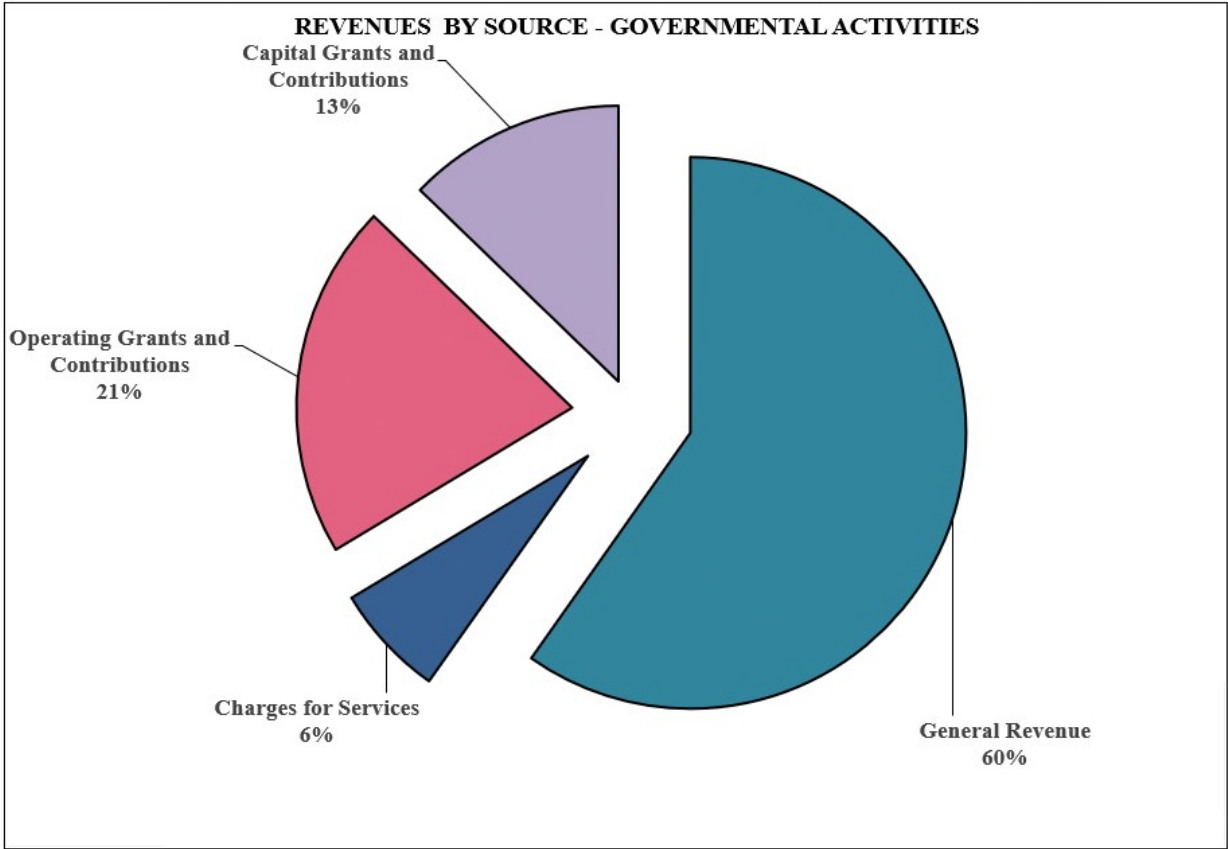
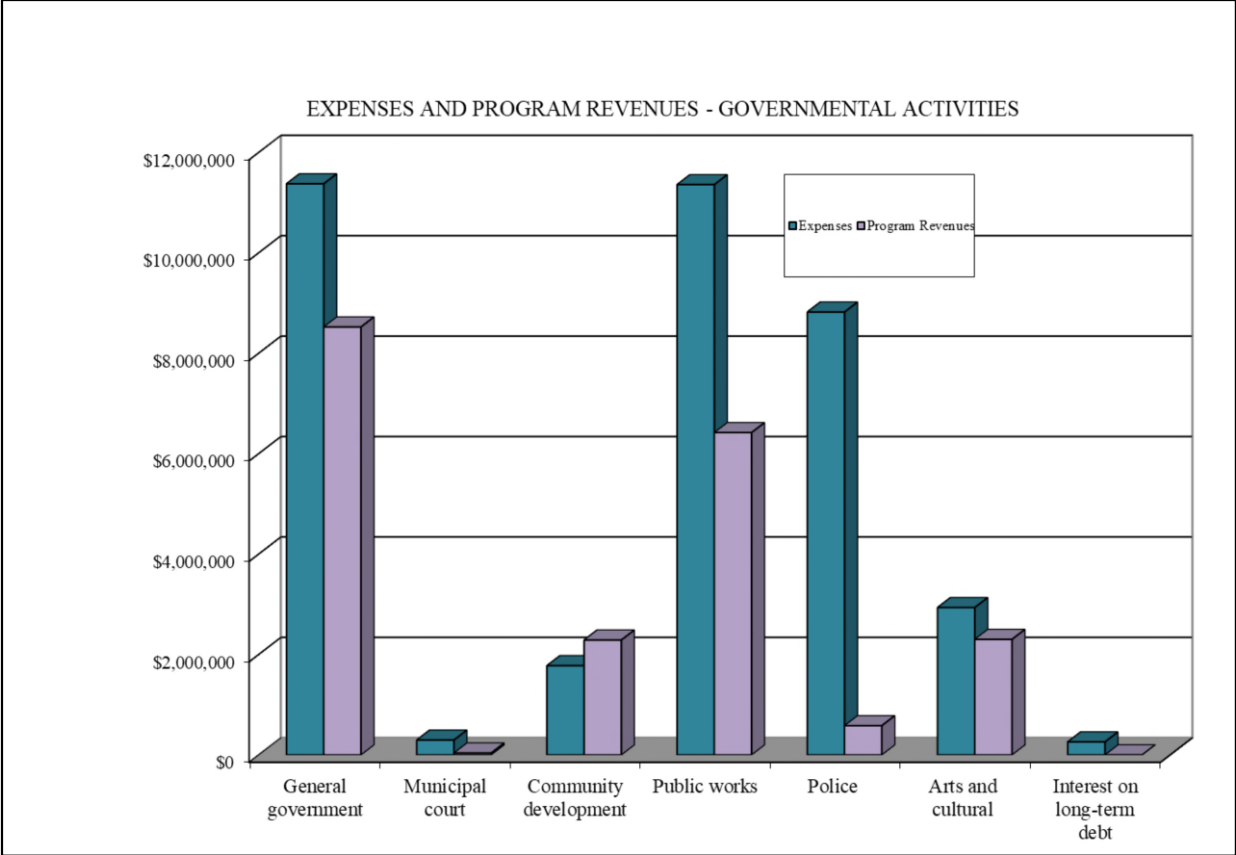
	2021	2020
Revenue		
Program Revenues		
Charges for Services	\$ 3,313,047	\$ 2,571,077
Operating Grants and Contributions	10,437,077	6,619,538
Capital Grants and Contributions	6,406,050	12,238,449
General Revenues		
Sales and Use (Retail) Taxes	25,682,661	19,726,510
Other Taxes	2,834,180	2,340,811
Franchise Fees	1,137,127	1,048,271
Investment Earnings	10,489	149,251
Other	296,020	164,723
Total Revenues	50,116,651	44,858,630
Expenses		
General Government	11,375,639	10,214,431
Municipal Court	296,674	312,221
Community Development	1,777,995	1,166,136
Public Works	11,359,384	10,418,266
Police	8,821,749	8,842,924
Arts and Cultural	2,935,663	2,535,888
Interest and Related Costs on Long-term Debt	259,634	297,241
Total Expenses	36,826,738	33,787,104
Change in Net Position	13,289,913	11,071,525
Net Position – Beginning	160,728,949	149,657,424
Net Position - Ending	<u>\$ 174,018,862</u>	<u>\$ 160,728,949</u>

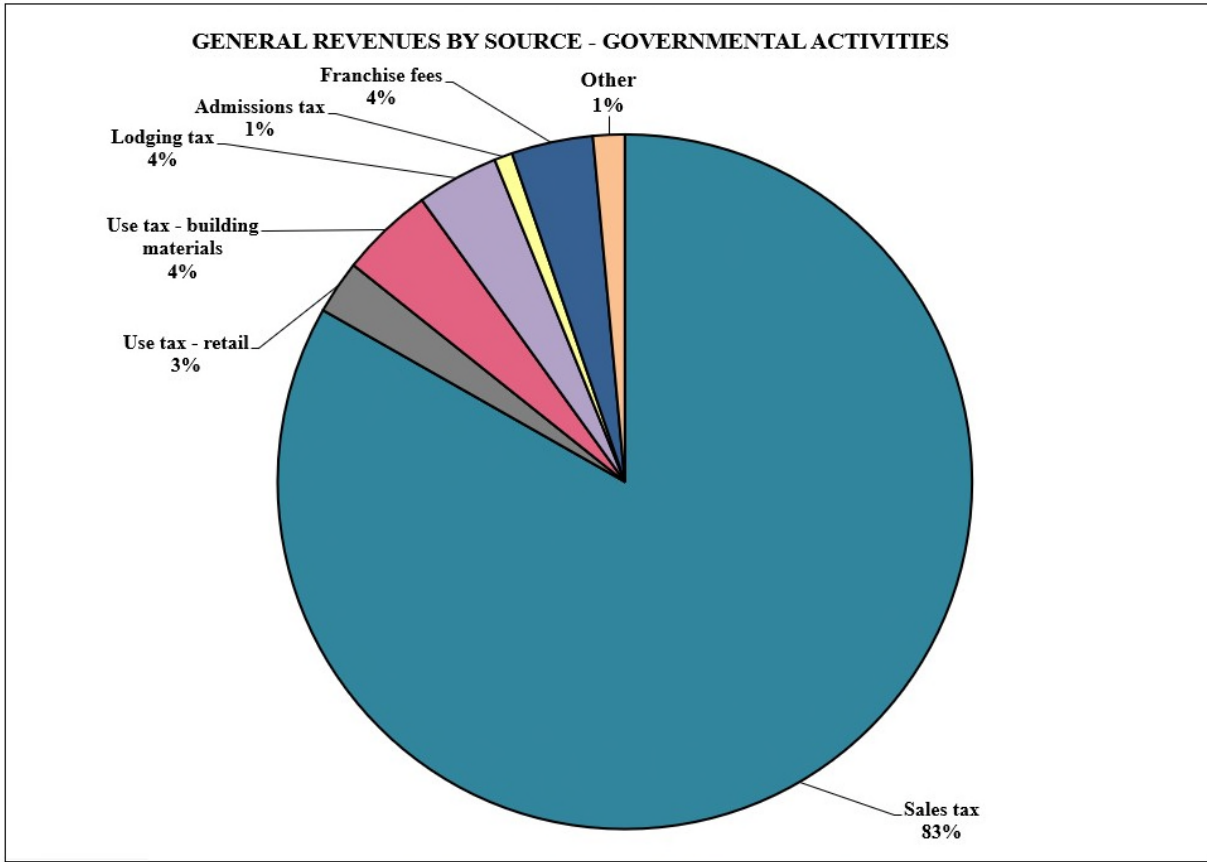
The City’s net position related to governmental activities increased by \$13,289,913 during the current fiscal year. Several key highlights of the statement of activities during 2021 include the following items:

- 2021 charges for services increased by \$741,970 compared to the previous year primarily due to increases in engineering fees and building permit fees related to new construction and development, in addition to significant increases in ticket sales, rental fees and concessions at the Lone Tree Arts Center. The increase at the Lone Tree Arts Center is due to a temporary closure of the facility and restrictions on gathering sizes in 2020, as a result of the COVID-19 pandemic.
- Operating grants and contributions increased by \$3,817,539 from 2020 to 2021 primarily due to funding received from the American Rescue Plan Act, Colorado Arts Relief Grant, and Shuttered Venue Operators Grant to offset impacts from the COVID-19 pandemic. Additionally, the City received partner funds for the design work on the Advancing

Lincoln Avenue project as well as a Community Development Block Grant, which was extended as a long-term loan to support the RidgeGate affordable housing project.

- Capital grants and contributions decreased by \$5,832,399 from 2020 to 2021 largely due to the timing of Intergovernmental Agreements with City partners for the RidgeGate Parkway Widening project.
- Sales and use (retail) taxes increased by \$5,956,151 from 2020 to 2021 as a result of lifted restrictions from COVID-19 as well as growth in consumer confidence related to the pandemic.
- Other taxes increased by \$493,369 from 2020 to 2021 primarily due to lodging and admissions tax; however, revenues are still down significantly compared to 2019 due to continued impacts of the pandemic on lodging and entertainment vendors.
- Investment earnings decreased by \$138,762 from 2020 to 2021 as a result of lower interest rates.
- General government expenses increased by \$1,161,208 or 11.40% from 2020 to 2021. This increase is mainly attributable to an increase in sales and use tax revenue collected, which is subject to several shareback agreements. The expense for shareback agreements is captured in this section.
- Community development expenses increased by \$611,859 or 52.5% from 2020 to 2021 primarily due to a \$615,000 Community Development Block Grant, which was extended as a long-term loan to support the RidgeGate affordable housing project.
- Public Works expenses increased by \$941,118 from 2020 to 2021 primarily due to design costs related to the Advancing Lincoln Avenue project and the Acres Green Pedestrian/Bike Bridge project, which were mainly funded by partnership agreements. In addition, the Lone Tree Link shuttle service resumed to full operation in 2021.
- Arts and cultural expenses increased by \$399,775 or 15.8% from 2020 to 2021 primarily due to costs associated with programming and marketing for a full year of operation at the Arts Center, with corresponding revenues increasing as well. In addition, certain community events were reinstated that had been cancelled or modified in 2020 due to the pandemic.





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 \$34,235,098. Of this amount, \$26,035,729 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 \$26,035,729 out of a total fund balance of \$29,606,856.

The fund balance of the City's General Fund increased by \$7,653,445 during the current fiscal year. The key factors contributing to this increase were higher than budgeted sales and use tax revenue, along with certain expenditures coming in lower than budgeted. Specifically, overlay

and construction, as well as the Advancing Lincoln Avenue project and Acres Green Pedestrian/Bike Bridge projects which will continue into 2022. In addition, the budgeted contribution to South Suburban Park and Recreation District for a joint pickle ball court capital project was moved to 2022.

At the end of the current fiscal year, the Special Revenue Fund – Cultural and Community Services reported a fund balance of \$306,096. The fund balance increased by \$144,245 in accordance with the Cultural and Community Services Fund – Fund Balance Reserve Policy that was created in 2019. This policy allows for a fund balance accumulation in years when revenue goals are exceeded and/or budget savings are accomplished.

At the end of the current fiscal year, the Debt Service Fund - Arts and Cultural Facilities reported a restricted fund balance of \$2,071,913. The fund balance increased by \$388,163 in 2021. 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 \$2,242,251. The fund balance increased by \$364,818 in 2021. 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 \$7,982. The fund balance decreased by \$2,601 in 2021 to cover general operating expenses associated with the LTACF. This is the fourth 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 2021 came in over budget. The difference between the final budgeted revenue of \$36,385,244 and the actual revenue of \$40,226,245 was \$3,841,001. The primary reason for this positive variance is due to tax revenues and building and construction related revenues, as the final 2021 budget was based on a conservative approach with uncertainty related to impacts of to the COVID-19 pandemic.

The City's General Fund total expenditures for 2021 did not exceed the budgeted appropriations. The difference between the budgeted expenditures (exclusive of transfers out) of \$35,765,726 and the actual expenditures of \$32,507,545 was \$3,258,181. The primary factors contributing to this variance were a result of certain capital projects coming in under budget and the timing of certain projects continuing into 2022 such as the Advancing Lincoln Avenue project, Acres Green Pedestrian/Bike Bridge project, as well as the capital contribution for a joint pickle ball court project with South Suburban Park and Recreation that was moved to 2022.

Capital Assets

The City invested \$8,565,498 in net capital assets for its governmental-type activities for the year ended December 31, 2021. Investment in capital assets consisted of projects in 2021 including street overlay, the Sky Ridge Avenue emergency bridge repair, storm sewer improvements, and traffic signal improvements.

More information on the City's capital assets can be found in Note 7 on pages 56-57 of this report.

Long-Term Debt

At the end of the fiscal year, the City had total outstanding debt of \$5,430,000. 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 \$9,392,626. 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 8 on pages 58-62 of this report.

Next Year's Budget

The 2022 budget reflects the City Council's objective to continue to provide a high level of service to our community, deep active commitment to public safety, commit time and investment in planning for the future, maintain or upgrade the City's existing core infrastructure, capture maximum value out of previous investments, and manage the City's operating and capital reserves.

Developing the City's 2022 adopted budget was a multiphase approach. The draft budget transmitted to Council on October 15, 2021, was developed under an austerity approach, and did not assume a tax increase. After the successful passing of ballot question 2E, which temporarily increases the City's Sales and Use Tax by one percent for ten years, certain adjustments were made to the 2022 adopted budget. These adjustments include an increase in Sales and Use Tax revenues resulting from the one percent rate increase. In addition, adjustments to the expense budget were included for public safety, infrastructure maintenance and increases to return to pre-pandemic budget levels. With the passage of 2E, there is excitement for the upcoming year and the opportunities a stable revenue stream will provide. As a result of the flattening of sales tax collections, several years prior to 2020 due to changes from online shopping trends, then the extreme impacts during the pandemic, catching up on deferred maintenance will be a priority in 2022. The City has appropriated a total of \$58,231,725 for spending in fiscal year 2022. Major investments will be seen in street overlay, traffic signalization improvements, road improvements and repairs, as well as storm drainage projects. A continued focus will also be placed on public safety and new investments including catching up on deferred vehicle purchases and equipment replacement to ensure police officers have the necessary resources to perform their jobs effectively. The City will also be installing security fencing for officer and equipment safety around the municipal building to ensure officers have a secure work environment. Finally, a focus in 2022 to return to pre-pandemic service levels will result in various community benefits such as bike and pedestrian improvements, increased Lone Tree Link services as well as more City funded community events. Though there is excitement to get back to normal service levels, the City also still sees immense benefits from contracting for or partnering on a wide variety of

City services, ranging from trash removal to snow plowing to police dispatch. Contracting these services is still financially prudent compared to what they would cost in staffing and capital facilities and equipment. Finally, the 2022 budget reflects the concentrated effort staff and City Council have made to begin increasing the City's capital reserves for known future significant projects.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF LONE TREE
STATEMENT OF NET POSITION
December 31, 2021

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Park Meadows Business Improvement District</u>	<u>Lone Tree Business Improvement District</u>
ASSETS			
Cash and Investments	\$ 23,643,677	\$ 2,831,803	\$ 391,639
Cash and Investments - Restricted	9,987,668	1,273,469	-
Receivables:			
Intergovernmental	2,716,043	1,167,447	1,934
Sales, Use, Admissions and Lodging Taxes	3,749,989	-	-
Other	147,333	-	-
Prepaid Items	157,826	65,370	3,665
Property Taxes Receivable	-	-	258,308
Loans Receivable	615,769	-	-
Capital Assets:			
Non-Depreciable	39,797,733	-	-
Depreciable, Net	110,820,760	12,109,498	-
Net Pension Asset - FPPA	1,234,175	-	-
Total Assets	<u>192,870,973</u>	<u>17,447,587</u>	<u>655,546</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	3,935,629	-	-
OPEB Related Amounts	134,070	-	-
Refunded Bonds Related Amounts	246,538	104,513	-
Total Deferred Outflows of Resources	<u>4,316,237</u>	<u>104,513</u>	<u>-</u>
LIABILITIES			
Accounts Payable	5,422,546	413,505	5,732
Unearned Revenue	298,626	-	-
Retainage Payable	127,353	-	-
Surety Deposits Payable	303,172	-	-
Other Deposits Payable	15,741	-	-
Accrued Interest Payable	19,442	25,047	-
Noncurrent Liabilities			
Due within One Year	2,957,680	816,982	-
Due in More than One Year:			
Other Noncurrent Liabilities	3,892,097	8,575,644	-
Net Liability - OPEB	516,344	-	-
Net Pension Liability - PERA	3,709,250	-	-
Total Liabilities	<u>17,262,251</u>	<u>9,831,178</u>	<u>5,732</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	5,124,051	-	-
OPEB Related Amounts	166,277	-	-
RidgeGate Affordable Housing Project - Loan	615,769	-	-
Property Taxes	-	-	258,308
Total Deferred Inflows of Resources	<u>5,906,097</u>	<u>-</u>	<u>258,308</u>
NET POSITION			
Net Investment in Capital Assets	145,232,645	2,716,872	-
Restricted:			
Emergency Reserve (TABOR)	1,091,966	156,000	9,341
Conservation Trust	469,528	-	-
Brick Fence Replacement	986,200	-	-
Advancing Lincoln Avenue	912,579	-	-
RidgeGate Parkway Widening Reserve	39,839	-	-
Lone Tree Art Center Programs	2,000	-	-
Debt Service	4,314,164	1,117,469	-
Restricted	7,816,276	1,273,469	9,341
Unrestricted	20,969,941	3,730,581	382,165
Total Net Position	<u>\$ 174,018,862</u>	<u>\$ 7,720,922</u>	<u>\$ 391,506</u>

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

CITY OF LONE TREE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues			Primary Government	Component Unit		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Park Meadows Business Improvement District	Lone Tree Business Improvement District
Primary Government:							
Governmental Activities:							
General Government	\$ 11,375,639	\$ 179,049	\$ 1,938,917	\$ 6,406,050	\$ (2,851,623)	\$ -	\$ -
Municipal Court	296,674	38,319	-	-	(258,355)	-	-
Community Development	1,777,995	1,493,204	795,840	-	511,049	-	-
Public Works	11,359,384	385,934	6,034,289	-	(4,939,161)	-	-
Police	8,821,749	368,504	214,474	-	(8,238,771)	-	-
Arts and Cultural Services	2,935,663	848,037	1,453,557	-	(634,069)	-	-
Interest and Related Costs on Long-Term Debt	259,634	-	-	-	(259,634)	-	-
Total Primary Government	\$ 36,826,738	\$ 3,313,047	\$ 10,437,077	\$ 6,406,050	\$ (16,670,564)	\$ -	\$ -
Component Unit:							
Park Meadows Business Improvement District:							
General Government	\$ 4,393,199	\$ -	\$ -	\$ -	(4,393,199)	-	-
Interest on Long-Term Debt	316,568	-	-	-	(316,568)	-	-
Total Component Unit	\$ 4,709,767	\$ -	\$ -	\$ -	\$ (4,709,767)	\$ -	\$ -
Lone Tree Business Improvement District:							
General Government	\$ 187,969	\$ -	\$ -	\$ -	-	-	(187,969)
Total Component Unit	\$ 187,969	\$ -	\$ -	\$ -	\$ -	\$ -	(187,969)
General Revenues:							
Sales Tax					24,933,880	4,896,222	-
Use Tax - Retail					748,781	-	-
Use Tax - Building Materials					1,299,531	14,610	-
Lodging Tax					1,145,417	-	-
Admissions Tax					254,286	-	-
Franchise Fees					1,137,127	-	-
Cigarette Tax					134,946	-	-
Sales Tax and Liquor Licenses					69,295	-	-
Property Tax					-	-	281,840
Investment Earnings					10,489	12,268	2,160
Other					226,725	272,548	27,392
Total General Revenues					29,960,477	5,195,648	311,392
Change in Net Position					13,289,913	485,881	123,423
Net Position - Beginning					160,728,949	7,235,041	268,083
Net Position - Ending					\$ 174,018,862	\$ 7,720,922	\$ 391,506

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, 2021**

	<u>General</u>	<u>Special Revenue - Cultural and Community Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 23,088,519	\$ 555,158	\$ -	\$ 23,643,677
Cash and Investments - Restricted	6,068,068	-	3,919,600	9,987,668
Receivables:				
Intergovernmental	2,716,043	-	-	2,716,043
Sales, Use, Admissions and Lodging Taxes	3,295,127	-	454,862	3,749,989
Other	52,827	94,406	100	147,333
Prepaid items	71,015	86,811	-	157,826
Due from Other Funds	79,046	-	-	79,046
TOTAL ASSETS	<u>\$ 35,370,645</u>	<u>\$ 736,375</u>	<u>\$ 4,374,562</u>	<u>\$ 40,481,582</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 5,326,023	\$ 44,107	\$ 52,416	\$ 5,422,546
Unearned Revenue	-	298,626	-	298,626
Retainage Payable	127,353	-	-	127,353
Surety Deposits Payable	303,172	-	-	303,172
Other Deposit Payable	7,241	8,500	-	15,741
Due to Other Funds	-	79,046	-	79,046
Total Liabilities	<u>5,763,789</u>	<u>430,279</u>	<u>52,416</u>	<u>6,246,484</u>
FUND BALANCES				
Non-Spendable	71,015	86,811	-	157,826
Restricted	3,500,112	2,000	4,314,164	7,816,276
Committed	-	217,285	7,982	225,267
Assigned	20,214,429	-	-	20,214,429
Unassigned	5,821,300	-	-	5,821,300
Total Fund Balances	<u>29,606,856</u>	<u>306,096</u>	<u>4,322,146</u>	<u>34,235,098</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 35,370,645</u>	<u>\$ 736,375</u>	<u>\$ 4,374,562</u>	<u>\$ 40,481,582</u>

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, 2021

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

Total Fund Balance - Governmental Funds	\$ 34,235,098
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	150,618,493
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	1,234,175
Loans Receivable - RidgeGate Affordable Housing Project	615,769
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	3,935,629
Deferred Outflows - OPEB	134,070
Deferred Outflows - Refunded Bonds	246,538
Deferred Inflows - Pension Plan	(5,124,051)
Deferred Inflows - OPEB	(166,277)
Deferred Inflows - RidgeGate Affordable Housing Project - Loan	(615,769)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds Payable	(5,430,000)
Accrued Interest on Bonds Payable	(19,442)
Bond Premiums (Net of Amortization)	(202,386)
Net OPEB Liability - PERA	(516,344)
Net Pension Liability - PERA	(3,709,250)
Compensated Absences	(1,217,391)
Net Position of Governmental Activities	<u><u>\$ 174,018,862</u></u>

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, 2021

	<u>General</u>	<u>Special Revenue - Cultural and Community Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 24,739,248	\$ -	\$ 3,642,647	\$ 28,381,895
Franchise fees	1,137,127	-	-	1,137,127
Intergovernmental	11,252,919	-	-	11,252,919
Licenses, Fees and Charges	1,948,433	-	-	1,948,433
Fines and Forfeitures	371,622	-	-	371,622
Net Investment Income	9,343	-	1,145	10,488
Tenant Rental Income	179,050	-	-	179,050
Arts and Cultural	-	2,301,594	52,364	2,353,958
Other	588,503	-	-	588,503
Total Revenues	<u>40,226,245</u>	<u>2,301,594</u>	<u>3,696,156</u>	<u>\$ 46,223,995</u>
EXPENDITURES				
Current				
General Government	4,529,647	-	-	4,529,647
Municipal Court	294,898	-	-	294,898
Community Development	1,143,417	-	-	1,143,417
Police	8,506,326	-	-	8,506,326
Public Works	5,570,247	-	-	5,570,247
Arts and Cultural Services	-	2,337,515	54,965	2,392,480
Debt Service				
Bond Interest	-	-	340,100	340,100
Bond Principal	-	-	2,435,000	2,435,000
Paying Agent Fees	-	-	800	800
Capital Outlay	12,463,010	-	-	12,463,010
Total Expenditures	<u>32,507,545</u>	<u>2,337,515</u>	<u>2,830,865</u>	<u>37,675,925</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,718,700</u>	<u>(35,921)</u>	<u>865,291</u>	<u>8,548,070</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	799,085	864,340	-	1,663,425
Transfers Out	(864,340)	(684,174)	(114,911)	(1,663,425)
Total Other Financing Sources (Uses)	<u>(65,255)</u>	<u>180,166</u>	<u>(114,911)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	7,653,445	144,245	750,380	8,548,070
FUND BALANCES - BEGINNING OF YEAR	<u>21,953,411</u>	<u>161,851</u>	<u>3,571,766</u>	<u>25,687,028</u>
FUND BALANCES - END OF YEAR	<u>\$ 29,606,856</u>	<u>\$ 306,096</u>	<u>\$ 4,322,146</u>	<u>\$ 34,235,098</u>

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

CITY OF LONE TREE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

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

Net Change in Fund Balances - Total Governmental Funds	\$ 8,548,070
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Asset Additions	8,766,857
Depreciation Expense	(6,689,534)

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	2,435,000
Bond Premiums - Amortization	195,636
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	30,142
Pension Expense	98,239
OPEB Expense	19,873
Accrued Interest on Bonds - Change in Liability	8,899

Changes in Net Position of Governmental Activities	\$ 13,289,913
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These financial statements should be read only in connection with
the accompanying Notes to Financial Statements.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 10 & 12) 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

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)

not meet the definition of an integral part of the primary government. Therefore, the LT BID 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 were staggered in one, two, and three-year terms. Any appointments made after the inaugural board are three-year terms. 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 12).
- Heritage Hills Metropolitan District (HHMD) provided financing for public infrastructure within HHMD, in the City, and currently provides certain landscaping maintenance.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021, supplementary budget amendment appropriations approved by City Council increased from \$32,533,235 to \$36,632,485 in the General Fund and \$2,475,473 to \$3,208,416 in the Special Revenue Fund – Cultural and Community Services. There were no supplementary budget amendment appropriations in the Debt Service Funds.

During the year ended December 31, 2021, there were no supplementary budget amendment appropriations for the PMBID.

During the year ended December 31, 2021, there were no supplementary budget amendment appropriations for the LT BID.

Pooled Cash and Investments

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

Investments are carried at fair value.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Balances

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

Capital Assets

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

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

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

Amortization

Original Issue Discount/Premium

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

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

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 unearned rental fees, ticket sales and unredeemed gift cards for the Lone Tree Arts Center.

Property Taxes

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

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

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 13 - 15). 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 8).

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 13 - 15). The third is shown as RidgeGate Affordable Housing Project, which is related to a loan receivable. This amount will not be recognized as an inflow of resources (revenue) until the amount becomes available (see Note 6). Lastly, the Lone Tree Business Improvement District has one item shown in this category as deferred property tax revenue. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 are classified in the accompanying financial statements as follows:

	<u>Primary Government</u>	<u>Park Meadows BID Component Unit</u>	<u>Lone Tree BID Component Unit</u>
Statement of Net Position:			
Cash and Investments	\$ 23,643,677	\$ 2,831,803	\$ 391,639
Cash and Investments – Restricted	9,987,668	1,273,469	-
Total Cash and Investments	<u>\$ 33,631,345</u>	<u>\$ 4,105,272</u>	<u>\$ 391,639</u>

Cash and investments as of December 31, 2021 consist of the following:

	<u>Primary Government</u>	<u>Park Meadows BID Component Unit</u>	<u>Lone Tree BID Component Unit</u>
Deposits with Financial Institutions	\$ 6,766,109	\$ 2,502,200	\$ 391,639
Certificates of Deposit	-	1,080,807	-
Investments	26,865,236	522,265	-
Total Cash and Investments	<u>\$ 33,631,345</u>	<u>\$ 4,105,272</u>	<u>\$ 391,639</u>

Deposits with Financial Institutions

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

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

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2021, the City's cash deposits had a bank balance of \$5,625,849 and a carrying balance of \$6,766,109. 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, 2021, the PMBID's cash deposits, including certificates of deposit, had a bank balance of \$3,966,320 and a carrying balance of \$3,583,007. 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, 2021, the LTBID's cash deposits had a bank balance of \$391,639 and a carrying balance of \$391,639. 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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 Colotrast that are valued using the market approach with maturities based on a weighted average under 60 days approach. LT BID had no investments as of December 31, 2021. City investments, as well as PM BID, as of December 31, 2021 are as follows:

- City - Local Government Investment Pool of \$26,865,236 are valued using the fair value of the pool's share price multiplied by the number of shares held. (Level 2)
- PM BID – Local Government Investment Pool of \$522,265 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, 2021, that are valued using quoted prices in active markets for identical assets (Level 1) or significant unobservable inputs (Level 3).

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The Lone Tree Arts Center Fund (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, 2021, 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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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	\$ 71,015	\$ 86,811	\$ -	\$ 157,826
	<u>71,015</u>	<u>86,811</u>	<u>-</u>	<u>157,826</u>
Restricted for:				
Emergency Reserve (TABOR)	1,091,966	-	-	1,091,966
Conservation Trust	469,528	-	-	469,528
Brick Fence Replacement Reserve	986,200	-	-	986,200
Advancing Lincoln Avenue	912,579	-	-	912,579
RidgeGate Parkway Widening	39,839	-	-	39,839
Lone Tree Art Center Programs	-	2,000	-	2,000
Debt Service	-	-	4,314,164	4,314,164
	<u>3,500,112</u>	<u>2,000</u>	<u>4,314,164</u>	<u>7,816,276</u>
Committed to:				
Lone Tree Arts Center	-	217,285	7,982	225,267
Assigned to:				
Emergency Disaster Management - County	163,740	-	-	163,740
Capital Replacement	19,765,049	-	-	19,765,049
Park Fee in Lieu of Land	285,640	-	-	285,640
	<u>20,214,429</u>	<u>-</u>	<u>-</u>	<u>20,214,429</u>
Unassigned	<u>5,821,300</u>	<u>-</u>	<u>-</u>	<u>5,821,300</u>
Total Fund Balance	<u><u>\$ 29,606,856</u></u>	<u><u>\$ 306,096</u></u>	<u><u>\$ 4,322,146</u></u>	<u><u>\$ 34,235,098</u></u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 21).

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

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

The Advancing Lincoln Avenue reserve represents funds received by the City from funding partners on this project less incurred costs. These funds are to be used exclusively for the design phase of the Advancing Lincoln Avenue project.

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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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.

Unassigned

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

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 5 - TRANSFERS

The following schedule summarizes the City’s transfers for the year ended December 31, 2021:

Transfers Out	Transfer in General Fund	Transfer in Special Revenue Fund - Cultural & Community Services
Debt Service Fund - Arts/Cultural Facilities	\$ 114,911	\$ -
Special Revenue Fund - Cultural & Community Services	684,174	-
General Fund	-	864,340
	<u>\$ 799,085</u>	<u>\$ 864,340</u>

The transfer of \$864,340 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 \$114,911 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. The transfer of \$684,174 from the Special Revenue Fund to the General Fund establishes a reserve for the Lone Tree Arts Center for future year needs.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 6 – LOANS RECEIVABLE

Long-term loans receivable consists of the following at December 31, 2021:

	Term (Years)	Rate (%)	Outstanding Balance at December 31, 2021
RidgeGate Affordable Housing Project	40.5	0.25%	\$ 615,000
Accrued Interest			769
Loans Receivable, Net			<u>\$ 615,769</u>

The City was the recipient of a Community Development Block Grant (CDBG) in the amount of \$615,000 and extended the full amount as a long-term loan to support the RidgeGate affordable housing project. The City Council recognizes the importance of having a diverse housing stock that provides choices for every life state and supports housing for a variety of income levels. In addition, the development of attainable housing in Lone Tree is closely tied to its successful and sustainable economic development by providing employers with competitive advantages in terms of housing opportunities for a local workforce. The loan is secured by a deed of trust, which is subordinate to other debt on the associated project. However, collectability of the outstanding balance remains strong and identified.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 follows:

	<u>Balance at December 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2021</u>
Primary Government				
Capital Assets, Not being Depreciated:				
Land	\$ 35,852,714	\$ 3,945,019	\$ -	\$ 39,797,733
Construction in Progress	18,848,042	321,276	(19,169,317)	-
Total Capital Assets, not Being Depreciated	<u>54,700,756</u>	<u>4,266,295</u>	<u>(19,169,317)</u>	<u>39,797,733</u>
Capital Assets, being Depreciated:				
Buildings and Building Improvements	42,545,977	80,391	-	42,626,368
Equipment	4,546,288	154,690	-	4,700,977
Vehicles	1,807,340	69,300	(201,359)	1,675,281
Infrastructure	142,730,124	23,365,499	-	166,095,622
Intangibles	1,500,000	-	-	1,500,000
Total Capital Assets, being Depreciated	<u>193,129,729</u>	<u>23,669,880</u>	<u>(201,359)</u>	<u>216,598,249</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(11,477,331)	(1,149,816)	-	(12,627,147)
Equipment	(3,803,598)	(367,053)	-	(4,170,650)
Vehicles	(1,231,370)	(170,037)	201,359	(1,200,047)
Infrastructure	(82,158,266)	(4,965,129)	-	(87,123,395)
Intangibles	(618,750)	(37,500)	-	(656,250)
Total Accumulated Depreciation	<u>(99,289,314)</u>	<u>(6,689,534)</u>	<u>201,359</u>	<u>(105,777,489)</u>
Total Capital Assets, being Depreciated, Net	<u>93,840,414</u>	<u>16,980,346</u>	<u>-</u>	<u>110,820,760</u>
Capital Assets, Net	<u>\$ 148,541,170</u>	<u>\$ 21,246,640</u>	<u>\$ (19,169,317)</u>	<u>\$ 150,618,493</u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 7 - CAPITAL ASSETS (CONTINUED)

	<u>Balance at December 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2021</u>
Park Meadows BID Component Unit:				
Capital Assets, being Depreciated:				
Infrastructure	21,458,546	251,557	-	21,710,103
Total Capital Assets, being Depreciated	<u>21,458,546</u>	<u>251,557</u>	<u>-</u>	<u>21,710,103</u>
Less Accumulated Depreciation for:				
Infrastructure	(8,583,693)	(1,016,912)	-	(9,600,605)
Total Accumulated Depreciation	<u>(8,583,693)</u>	<u>(1,016,912)</u>	<u>-</u>	<u>(9,600,605)</u>
Total Capital Assets, being Depreciated, Net	12,874,853	(765,355)	-	12,109,498
Capital Assets, Net	<u>\$ 12,874,853</u>	<u>\$ (765,355)</u>	<u>\$ -</u>	<u>\$ 12,109,498</u>

Depreciation expense for 2021 was charged to the following functions/programs:

	<u>Governmental Activities</u>	<u>Park Meadows BID Component Unit</u>
General Government	\$ 490,769	\$ 1,016,912
Municipal Court	9,057	-
Community Development	45,347	-
Public Works	5,065,304	-
Police Department	442,678	-
Arts and Cultural	636,379	-
Total Depreciation Expense	<u>\$ 6,689,534</u>	<u>\$ 1,016,912</u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 8 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the City’s long-term obligations for the year ended December 31, 2021:

	<u>Balance at December 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2021</u>	<u>Due Within One Year</u>
Governmental Activities					
Sales and Use Tax Revenue Refunding Bonds –					
Series 2017A	\$ 3,050,000	\$ -	\$ 940,000	\$ 2,110,000	\$ 1,020,000
Unamortized premium on Series 2017A Bonds	189,699	-	92,573	97,126	64,042
Sales and Use Tax Revenue Refunding Bonds - Series 2017B	4,815,000	-	1,495,000	3,320,000	1,600,000
Unamortized premium on Series 2017B Bonds	208,323	-	103,063	105,260	70,210
	<u>8,263,022</u>	<u>-</u>	<u>2,630,636</u>	<u>5,632,386</u>	<u>2,754,252</u>
Compensated Absences	1,247,532	205,689	235,830	1,217,391	203,428
	<u>\$ 9,510,554</u>	<u>\$ 205,689</u>	<u>\$ 2,866,466</u>	<u>\$ 6,849,777</u>	<u>\$ 2,957,680</u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 8 - LONG-TERM OBLIGATIONS (CONTINUED)

	<u>Balance at December 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2021</u>	<u>Due Within One Year</u>
Park Meadows BID					
Component Unit					
Shared Sales Tax Revenue Refunding Loan Series 2017A	\$ 10,000,000	\$ -	\$ 607,374	\$ 9,392,626	\$ 816,982
Shared Sales Tax Revenue Refunding Loan Series 2017B	185,447	-	185,447	-	-
	<u>\$ 10,185,447</u>	<u>\$ -</u>	<u>\$ 792,821</u>	<u>\$ 9,392,626</u>	<u>\$ 816,982</u>

Authorized Debt

On May 6, 2008, a majority of the qualified electors of the City authorized the issuance of indebtedness in an amount not to exceed \$18,500,000 and \$12,500,000, for sales and use tax revenue bonds for funding capital improvements for cultural facilities and park and recreation, respectively. The voters also authorized a temporary sales and use tax rate increase of .1875% for arts and cultural facilities and .125% for park and recreation improvements effective July 1, 2008 through December 31, 2023 or until the full payment of such debt if occurring earlier. In 2017, the City refunded these bonds acquiring a lower interest rate, while maintaining the bond terms, which resulted in a savings over the life of the bonds. On December 31, 2021, the City had authorized but unissued bond indebtedness in the following amounts allocated for the following purposes:

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

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 8 - 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, 2021, 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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 8 - 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%. As detailed in the Loan Agreement, the District is subject to various covenants, the violation of which may lead to an event of default. The lender may take action as outlined in the Loan Agreement, though payment acceleration is not a remedy for any events of default.

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 matured and was paid in March of 2021.

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 12); however, the City is not ultimately responsible for the payment of the loans.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 8 - LONG-TERM OBLIGATIONS (CONTINUED)

Annual debt service requirements to maturity are as follows:

Year Ended December 31,	<u>Governmental Activities</u>		
	Sales and Use Tax Revenue Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,620,000	\$ 233,300	\$ 2,853,300
2023	<u>2,810,000</u>	<u>118,300</u>	<u>2,928,300</u>
	<u>\$ 5,430,000</u>	<u>\$ 351,600</u>	<u>\$ 5,781,600</u>
	<u>Component Unit</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 816,982	\$ 272,411	\$ 1,089,393
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	921,742	167,651	1,089,393
2027-2031	<u>5,049,765</u>	<u>397,193</u>	<u>5,446,958</u>
	<u>\$ 9,392,626</u>	<u>\$ 1,501,300</u>	<u>\$ 10,893,926</u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 9 - 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, 2021, the City had net investment in capital assets of \$145,232,645 calculated as follows:

Primary Government	<u>Governmental Activities</u>
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 150,618,493
Deferred Outflow on Refunded Bonds	246,538
Current Portion of Long-term Obligations	(2,620,000)
Noncurrent Portion of Long-term Obligations	(2,810,000)
Bond Refunding Premium (Net of Accumulated Amortization)	<u>(202,386)</u>
Net Investment in Capital Assets	<u>\$ 145,232,645</u>

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The City had restricted net position of \$7,816,276 as of December 31, 2021 as follows:

Primary Government	<u>Governmental Activities</u>
Restricted Net Position:	
Emergency Reserve (see Note 21)	\$ 1,091,966
Conservation Trust	469,528
Brick Fence Replacement	986,200
Advancing Lincoln Avenue	912,579
RidgeGate Parkway Widening Reserve	39,839
Lone Tree Art Center Programs	2,000
Debt Service (see Note 8)	<u>4,314,164</u>
	<u>\$ 7,816,276</u>

**CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 9 – NET POSITION (CONTINUED)

The unrestricted component of net position as of December 31, 2021 totaled \$20,969,941.

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

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, 2021, PMBID had net investment in capital assets calculated as follows:

Park Meadows BID

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 12,109,498
Current Portion of Long-term Obligations	(816,982)
Noncurrent Portion of Long-term Obligations	(8,575,644)
Net Investment in Capital Assets	\$ 2,716,872

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 \$1,273,469 as of December 31, 2021 as follows:

Park Meadows BID

	Governmental Activities
Restricted Net Position:	
Emergency Reserve	\$ 156,000
Debt Service (See Note 8)	1,117,469
	\$ 1,273,469

PMBID’s unrestricted net position as of December 31, 2021 totaled \$3,730,581.

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

**CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 9 – 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, 2021, as follows:

Lone Tree BID	<u>Governmental Activities</u>
Restricted Net Position:	
Emergency Reserve	<u>\$ 9,341</u>

LTBID’s unrestricted net position as of December 31, 2021, totaled \$382,165.

NOTE 10 – 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, 2021 are detailed as follows:

Retailer A 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 A opened, 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 A 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, 2021, Retailer A has been paid \$6,102,219 with a remaining amount committed of \$1,097,781. In previous years, this Retailer was identified as Retailer B.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 10 – 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, 2021, no payments have been made to Service Provider A.

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 A (discussed above) pursuant to the existing Retailer A 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 2021, the amount paid to RRMD No.1 pursuant to the First Amendment to the Annexation and Development Shareback Agreement totaled \$751,033.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 10 – 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 2021, the amount paid to PMBID totaled \$4,863,720.

NOTE 11 - 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 remained at 38%. Cost for 2022 and future years shall equal Lone Tree’s proportionate share of the prior year’s audited actual costs for Dispatch services.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 11 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

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 2021, 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 2022 is approximately \$856,431.

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,

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 11 – 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 \$51,873 for 2021.

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 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.

In 2021, the American Rescue Plan Act (ARPA) established a \$1.9 trillion Coronavirus State & Local Fiscal Recovery Fund (SLFRF). The City applied for this grant through the State of Colorado, Department of Local Affairs, Division of Local Government. The allocation was determined by the U.S. Treasury based on population, with the allocation being distributed in two separate tranches. The City received \$1,644,078 in 2021 and will receive the second tranche in 2022 for the same amount.

NOTE 12 - 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

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 12 – COMMITMENTS (CONTINUED)

maintenance of public improvements on the portion of the property located on the west side of I-25, and the sharing of sales tax revenues generated from transactions occurring within the west side property. This amendment replaces the 2001 Annexation Agreement and 2001 Sales Tax Sharing Agreement (the 2001 Agreements) for the west side of the property only. The 2001 Agreements were still in place for the property east of I-25 until the 2017 amendment as described below. The two significant changes in the Amendment include the acceptance of streets and sales tax sharing.

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 10 for further details on the payment schedule.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 12 – COMMITMENTS (CONTINUED)

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

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

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

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

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 12 – 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, 2021, the City had unexpended construction related contract commitments of \$455,661.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 13 - 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.

**CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

**NOTE 13 - 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 \$371,111 for the year ended December 31, 2021.

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

At December 31, 2021, the City reported an asset of \$1,234,175 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, 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, 2021, the City's proportion was 0.568 percent, which was a decrease of 0.035 percent from its proportion measured as of December 31, 2020.

For the year ended December 31, 2021, the City recognized pension expense of 6,846.

Pension expense for 2021 was charged to the following functions/programs:

	Governmental Activities
Police Department	<u>\$ 6,846</u>
Total Pension Expense	<u><u>\$ 6,846</u></u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 13 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)
(CONTINUED)

At December 31, 2021, 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, 2019	\$ 2,042,738	\$ 232,673
Differences Between Actual and Expected Experience	(107,814)	(1,769)
Changes in Assumptions	(122,859)	-
Net Difference Between Actual and Projected Earnings on Pension Plan Investments	-	731,378
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	(368,562)	(57,864)
City Contributions Subsequent to the Measurement Date	371,111	-
Total	\$ 1,814,613	904,418

\$371,111 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, 2022. 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	\$ (101,238)
2022	63,187
2023	(150,084)
2024	65,425
2025	259,472
Thereafter	402,322
Total	\$ 539,084

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 13 - 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, 2020. 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.

**CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

**NOTE 13 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan)
(CONTINUED)**

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	39%	8.23%
Equity Long/Short	8%	6.87%
Private Markets	26%	10.63%
Fixed Income - Rates	10%	4.01%
Fixed Income – Credit	5%	5.25%
Absolute Return	10%	5.60%
Cash	2%	2.32%
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 weighing 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, 2020, 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 2.00 percent (based on the weekly rate closest to but not later

**CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

**NOTE 13 - 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)	\$ 1,242,002	\$ (1,234,175)	\$ (3,284,757)

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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 13 - 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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 13 - 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, to 2.8 percent of base salary on January 1, 2019, and to 3.0 percent of base salary on January 1, 2021 and may be increased 0.2 percent annually by the FPPA Board. 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 3.0 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, 2019, 2020, and 2021, City contributions totaled \$124,621, \$128,236 and \$130,371, respectively.

NOTE 14 - 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 of the plans administered by PERA. Most of these changes were in effect at the end of 2020.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 14 - 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

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 14 - 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

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 14 - 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, 2021 was 14.22 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 15).

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 \$714,780 to the Trust and \$56,401 to the Health Care Trust Fund, for a total City contribution of \$771,181 for the year ended December 31, 2021.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 14 - 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, 2021, the City reported a liability of \$3,709,250 or its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The City's proportion of the net pension liability was based on the City's contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the City's proportion was 0.71 percent, which was an increase of 0.01 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension expense of \$(105,085).

Pension expense for 2021 was charged to the following functions/programs:

	Governmental Activities
General Government	\$ (30,771)
Municipal Court	(4,080)
Community Development	(12,240)
Public Works	(14,960)
Police Department	(16,660)
Arts and Cultural	<u>(26,373)</u>
Total Pension Expense	<u>\$ (105,085)</u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 14 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

At December 31, 2021, 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, 2019	\$ 3,694,744	\$ 4,502,458
Differences Between Actual and Expected Experience	(154,741)	-
Changes in Assumptions	896,380	-
Net Difference Between Actual and Projected Earnings on Pension Plan Investments	-	1,922,726
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	(824,600)	-
City Contributions Subsequent to the Measurement Date	714,780	-
Total	\$ 4,326,565	\$ 6,425,184

\$714,780 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, 2022.

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	\$ (353,871)
2022	(466,673)
2023	(1,359,774)
2024	(633,081)
2025	-
Thereafter	-
Total	\$ (2,813,399)

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 14 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

Actuarial Assumptions

The December 31, 2019 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, 2019 valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 Board meeting.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 14 - 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 the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

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.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 14 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO
(CONTINUED)

return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent affirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54%	5.60%
Fixed Income	23%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

* 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, 2019 and the financial status of the Trust Fund as of the prior measurement date (December 31, 2019). 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 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 14 - 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 scheduled increase in SB 18-200. 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.

**CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

**NOTE 14 - 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)	\$ 8,544,633	\$ 3,709,250	\$ (327,665)

Pension Plan Fiduciary Net Position

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

Defined Contribution Pension Plans

Voluntary Investment Program

Plan Description

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

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 15 – 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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 15 - 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 (actual dollars) 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 (actual dollars) per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

Contributions

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

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 - 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 \$56,401 for the year ended December 31, 2021.

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

At December 31, 2021, the City reported a liability of \$516,344 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The City’s proportions of the net OPEB liability was based on the City’s contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the City’s proportion was 0.05 percent, which was an increase of 0.0009 from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021 the City recognized OPEB expense of \$(19,873).

OPEB expense for 2021 was charged to the following functions/programs:

	Governmental Activities
General Government	\$ (5,818)
Municipal Court	(772)
Community Development	(2,315)
Public Works	(2,829)
Police Department	(3,151)
Arts and Cultural	(4,988)
Total Pension Expense	<u>\$ (19,873)</u>

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

At December 31, 2021, 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, 2019	\$ 143,437	\$ 110,996
Differences Between Actual and Expected Experience	(624)	12,550
Changes in Assumptions	(1,127)	31,662
Net Difference Between Actual and Projected Earnings on OPEB Plan Investments	-	11,069
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	(64,019)	-
City Contributions Subsequent to the Measurement Date	56,401	-
Total	\$ 134,069	\$ 166,277

\$56,401 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, 2022. 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	\$ (13,380)
2022	(10,428)
2023	(22,572)
2024	(29,990)
2025	(11,497)
Thereafter	(742)
Total	\$ (88,609)

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 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	8.10 Percent in 2020, Gradually Decreasing to 4.50 Percent in 2029
Medicare Part A Premiums	3.50 Percent in 2020, Gradually Increasing to 4.50 percent in 2029

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 (actual dollars) are assumed for 2020 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	\$588	\$227
Kaiser Permanente Medicare Advantage HMO	621	232

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

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 in the December 31, 2019, valuation, the following monthly costs (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$550
Kaiser Permanente Medicare Advantage HMO	586

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.

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, 2019, 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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

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
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
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 used in the December 31, 2019 valuation for the State Division, School Division, Local Government Division, and Judicial Division Trust Funds as shown below were applied, as applicable, in the December 31, 2019 valuation for the Trust Fund. Affiliated employers of these Division Trust Funds in the Trust Fund.

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.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions used in the December 31, 2019, valuation 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.

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

**CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021**

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period 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.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

Local Government Division

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.20% - 11.30%
Members other than State Troopers	

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Mortality assumptions used in the roll forward calculations for the State Division, School Division, Local Government Division, and Judicial Division Trust Funds as shown below were applied in the roll forward calculation for the Trust Fund.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 plan year.
- 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.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above. The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of Investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 nominal rate of return assumption of 7.25 percent.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 15 - 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	7.10%	8.10%	9.10%
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	\$502,998	\$516,344	\$531,880

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2019, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2019). 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, 2020, 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 3.00%.
- 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 based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

- Estimated transfers of dollars into the Trust Fund representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- 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.

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)	\$ 591,481	\$ 516,344	\$ 452,145

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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 16 - 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 17 - MAJOR TAXPAYERS

For the year ending December 31, 2021, approximately 16% of the City's sales tax revenue was received from three retailers and of those three retailers, one retailer constituted approximately 8% of the total sales tax revenue.

NOTE 18 - 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 19 - 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 \$644,652 in 2021. 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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 20 - 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.

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 21 - 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.

CITY OF LONE TREE
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 21 - TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

On November 2, 2021 City voters approved a sales and use tax increase of 1% to be used to maintain vital city services including repairing, maintaining, and improving City streets and aging infrastructure, maintaining service and response times for public safety and maintaining and improving parks, trails, and open space and approved related sales and use taxes be increased by \$15,563,749 annually beginning January 1, 2022 and by such amounts as are raised annually thereafter for a period of ten years.

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, 2021**

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
TAXES				
Sales Tax	\$ 15,360,445	\$ 20,468,706	\$ 21,609,568	\$ 1,140,862
Use Tax - Retail	435,000	499,000	644,499	145,499
Use Tax - Building Materials	591,000	591,000	1,085,478	494,478
Lodging Tax	931,500	931,500	1,145,417	213,917
Admissions Tax	162,350	162,350	254,286	91,936
	<u>17,480,295</u>	<u>22,652,556</u>	<u>24,739,248</u>	<u>2,086,692</u>
FRANCHISE FEES				
Electric and Gas	756,900	756,900	900,249	143,349
Cable Television	233,700	233,700	236,878	3,178
	<u>990,600</u>	<u>990,600</u>	<u>1,137,127</u>	<u>146,527</u>
INTERGOVERNMENTAL				
Highway Users Tax Fund (HUTF)	327,400	327,400	389,237	61,837
Conservation Trust Fund	61,100	61,100	92,409	31,309
Cigarette Tax	155,000	155,000	134,946	(20,054)
County Road and Bridge Shareback	1,771,764	1,771,764	1,804,648	32,884
Douglas County Shareback - Transportation	1,702,239	2,130,158	2,396,391	266,233
Motor Vehicle Registration Fees	40,700	40,700	45,982	5,282
Regional Improvements Contribution - RRM	235,561	235,561	234,103	(1,458)
Reimbursable Costs	1,750,500	3,697,534	3,827,388	129,854
COVID-19 Related Funding	-	1,644,079	1,644,079	-
Grants	688,792	688,792	683,736	(5,056)
	<u>6,733,056</u>	<u>10,752,088</u>	<u>11,252,919</u>	<u>500,831</u>

(Continued)

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021
(Continued)

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
LICENSES, FEES AND CHARGES				
Sales, Use Tax and Business License Fees	40,000	40,000	44,197	4,197
Liquor License Fees	12,000	12,000	25,098	13,098
Building Permit Fees	686,000	686,000	1,329,425	643,425
Planning Fees	29,000	29,000	54,906	25,906
Engineering Fees	134,000	134,000	385,934	251,934
Other	97,000	97,000	108,873	11,873
	<u>998,000</u>	<u>998,000</u>	<u>1,948,433</u>	<u>950,433</u>
FINES AND FORFEITURES				
Court Fees	36,000	36,000	38,319	2,319
Vehicle Violation and Other Fines	436,000	436,000	322,212	(113,788)
Victims Assistance Surcharge Fees	23,000	23,000	11,091	(11,909)
	<u>495,000</u>	<u>495,000</u>	<u>371,622</u>	<u>(123,378)</u>
OTHER				
Net Investment Income	121,290	11,500	9,343	(2,157)
Police Department Fees	220,000	99,000	168,186	69,186
Tenant Rental Income	99,000	166,500	179,050	12,550
Other	166,500	220,000	420,317	200,317
	<u>606,790</u>	<u>497,000</u>	<u>776,896</u>	<u>279,896</u>
	<u>27,303,741</u>	<u>36,385,244</u>	<u>40,226,245</u>	<u>3,841,001</u>

(Continued)

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021
(Continued)

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
EXPENDITURES				
GENERAL GOVERNMENT				
City Council Expenditures	31,500	31,500	23,449	8,051
City Council Stipend	69,664	69,665	68,627	1,038
Administrative Services - Salaries and Benefits	564,785	574,662	566,995	7,667
City Clerk - Salaries and Benefits	267,902	275,536	276,329	(793)
City Clerk	39,700	39,700	36,992	2,708
Human Resources	84,000	84,000	90,182	(6,182)
Information Technology	526,405	526,405	468,982	57,423
Insurance and Risk Management	466,308	466,308	417,740	48,568
Finance - Salaries and Benefits	619,180	633,422	629,365	4,057
Finance	44,694	44,690	49,577	(4,887)
Audit	42,000	42,000	33,400	8,600
City Manager's Office - Salaries and Benefits	1,040,152	1,117,953	1,080,605	37,348
Dues and Memberships	125,379	125,379	123,823	1,556
Legal - General	371,700	371,700	371,700	-
Legal - Special	30,000	30,000	28,627	1,373
Consulting	88,000	88,000	60,845	27,155
Community Support	14,650	13,900	5,785	8,115
Youth Initiatives	19,800	19,800	19,800	-
Housing Partnership	35,000	35,000	35,000	-
Living and Aging Well	-	750	750	-
Communications	40,800	40,800	50,764	(9,964)
Economic Development	95,000	95,000	83,756	11,244
Miscellaneous	10,000	12,000	6,554	5,446
	<u>4,626,619</u>	<u>4,738,170</u>	<u>4,529,647</u>	<u>208,523</u>
MUNICIPAL COURT				
Municipal Judge	30,000	30,000	25,393	4,607
Legal	36,000	36,000	36,300	(300)
Administration	268,526	270,225	232,987	37,238
Office and Software	700	700	218	482
Victims Assistance Surcharge	-	-	-	-
	<u>335,226</u>	<u>336,925</u>	<u>294,898</u>	<u>42,027</u>

(Continued)

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021
(Continued)

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
COMMUNITY DEVELOPMENT				
Salaries and Benefits	988,213	1,014,624	959,205	55,419
Contract Services	500	500	-	500
Field Supplies	1,700	1,700	1,349	351
Planning Commission	2,000	2,000	1,237	763
Plan Review and Other Inspections	70,000	70,000	63,080	6,920
Elevator Inspection	96,115	96,115	90,425	5,690
City Forestry Program	500	500	166	334
South Metro Partnership	20,000	20,000	20,944	(944)
Miscellaneous	8,330	8,330	7,011	1,319
	<u>1,187,358</u>	<u>1,213,769</u>	<u>1,143,417</u>	<u>70,352</u>
PUBLIC WORKS				
Salaries and Benefits	1,180,263	1,199,299	1,213,903	(14,604)
Street Lighting	400,000	400,000	396,668	3,332
Street Maintenance	730,000	730,000	658,426	71,574
Drainage Maintenance	120,000	120,000	52,085	67,915
Street and Sidewalk Sweeping	60,000	60,000	54,000	6,000
Traffic Signal Energy Cost and Maintenance	157,000	157,000	161,146	(4,146)
Signal Timing	20,000	20,000	1,050	18,950
Snow Removal	1,150,000	1,150,000	1,026,295	123,705
Trash and Recycling Program	600,000	600,000	603,380	(3,380)
Household Hazardous Program	8,000	8,000	8,448	(448)
Fence Maintenance	25,000	25,000	-	25,000
Materials and Equipment	10,000	10,000	1,780	8,220
EPA Phase 2 Drainage	2,300	2,300	2,423	(123)
State Mandated Noxious Weeds Control	18,500	18,500	18,364	136
Signage and Striping	125,000	125,000	110,554	14,446
Accident Repairs	5,000	5,000	-	5,000
Public Works Facility Operations and Equipme	55,000	55,000	53,657	1,343
Software and Support	50,000	50,000	45,518	4,482
Mutt Mitts Contract	15,000	15,000	10,852	4,148
Miscellaneous	3,000	3,000	1,690	1,310
Public Works Vehicle Maintenance and Gas	20,000	20,000	24,183	(4,183)
Bridge Maintenance	30,000	30,000	28,564	1,436
Lone Tree Link	300,000	300,000	210,298	89,702
Consulting and Surveying	50,000	50,000	49,090	910
Facilities	945,050	945,050	837,875	107,175
	<u>6,079,113</u>	<u>6,098,149</u>	<u>5,570,247</u>	<u>527,900</u>

(Continued)

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021
(Continued)

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
POLICE				
Salaries and Benefits	7,176,505	7,176,504	6,926,126	250,379
Office and Administration	99,500	99,500	100,029	(528)
Uniforms and Equipment	177,504	177,504	162,537	14,968
Vehicles and Equipment	354,890	354,890	313,464	41,427
General Equipment	26,616	26,616	21,995	4,622
Intergovernmental Agreements	903,665	903,665	922,893	(19,227)
Training	71,250	71,250	45,322	25,929
Community Outreach and Miscellaneous	25,745	25,745	13,960	11,786
	<u>8,835,675</u>	<u>8,835,674</u>	<u>8,506,326</u>	<u>329,356</u>
CAPITAL OUTLAY				
Overlay and Reconstruction Projects	2,500,000	2,500,000	1,858,170	641,830
Traffic Signalization	711,000	711,000	587,385	123,615
Municipal Building Capital Improvements	137,000	137,000	105,879	31,121
Storm Sewer Improvements	-	152,000	151,490	510
Sky Ridge Ave / I-25 Bridge	-	1,600,000	1,593,654	6,346
Arts Center Improvements	122,250	122,250	114,911	7,339
Schweiger Ranch Preservation	-	-	14,945	(14,945)
RidgeGate Parkway Widening	340,000	340,000	321,276	18,724
City-Wide Pavement Assessment	30,000	30,000	1,140	28,860
Phone System Replacement	35,000	35,000	43,644	(8,644)
I-25/Lincoln Interchange	700,000	700,000	485,452	214,548
Willow Creek at Park Meadows Drive	70,000	70,000	62,345	7,655
Storm Drainage Study	30,000	30,000	8,697	21,303
Acres Green Pedestrian and Bike Bridge	350,000	350,000	197,635	152,365
Community Development Block Grant Project	615,000	615,000	615,000	-
Retail Shareback	327,936	337,958	322,846	15,112
RRMD Revenue Shareback - West Side	856,267	920,051	751,033	169,018

(Continued)

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021
(Continued)

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
CAPITAL OUTLAY (continued)				
Reimbursement of Sales Taxes-PMBID	2,914,027	5,028,771	4,863,720	165,051
Reimbursement of Property Taxes-PMMD	261,508	261,509	261,434	75
Park and Recreation	602,500	602,500	102,354	500,146
	<u>10,602,488</u>	<u>14,543,039</u>	<u>12,463,010</u>	<u>2,080,029</u>
 Total Expenditures	 <u>31,666,479</u>	 <u>35,765,728</u>	 <u>32,507,545</u>	 <u>3,258,187</u>
 EXCESS REVENUES OVER (UNDER) EXPENDITURES	 <u>(4,362,738)</u>	 <u>619,516</u>	 <u>7,718,700</u>	 <u>7,099,184</u>
 OTHER FINANCING SOURCES (USES)				
Transfers In	622,250	1,306,424	799,085	(507,339)
Transfers Out	(866,756)	(866,756)	(864,340)	2,416
Total Other Financing Sources (Uses)	<u>(244,506)</u>	<u>439,668</u>	<u>(65,255)</u>	<u>(504,923)</u>
 NET CHANGE IN FUND BALANCES	 <u>(4,607,244)</u>	 <u>1,059,184</u>	 <u>7,653,445</u>	 <u>6,594,261</u>
 FUND BALANCES - BEGINNING OF YEAR	 <u>18,558,362</u>	 <u>21,953,411</u>	 <u>21,953,411</u>	 <u>-</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 13,951,118</u>	 <u>\$ 23,012,595</u>	 <u>\$ 29,606,856</u>	 <u>\$ 6,594,261</u>

CITY OF LONE TREE
SPECIAL REVENUE FUND - CULTURAL AND COMMUNITY SERVICES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Ticket Sales and Handling Fees	\$ 748,287	\$ 746,412	\$ 660,638	\$ (85,774)
Rental Fees and Labor Fees	145,275	146,025	109,765	(36,260)
Concessions and Catering	66,100	65,350	66,969	1,619
Individual, Corporate and Foundation Contributions	349,180	349,180	330,716	(18,464)
Government Grants	272,250	272,250	425,378	153,128
COVID-19 Related Funding	-	684,174	684,174	-
Miscellaneous	6,125	8,000	6,214	(1,786)
Annual events	15,000	15,000	13,289	(1,711)
Arts and cultural events	6,500	6,500	4,451	(2,049)
Total Revenues	<u>1,608,717</u>	<u>2,292,891</u>	<u>2,301,594</u>	<u>8,703</u>
EXPENDITURES				
Administration	155,169	159,924	143,576	16,348
Programming	1,418,745	1,433,195	1,372,633	60,562
Marketing	375,996	399,076	300,232	98,844
Development	253,554	257,583	255,241	2,342
Annual Events	229,832	232,287	222,935	9,352
Arts and Cultural Events	42,177	42,177	42,899	(722)
Total Expenditures	<u>2,475,473</u>	<u>2,524,242</u>	<u>2,337,516</u>	<u>186,726</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(866,756)</u>	<u>(231,351)</u>	<u>(35,922)</u>	<u>195,429</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	866,756	866,756	864,340	(2,416)
Transfers Out	-	(684,174)	(684,174)	-
Total Other Financing Sources (Uses)	<u>866,756</u>	<u>182,582</u>	<u>180,166</u>	<u>(2,416)</u>
NET CHANGE IN FUND BALANCES	-	(48,769)	144,244	193,014
FUND BALANCES -				
BEGINNING OF YEAR	<u>161,851</u>	<u>161,851</u>	<u>161,851</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 161,851</u>	<u>\$ 113,082</u>	<u>\$ 306,096</u>	<u>\$ 193,014</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability/(asset)	0.745%	0.741%	0.710%	0.675%	0.672%	0.593%	0.603%	0.568%
City's proportionate share of the net pension liability/(asset)	\$ (666,462)	\$ (836,472)	\$ (12,508)	\$ 244,075	\$ (966,061)	\$ 749,099	\$ (341,150)	\$ (1,234,174)
City's covered payroll	\$ 3,183,366	\$ 3,458,225	\$ 3,689,690	\$ 3,624,431	\$ 3,976,381	\$ 4,026,218	\$ 4,329,357	\$ 4,594,732
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	20.9%	24.2%	0.3%	6.7%	24.3%	18.6%	7.9%	26.9%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	105.8%	106.8%	101.6%	98.2%	106.3%	95.2%	101.9%	106.7%

(1) The City implemented GASB 68 beginning in 2015. Information prior to 2014 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 PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
 PUBLIC RETIREMENT ASSOCIATION OF COLORADO (PERA)
 Last Eight Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability	0.510%	0.523%	0.538%	0.562%	0.610%	0.668%	0.698%	0.712%
City's proportionate share of the net pension liability/(asset)	\$ 4,194,719	\$ 4,685,216	\$ 5,931,027	\$ 7,586,897	\$ 6,788,332	\$ 8,403,289	\$ 5,105,238	\$ 3,709,250
City's covered payroll	\$ 2,893,072	\$ 3,017,148	\$ 3,348,942	\$ 3,554,612	\$ 4,005,795	\$ 4,594,877	\$ 5,012,865	\$ 5,207,144
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	145.0%	155.3%	177.1%	213.4%	169.5%	182.9%	101.8%	71.2%
Plan fiduciary net position as a percentage of the total pension liability	77.7%	80.7%	76.9%	73.6%	79.4%	76.0%	86.3%	90.9%

(1) The City implemented GASB 68 beginning in 2015. Information prior to 2014 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 PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)
 PUBLIC RETIREMENT ASSOCIATION OF COLORADO OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 Last Five Fiscal Years

	2017	2018	2019	2020	2021
City's proportion of the net pension liability	0.043%	0.047%	0.052%	0.053%	0.054%
City's proportionate share of the net pension liability/(asset)	\$ 558,745	\$ 615,682	\$ 705,235	\$ 600,864	\$ 516,344
City's covered payroll	\$ 3,554,612	\$ 4,005,795	\$ 4,594,877	\$ 5,012,865	\$ 5,207,144
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%	9.9%
Plan fiduciary net position as a percentage of the total pension liability	16.7%	17.5%	17.0%	24.5%	32.8%

(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 Eight Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contributions	\$ 266,647	\$ 275,158	\$ 276,557	\$ 314,225	\$ 317,519	\$ 355,665	\$ 365,287	\$ 371,111
Contributions in relation to the contractually required contribution	(266,647)	(275,158)	(276,557)	(314,225)	(317,519)	(355,665)	(365,287)	(371,111)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,458,225	\$ 3,689,690	\$ 3,624,431	\$ 3,976,381	\$ 4,026,218	\$ 4,329,357	\$ 4,594,732	\$ 5,158,747
Contributions as a percentage of covered payroll	7.71%	7.46%	7.63%	7.90%	7.89%	8.22%	7.95%	7.19%

(1) The City implemented GASB 68 beginning in 2015. Information prior to 2014 is not available.

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

	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contributions	\$ 392,338	\$ 418,841	\$ 466,528	\$ 487,686 *	\$ 555,896 *	\$ 609,512 *	\$ 658,542 *	\$ 714,780
Contributions in relation to the contractually required contribution	(392,338)	(418,841)	(466,528)	(487,686)	(555,896)	(609,512)	(658,542)	(714,780)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,017,148	\$ 3,348,942	\$ 3,554,612	\$ 4,005,795	\$ 4,594,877	\$ 5,012,865	\$ 5,207,144	\$ 5,567,306
Contributions as a percentage of covered payroll	13.00%	12.51%	13.12%	12.17%	12.10%	12.16%	12.65%	12.84%

(1) The City implemented GASB 68 beginning in 2015. Information prior to 2014 is not available.

* Due to the implementation of GASB 75 in 2018, 2017 - 2021 contributions are separated between PERA and OPEB

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

	2016	2017	2018	2019	2020	2021
Contractually required contributions	\$ 34,709	\$ 39,230 *	\$ 44,717 *	\$ 49,030 *	\$ 51,232 *	\$ 56,401
Contributions in relation to the contractually required contribution	(34,709)	(39,230)	(44,717)	(49,030)	(51,232)	(56,401)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,554,612	\$ 4,005,795	\$ 4,594,877	\$ 5,012,865	\$ 5,207,144	\$ 5,567,306
Contributions as a percentage of covered payroll	0.98%	0.98%	0.97%	0.98%	0.98%	1.01%

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

* Due to the implementation of GASB 75 in 2018, 2017 - 2021 contributions are separated between PERA and OPEB

CITY OF LONE TREE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

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 plan provisions have not changed since the prior valuation.

Changes of Assumptions

The following changes in actuarial assumptions were made in the Local Government Division:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State and Local Government Divisions (Members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.

CITY OF LONE TREE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

NOTE 2 – PENSION PLAN PROVISIONS (CONTINUED)

- The post-retirement non-disabled mortality assumption for the State and Local Government Divisions (Members other than State Troopers) was changed to the PubG-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

Pension Plan Fiduciary Net Position

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

CITY OF LONE TREE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

NOTE 2 – PENSION PLAN PROVISIONS (CONTINUED)

OPEB

Changes in Plan Provisions

The plan provisions have not changed since the prior valuation.

Changes of Assumptions

The following changes in actuarial assumptions were made in the Local Government Division:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State and Local Government Divisions (Members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for State Troopers was changed to the PubS-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State and Local Government Divisions (Members other than State Troopers) was changed to the PubG-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a head-count weighted basis.

CITY OF LONE TREE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

NOTE 2 – PENSION PLAN PROVISIONS (CONTINUED)

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, 2021**

	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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and Investments - Restricted	\$ 1,798,996	\$ 2,060,306	\$ 60,298	\$ 3,919,600
Receivables:				
Sales, Use, Admissions and Lodging Taxes	272,917	181,945	-	454,862
Other	-	-	100	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 2,071,913</u>	<u>\$ 2,242,251</u>	<u>\$ 60,398</u>	<u>\$ 4,374,562</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 52,416	\$ 52,416
Total Liabilities	<u>-</u>	<u>-</u>	<u>52,416</u>	<u>52,416</u>
FUND BALANCES				
Restricted	2,071,913	2,242,251	-	4,314,164
Committed	-	-	7,982	7,982
Total Fund Balances	<u>2,071,913</u>	<u>2,242,251</u>	<u>7,982</u>	<u>4,322,146</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,071,913</u>	<u>\$ 2,242,251</u>	<u>\$ 60,398</u>	<u>\$ 4,374,562</u>

CITY OF LONE TREE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended December 31, 2021

	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	\$ 2,185,537	\$ 1,457,109	\$ -	\$ 3,642,646
Net Investment Income	537	609	-	1,146
Arts and Cultural	-	-	52,364	52,364
Total Revenues	<u>2,186,074</u>	<u>1,457,718</u>	<u>52,364</u>	<u>3,696,156</u>
EXPENDITURES				
Current				
Arts and Cultural Services	-	-	54,965	54,965
Debt Service				
Bond Interest	187,600	152,500	-	340,100
Bond Principal	1,495,000	940,000	-	2,435,000
Paying Agent Fees	400	400	-	800
Total Expenditures	<u>1,683,000</u>	<u>1,092,900</u>	<u>54,965</u>	<u>2,830,865</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>503,074</u>	<u>364,818</u>	<u>(2,601)</u>	<u>865,291</u>
OTHER FINANCING SOURCES (USES)				
Transfers In/(Out)	(114,911)	-	-	(114,911)
Total Other Financing Sources (Uses)	<u>(114,911)</u>	<u>-</u>	<u>-</u>	<u>(114,911)</u>
NET CHANGE IN FUND BALANCES	388,163	364,818	(2,601)	750,380
FUND BALANCES - BEGINNING OF YEAR	<u>1,683,750</u>	<u>1,877,433</u>	<u>10,583</u>	<u>3,571,766</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 2,071,913</u></u>	<u><u>\$ 2,242,251</u></u>	<u><u>\$ 7,982</u></u>	<u><u>\$ 4,322,146</u></u>

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, 2021

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Sales Tax	\$ 1,487,263	\$ 1,828,251	\$ 1,994,587	\$ 166,336
Use Tax - Retail	38,000	44,000	62,569	18,568
Use Tax - Building Materials	62,000	62,000	128,382	66,382
Net Investment Income	12,710	1,200	537	(663)
Total Revenues	<u>1,599,973</u>	<u>1,935,451</u>	<u>2,186,074</u>	<u>250,623</u>
EXPENDITURES				
Bond Interest	187,600	187,600	187,600	-
Bond Principal	1,495,000	1,495,000	1,495,000	-
Paying Agent Fees	600	600	400	200
Contingency	4,500	4,500	-	4,500
Total Expenditures	<u>1,687,700</u>	<u>1,687,700</u>	<u>1,683,000</u>	<u>4,700</u>
EXCESS OF REVENUES OVER				
EXPENDITURES	(87,727)	247,751	503,075	255,323
OTHER FINANCING SOURCES (USES)				
Transfers In/(Out)	(122,250)	(122,250)	(114,911)	7,339
Total Other Financing Sources (Uses)	<u>(122,250)</u>	<u>(122,250)</u>	<u>(114,911)</u>	<u>7,339</u>
NET CHANGE IN FUND BALANCES	(209,977)	125,501	388,164	262,662
FUND BALANCES - BEGINNING OF YEAR	<u>1,683,750</u>	<u>1,683,750</u>	<u>1,683,750</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,473,773</u>	<u>\$ 1,809,251</u>	<u>\$ 2,071,913</u>	<u>\$ 262,662</u>

CITY OF LONE TREE
DEBT SERVICE FUND - PARK AND RECREATION IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021

	<u>Budget Amounts Original</u>	<u>Budget Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Sales Tax	\$ 992,467	\$ 1,218,932	\$ 1,329,725	\$ 110,793
Use Tax - Retail	25,000	29,000	41,713	12,713
Use Tax - Building Materials	42,000	42,000	85,671	43,671
Net Investment Income	13,020	1,200	609	(591)
Total Revenues	<u>1,072,487</u>	<u>1,291,132</u>	<u>1,457,718</u>	<u>166,586</u>
EXPENDITURES				
Bond Interest	152,500	152,500	152,500	-
Bond Principal	940,000	940,000	940,000	-
Paying Agent Fees	600	600	400	200
Contingency	2,500	2,500	-	2,500
Total Expenditures	<u>1,095,600</u>	<u>1,095,600</u>	<u>1,092,900</u>	<u>2,700</u>
EXCESS OF REVENUES OVER EXPENDITURES	(23,113)	195,532	364,818	169,286
OTHER FINANCING SOURCES (USES)				
Transfers In/(Out)	<u>(500,000)</u>	<u>(500,000)</u>	-	500,000
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(500,000)</u>	-	500,000
NET CHANGE IN FUND BALANCES	(523,113)	(304,468)	364,818	669,286
FUND BALANCES - BEGINNING OF YEAR	<u>1,877,433</u>	<u>1,877,433</u>	<u>1,877,433</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,354,320</u>	<u>\$ 1,572,965</u>	<u>\$ 2,242,251</u>	<u>\$ 669,286</u>

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, 2021

	<u>Budget Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Individual Gifts	\$ 25,000	\$ 11,898	\$ (13,102)
Corporate Gifts	1,000	7,966	6,966
Foundation Gifts	40,000	32,500	(7,500)
Gifts of Securities	5,000	-	(5,000)
Matching Corporate Gifts	1,500	-	(1,500)
Total Revenues	<u>72,500</u>	<u>52,364</u>	<u>(20,136)</u>
EXPENDITURES			
Accounting Services	2,100	2,069	31
Office Supplies	2,385	99	2,286
Meeting Expenses	590	434	156
LTAC Grant Award	72,500	52,364	20,136
Total Expenditures	<u>77,575</u>	<u>54,966</u>	<u>22,609</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,075)</u>	<u>(2,601)</u>	<u>2,474</u>
NET CHANGE IN FUND BALANCES	(5,075)	(2,601)	2,474
FUND BALANCES - BEGINNING OF YEAR	<u>10,583</u>	<u>10,583</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 5,508</u>	<u>\$ 7,982</u>	<u>\$ 2,474</u>

**CITY OF LONE TREE
PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT
COMBINING BALANCE SHEET
December 31, 2021**

	General	Debt Service	Total Component Unit
ASSETS			
Cash and Investments	\$ 2,831,803	\$ -	\$ 2,831,803
Cash and Investments - Restricted	156,000	1,117,469	1,273,469
Receivables:			
Intergovernmental	1,167,447	-	1,167,447
Prepaid Items	65,370	-	65,370
TOTAL ASSETS	\$ 4,220,620	\$ 1,117,469	\$ 5,338,089
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 413,505	\$ -	\$ 413,505
Total Liabilities	413,505	-	413,505
 FUND BALANCES			
Nonspendable:			
Prepaid Amounts	65,370	-	65,370
Restricted for:			
Emergencies (TABOR)	156,000	-	156,000
Debt Service	-	1,117,469	1,117,469
Assigned to:			
Subsequent Year's Expenditures	-	-	-
Unassigned	3,585,745	-	3,585,745
Total Fund Balances	3,807,115	1,117,469	4,924,584
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,220,620	\$ 1,117,469	\$ 5,338,089

**CITY OF LONE TREE
RECONCILIATION OF THE BALANCE SHEET - PARK MEADOWS BUSINESS
IMPROVEMENT DISTRICT COMPONENT UNIT
TO THE STATEMENT OF NET POSITION
December 31, 2021**

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	\$	4,924,584
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		12,109,498
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Loans Payable		(9,392,626)
Accrued Interest on Loans Payable		(25,047)
Cost of Debt Refinancing		<u>104,513</u>
Net position of Park Meadows Business Improvement District component unit activities	\$	<u><u>7,720,922</u></u>

CITY OF LONE TREE
PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Total Component Unit</u>
REVENUES			
Intergovernmental Revenue	\$ 5,172,266	\$ -	\$ 5,172,266
Net Investment Income	12,268	-	12,268
Other	11,114	-	11,114
Total Revenues	<u>5,195,648</u>	<u>-</u>	<u>5,195,648</u>
EXPENDITURES			
Current			
Operations and Maintenance	1,663,876	-	1,663,876
Lease	652,372	-	652,372
Property Repairs and Replacements	185,626	-	185,626
Marketing	303,433	-	303,433
Property Tax Reimbursement	261,434	-	261,434
Staff and Accounting	150,000	-	150,000
District Management Fee	31,012	-	31,012
Auditing, Legal and Professional Fees	28,988	-	28,988
Off Site Storage	30,000	-	30,000
Other General and Administrative	31,163	-	31,163
Capital Projects	289,940	-	289,940
Debt Service			
Loan Interest	-	296,450	296,450
Loan Principal	-	792,821	792,821
Total Expenditures	<u>3,627,844</u>	<u>1,089,271</u>	<u>4,717,115</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,567,804</u>	<u>(1,089,271)</u>	<u>478,533</u>
OTHER FINANCING SOURCES (USES)			
Transfers In / (Out)	<u>(1,089,271)</u>	<u>1,089,271</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,089,271)</u>	<u>1,089,271</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	478,533	-	478,533
FUND BALANCES - BEGINNING OF YEAR	<u>3,328,582</u>	<u>1,117,469</u>	<u>4,446,051</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,807,115</u>	<u>\$ 1,117,469</u>	<u>\$ 4,924,584</u>

CITY OF LONE TREE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE PARK MEADOWS
BUSINESS IMPROVEMENT DISTRICT COMPONENT UNIT
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

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 \$ 478,533

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	251,557
Depreciation Expense	(1,016,912)

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	792,821
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Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Amortization of Cost of Refunding	(20,645)
Accrued Interest on Debt - Change in Liability	527
	527

Changes in net position of Park Meadows Business Improvement District component unit activities	\$ 485,881
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CITY OF LONE TREE
PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental Revenue	\$ 4,828,508	\$ 5,172,266	\$ 343,758
Net Investment Income	10,000	12,268	2,268
Other	18,540	11,114	(7,426)
Total Revenues	<u>4,857,048</u>	<u>5,195,648</u>	<u>338,600</u>
EXPENDITURES			
Operations and Maintenance	1,888,400	1,663,876	224,524
Lease	668,137	652,372	15,765
Property Repairs and Replacements	157,500	185,626	(28,126)
Marketing	318,000	303,433	14,567
Property Tax Reimbursement	261,508	261,434	74
Staff and Accounting	150,000	150,000	-
District Management Fee	30,000	31,012	(1,012)
Auditing, Legal and Professional Fees	44,000	28,988	15,012
Off Site Storage	30,000	30,000	-
Other General and Administrative	24,000	31,163	(7,163)
Capital Projects	250,000	289,940	(39,940)
Contingency	150,000	-	150,000
Total Expenditures	<u>3,971,545</u>	<u>3,627,844</u>	<u>343,701</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>885,503</u>	<u>1,567,804</u>	<u>682,301</u>
OTHER FINANCING SOURCES (USES)			
Transfers In / (Out)	(1,089,392)	(1,089,271)	121
Total Other Financing Sources (Uses)	<u>(1,089,392)</u>	<u>(1,089,271)</u>	<u>121</u>
NET CHANGE IN FUND BALANCES	(203,889)	478,533	682,422
FUND BALANCES - BEGINNING OF YEAR	<u>3,718,235</u>	<u>3,328,582</u>	<u>(389,653)</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,514,346</u>	<u>\$ 3,807,115</u>	<u>\$ 292,769</u>

CITY OF LONE TREE
PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Net Investment Income	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Loan Interest	296,571	296,450	121
Loan Principal	792,822	792,821	1
Total Expenditures	<u>1,089,393</u>	<u>1,089,271</u>	<u>122</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,089,393)</u>	<u>(1,089,271)</u>	<u>122</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	1,089,392	1,089,271	(121)
Total Other Financing Sources (Uses)	<u>1,089,392</u>	<u>1,089,271</u>	<u>(121)</u>
NET CHANGE IN FUND BALANCES	(1)	-	1
FUND BALANCES - BEGINNING OF YEAR	<u>1,110,816</u>	<u>1,117,469</u>	<u>6,653</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,110,815</u>	<u>\$ 1,117,469</u>	<u>\$ 6,654</u>

**CITY OF LONE TREE
LONE TREE BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
December 31, 2021**

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 68,473	\$ 323,166	\$ 391,639
Receivables:			
Intergovernmental	1,934	-	1,934
Property Tax	258,308	-	258,308
Accrued Interest Receivable	3,665	-	3,665
TOTAL ASSETS	\$ 332,380	\$ 323,166	\$ 655,546
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 5,732	\$ -	\$ 5,732
Total Liabilities	5,732	-	5,732
 DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	258,308	-	258,308
 FUND BALANCES			
Nonspendable:			
Prepaid Items	3,665	-	3,665
Restricted for:			
Emergencies (TABOR)	9,341	-	9,341
Assigned for:			
Capital Projects	-	323,166	323,166
Unassigned	55,334	-	55,334
Total Fund Balances	68,340	323,166	391,506
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 \$ 332,380	 \$ 323,166	 \$ 655,546

**CITY OF LONE TREE
RECONCILIATION OF THE BALANCE SHEET - LONE TREE BUSINESS
IMPROVEMENT DISTRICT COMPONENT UNIT
TO THE STATEMENT OF NET POSITION
December 31, 2021**

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	\$	391,506
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		258,308
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		<u>(258,308)</u>
Net position of Lone Tree Business Improvement District component unit activities	\$	<u><u>391,506</u></u>

CITY OF LONE TREE
LONE TREE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
Year Ended December 31, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
General Property Tax	\$ 281,840	\$ -	\$ 281,840
Specific Ownership Taxes	27,392	-	27,392
Interest Income	2,119	41	2,160
Total Revenues	<u>311,351</u>	<u>41</u>	<u>311,392</u>
EXPENDITURES			
Insurance	3,666	-	3,666
Legal	17,807	-	17,807
Accounting	10,160	-	10,160
Audit	4,485	-	4,485
Landscaping Services	76,000	-	76,000
Snow Plow Services	64,455	-	64,455
Parking Lot Maintenance	2,187	-	2,187
Treasurer's Fees	4,259	-	4,259
Bank Fees	690	-	690
Plaza and Lighting	-	4,260	4,260
Total Expenditures	<u>183,709</u>	<u>4,260</u>	<u>187,969</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>127,642</u>	<u>(4,219)</u>	<u>123,423</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	114,000	114,000
Transfers Out	(114,000)	-	(114,000)
Total Other Financing Sources (Uses)	<u>(114,000)</u>	<u>114,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	13,642	109,781	123,423
FUND BALANCES - BEGINNING OF YEAR	54,698	213,385	268,083
FUND BALANCES - END OF YEAR	<u>\$ 68,340</u>	<u>\$ 323,166</u>	<u>\$ 391,506</u>

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, 2021

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

Net change in fund balances - Lone Tree Business Improvement District component unit	<u>\$ 123,423</u>
Changes in net position of Lone Tree Business Improvement District component unit activities	<u><u>\$ 123,423</u></u>

CITY OF LONE TREE
LONE TREE BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2021

	<u>Budget Amounts</u>		
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
General Property Tax	\$ 284,033	\$ 281,840	\$ (2,193)
Specific Ownership Taxes	22,723	27,392	4,669
Interest Income	10	2,119	2,109
Total Revenues	<u>306,766</u>	<u>311,351</u>	<u>4,585</u>
EXPENDITURES			
Insurance	6,100	3,666	2,434
Legal	21,000	17,807	3,193
Accounting	18,000	10,160	7,840
Audit	4,500	4,485	15
Landscaping Services	95,582	76,000	19,582
Snow Plow Services	123,500	64,455	59,045
Treasurer's Fees	4,260	4,259	1
Contingency	20,000	-	20,000
Bank Fees	750	690	60
Total Expenditures	<u>293,692</u>	<u>183,709</u>	<u>109,983</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>13,074</u>	<u>127,642</u>	<u>114,568</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(13,000)	(114,000)	(101,000)
Total Other Financing Sources (Uses)	<u>(13,000)</u>	<u>(114,000)</u>	<u>(101,000)</u>
NET CHANGE IN FUND BALANCES	74	13,642	13,568
FUND BALANCES - BEGINNING OF YEAR	<u>53,317</u>	<u>54,698</u>	<u>1,381</u>
FUND BALANCES - END OF YEAR	<u>\$ 53,391</u>	<u>\$ 68,340</u>	<u>\$ 14,949</u>

**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, 2021**

	<u>Budget Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Interest Income	\$ 50	\$ 41	\$ (9)
Total Revenues	<u>50</u>	<u>41</u>	<u>(9)</u>
EXPENDITURES			
Landscaping Services	14,100	-	14,100
Plaza & Lighting Upgrades	99,843	4,260	95,583
Contingency	15,000	-	15,000
Total Expenditures	<u>128,943</u>	<u>4,260</u>	<u>124,683</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(128,893)</u>	<u>(4,219)</u>	<u>124,674</u>
OTHER FINANCING SOURCES (USES)			
Transfers In/(Out)	13,000	114,000	101,000
Total Other Financing Sources (Uses)	<u>13,000</u>	<u>114,000</u>	<u>101,000</u>
NET CHANGE IN FUND BALANCES	(115,893)	109,781	225,674
FUND BALANCES - BEGINNING OF YEAR	<u>190,079</u>	<u>213,385</u>	<u>23,306</u>
FUND BALANCES - END OF YEAR	<u>\$ 74,186</u>	<u>\$ 323,166</u>	<u>\$ 248,980</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF LONE TREE
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2021

\$4,805,000 Sales and Use
Tax Revenue Refunding Bonds Series 2017A,
Dated May 24, 2017
Interest Rate at 2.00% to 5.00%
Interest Payable
June 1 and December 1
Principal Due December 1

	Principal		Interest
2022	\$ 1,020,000	\$	105,500
2023	1,090,000		54,500
	<u>\$ 2,110,000</u>	<u>\$</u>	<u>160,000</u>

\$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
	\$ 1,600,000	\$	127,800
	1,720,000		63,800
	<u>\$ 3,320,000</u>	<u>\$</u>	<u>191,600</u>

	Principal		Total		Total
2022	\$ 2,620,000	\$	233,300	\$	2,853,300
2023	2,810,000		118,300		2,928,300
	<u>\$ 5,430,000</u>	<u>\$</u>	<u>351,600</u>	<u>\$</u>	<u>5,781,600</u>

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 2021
This Information from the Records of The City of Lone Tree:	Prepared By: Phone:	Kenzie Schott 720-509-1255

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	3,358,941
3. Other local imposts (from page 2)	6,440,097
4. Miscellaneous local receipts (from page 2)	322,212
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)	10,121,251
B. Private Contributions	
C. Receipts from State government (from page 2)	435,219
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	10,556,470

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	3,883,654
2. Maintenance:	712,426
3. Road and street services:	
a. Traffic control operations	1,106,249
b. Snow and ice removal	1,026,295
c. Other	
d. Total (a. through c.)	2,132,543
4. General administration & miscellaneous	0
5. Highway law enforcement and safety	3,827,847
6. Total (1 through 5)	10,556,470
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)	10,556,470

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
	0	10,556,470	10,556,470	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): 12/21	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	322,212
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	6,440,097	g. Other Misc. Receipts	
6. Total (1. through 5.)	6,440,097	h. Other	
c. Total (a. + b.)	6,440,097	i. Total (a. through h.)	322,212
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	389,237	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	45,982	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	45,982	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	435,219	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		0	0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		2,179,446	2,179,446
(3). System Preservation		1,704,208	1,704,208
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	3,883,654
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	3,883,654
			(Carry forward to page 1)
Notes and Comments:			

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.

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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.

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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.

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

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Operating Information

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

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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.

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

	Fiscal Year									
	2012	2013	2014	2015 (2)	2016	2017	2018 (3)	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 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	\$ 145,232,645
Restricted	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	7,816,276
Unrestricted	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	20,969,941
Total governmental activities net position	<u>91,112,078</u>	<u>96,982,466</u>	<u>100,852,768</u>	<u>116,745,151</u>	<u>120,016,797</u>	<u>121,235,191</u>	<u>125,643,077</u>	<u>149,657,424</u>	<u>160,728,949</u>	<u>174,018,862</u>
Total primary government net position (1)	<u>\$ 91,112,078</u>	<u>\$ 96,982,466</u>	<u>\$ 100,852,768</u>	<u>\$ 116,745,151</u>	<u>\$ 120,016,797</u>	<u>\$ 121,235,191</u>	<u>\$ 125,643,077</u>	<u>\$ 149,657,424</u>	<u>\$ 160,728,949</u>	<u>\$ 174,018,862</u>

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

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

(3) 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 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	\$ 11,375,639
Municipal court	213,778	215,894	217,969	234,799	259,849	323,935	374,079	293,408	312,221	296,674
Community development	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	1,777,995
Public works	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	11,359,384
Arts and cultural services	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	2,935,663
Police	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	8,821,749
Interest and related costs on long-term debt	1,059,855	998,465	924,398	837,894	777,775	586,505	446,040	358,185	297,241	259,634
Total governmental activities expenses	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	36,826,738
Total primary government expenses (1)	\$ 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	\$ 36,826,738
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 318,668	\$ 249,904	\$ 222,567	\$ 239,633	\$ 179,424	\$ 176,438	\$ 527,238	\$ 228,916	\$ 174,152	\$ 179,049
Municipal court	808,569	648,298	540,304	691,943	680,688	636,085	565,302	54,044	37,305	38,319
Community development	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	1,493,204
Public works					736	499	21,247	150,570	213,624	385,934
Arts and cultural services	816,591	1,115,051	1,329,312	1,284,726	996,884	1,562,983	1,253,940	1,537,972	360,031	368,504
Police	26,606	41,845	22,919	3,491	4,453	4,679	7,965	630,875	421,484	848,037
Operating grants and contributions	4,181,941	4,152,656	4,252,466	4,728,754	5,050,314	5,918,552	5,774,101	5,918,552	6,619,538	10,437,077
Capital grants and contributions	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	6,406,050
Total governmental activities program revenues	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	20,156,174
Total primary government revenues (1)	\$ 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	\$ 20,156,174
Net (expense) revenue										
Governmental activities	\$ (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)	\$ (16,670,564)
Total primary government net (expense) revenue (1)	\$ (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)	\$ (16,670,564)
General revenues										
Sales taxes and Use tax - Retail	\$ 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	\$ 25,682,661
Use taxes - Building materials	955,775	1,934,767	1,009,009	1,155,608	791,702	414,263	935,963	770,496	1,320,568	1,299,531
Lodging taxes	557,841	766,230	908,192	1,000,349	1,048,252	1,092,192	1,823,741	1,736,799	672,449	1,145,417
Admission taxes	333,987	357,294	503,914	368,432	411,421	363,474	375,613	337,637	176,402	254,286
Franchise fees	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	1,137,127
Cigarette taxes	205,289	202,452	196,839	194,668	197,519	175,349	169,197	153,456	171,392	134,946
Investment earnings	20,903	14,113	14,113	22,376	140,767	234,364	400,134	431,565	149,251	10,489
Miscellaneous	278,019	443,335	331,163	136,995	707,051	161,055	278,910	159,039	164,723	296,020
Total governmental activities general revenues	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	29,960,477
Total primary government general revenues (1)	\$ 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	\$ 29,960,477
Change in net position										
Governmental activities	\$ 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	\$ 13,289,913
Total primary government change in net position (1)	\$ 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	\$ 13,289,913

(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									
	2012	2013	2014	2015 (1)	2016	2017	2018 (2)	2019	2020	2021
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Non-spendable	249,701	252,530	401,104	380,189	514,737	406,279	167,676	162,809	151,718	71,015
Restricted	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	3,500,112
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	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	20,214,429
Unassigned	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	5,821,300
Total General Fund	\$ 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	\$ 29,606,856
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Non-spendable	40,982	43,230	46,674	56,673	53,659	110,727	81,303	106,025	21,215	86,811
Restricted	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	4,316,164
Committed	-	-	-	-	-	-	105	206,486	146,219	225,267
Assigned	98,726	-	-	-	-	-	8,775	-	-	-
Unassigned, reported in:										
Special revenue funds	(413,581)	(43,230)	(46,674)	(56,673)	(53,659)	(110,727)	(127,578)	-	-	-
Total all other governmental funds	\$ 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	\$ 4,628,242
Total governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Non-spendable	290,683	295,760	447,778	436,862	568,396	517,006	248,979	268,834	172,933	157,826
Restricted	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	7,816,276
Committed	-	-	-	-	-	-	105	206,486	146,219	225,267
Assigned	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	20,214,429
Unassigned	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	5,821,300
Total governmental funds	\$ 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	\$ 34,235,098

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

(2) 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 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	\$ 28,381,895
Franchise fees	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	1,137,127
Intergovernmental	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	11,252,919
Licenses, fees and charges	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	1,948,433
Fines and forfeitures	808,570	648,298	540,304	691,943	680,688	636,085	565,302	672,181	436,363	371,622
Net investment income	19,595	19,945	14,113	22,376	140,767	234,364	400,134	431,565	149,251	10,488
Tenant rental income	318,668	249,904	222,567	239,634	179,424	176,438	250,519	228,919	174,152	179,050
Arts and cultural event fees	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	2,353,958
Other	684,062	1,490,317	401,910	205,953	839,181	285,663	452,654	307,314	359,538	588,503
Base rentals	894,392	951,972	1,009,664	1,290,006	-	-	-	-	-	-
Total revenues	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	46,223,995
Expenditures										
General government	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	4,529,647
Municipal court	213,150	210,387	213,810	192,197	226,495	270,686	302,995	309,063	299,755	294,898
Community development	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	1,143,417
Police	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	8,506,326
Public works	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	5,570,247
Arts and cultural services	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	2,392,480
Debt service										
Bond principal	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	340,100
Bond interest	1,027,973	980,328	924,083	866,475	805,432	447,661	581,850	2,180,000	2,285,000	2,435,000
Paying agent fees	400	400	400	400	400	800	1,200	1,000	800	800
Cost of issuance	-	-	-	-	-	158,935	-	-	-	-
Capital outlay and other	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	12,463,010
Total expenditures	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	37,675,925
Excess of revenues over (under) expenditures	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)	8,548,070
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	1,230,413	1,743,279	2,117,873	1,868,506	1,263,381	983,277	1,741,098	1,720,549	489,327	1,663,425
Transfers out	(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)	(1,663,425)
Total other financing sources (uses)	-	-	-	-	-	(99,267)	-	-	-	-
Net change in fund balances	\$ 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)	\$ 8,548,070
Debt service as a % of noncapital expenditures	11.4%	10.4%	10.8%	21.2%	7.0%	5.9%	6.4%	8.0%	14.6%	9.6%

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	Total Sales Tax Rate
2012	1.8125%	1.00%	2.90%	1.00%	0.10%	6.8125%
2013	1.8125%	1.00%	2.90%	1.00%	0.10%	6.8125%
2014	1.8125%	1.00%	2.90%	1.00%	0.10%	6.8125%
2015	1.8125%	1.00%	2.90%	1.00%	0.10%	6.8125%
2016	1.8125%	1.00%	2.90%	1.00%	0.10%	6.8125%
2017	1.8125%	1.00%	2.90%	1.00%	0.10%	6.8125%
2018	1.8125%	1.00%	2.90%	1.00%	0.10%	6.8125%
2019	1.8125%	1.00%	2.90%	1.00%	0.10%	6.8125%
2020	1.8125%	1.00%	2.90%	1.00%	0.10%	6.8125%
2021	1.8125%	1.00%	2.90%	1.00%	0.10%	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.

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 2021**

<u>Industry</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
Retail	\$ 24,017,714	93.52%
Services	816,250	3.17%
Government	720	0.01%
Finance, insurance and real estate	130,232	0.51%
Transportation and utilities	717,745	2.79%
Total	<u>\$ 25,682,661</u>	<u>100.00%</u>

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

Source: City Sales Tax Department

TABLE 7

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

Fiscal Year	Sales Tax Revenue Collections
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
2021	25,682,661

TABLE 8

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

<u>Levy Year (1)</u>	<u>Collection Year</u>	<u>Assessed Value</u>			<u>Total</u>	<u>Actual Value (2)</u>
		<u>Residential</u>	<u>Commercial</u>	<u>Other</u>		
2011	2012	135,753,590	257,910,790	10,728,780	444,719,970	2,770,833,890
2012	2013	138,412,900	255,941,730	14,018,510	448,650,240	2,669,739,949
2013	2014	147,664,450	283,865,750	19,112,447	496,362,764	2,931,188,630
2014	2015	155,833,800	309,658,840	20,493,300	540,385,700	3,131,131,975
2015	2016	188,966,170	379,839,260	18,558,910	651,720,180	3,783,743,011
2016	2017	195,142,240	376,546,220	16,546,590	651,462,810	3,840,344,430
2017	2018	205,189,400	427,144,090	22,154,660	716,558,610	4,432,701,543
2018	2019	241,702,730	490,445,000	17,314,590	817,276,300	5,195,739,181
2019	2020	245,996,550	490,611,300	14,807,010	816,956,320	5,249,030,422
2020	2021	267,517,020	530,192,300	14,193,440	871,933,130	5,687,392,940

(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)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	0.449	0.473	0.453	0.479	0.451	0.478	0.479
Douglas County	19.774	19.774	19.774	19.774	19.274	19.774	19.774	19.274	19.274	18.524
Douglas County Library District	4.070	4.029	4.032	4.035	4.016	4.021	4.008	4.023	4.012	4.021
Douglas County School District No. Re 1	44.708	45.063	46.051	46.945	45.564	30.942	36.896	35.785	35.450	35.743
Douglas County School District No. Re 1 Bonds	0.000	0.000	0.000	0.000	0.000	0.000	8.054	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	39.544	39.000	40.000	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	48.000	48.000	49.000	49.000	49.000
Rampart Range Metropolitan District No. 7	46.000	46.000	46.000	46.000	46.000	48.000	48.000	49.000	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	9.520	9.444	9.319	9.344	9.250	9.250	9.250	9.250	9.250	9.319
South Suburban Park and Recreation District	6.960	6.915	8.808	8.651	8.643	8.496	8.364	8.365	8.385	8.396
Southeast Public Improvement Metro District	2.080	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
Southgate Sanitation District	0.558	0.531	0.551	0.510	0.510	0.465	0.465	0.445	0.465	0.463
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	0.600	0.608	0.632	0.553	0.559	0.500	0.726	0.900	0.900	0.900
Urban Drainage & Flood South Platte	0.060	0.064	0.068	0.058	0.061	0.057	0.094	0.097	0.100	0.100
	<u>227.217</u>	<u>227.315</u>	<u>230.122</u>	<u>230.250</u>	<u>227.737</u>	<u>218.345</u>	<u>232.497</u>	<u>233.031</u>	<u>232.755</u>	<u>232.386</u>

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

Source: Douglas County Assessor's Office

TABLE 10

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

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation (1)	Sales and Use Tax Revenue Bonds (2) (3)			
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
2021	-	5,632,386	5,632,386	0.42%	375

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

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

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

TABLE 11a

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

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest (2)	Total	
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%
2021	\$ 1,457,718	\$ 400	\$ 1,457,318	\$ 940,000	\$ 152,500	\$ 1,092,500	133%

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

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

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

TABLE 11b

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

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest (2)	Total	
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%
2021	\$ 2,186,074	\$ 400	\$ 2,185,674	\$ 1,495,000	\$ 187,600	\$ 1,682,600	130%

(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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000	\$ 31,000,000
Total net debt applicable to limit	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000	\$ 27,880,000
Legal debt margin (1)	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000	\$ 3,120,000
Total net debt applicable to the limit as a percentage of debt limit	89.94%	89.94%	89.94%	89.94%	89.94%	89.94%	89.94%	89.94%	89.94%	89.94%

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

TABLE 13

**CITY OF LONE TREE
GENERAL OBLIGATION DEBT - DIRECT AND OVERLAPPING GOVERNMENTS
As of December 31, 2021**

	<u>Outstanding General Obligation Debt</u>	<u>Other Long- Term Debt Instruments</u>	<u>Percent Applicable to City*</u>	<u>City's Share of Debt</u>
Direct:				
City of Lone Tree	\$ -	\$ 5,632,386	100.00%	<u>\$ 5,632,386</u>
Overlapping:				
Douglas County School District No. Re 1	382,950,000	-	10.71%	41,020,982
South Suburban Park and Recreation District	37,880,000	-	23.90%	9,053,547
Southeast Public Improvement Metropolitan District	2,230,000	-	30.48%	<u>679,614</u>
Total overlapping debt				<u>50,754,143</u>
Total direct and overlapping debt				<u><u>\$ 56,386,529</u></u>

* 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, Arapahoe, 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**

<u>Calendar Year</u>	<u>Estimated Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income [1]</u>	<u>Douglas County Unemployment Rate</u>
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	6.30%
2021	15,000	1,351,365,000	90,091	5.20%

[1] Bureau of Economic Analysis, Washington D.C. ; 2021 Per Capita and Total Personal Income estimated using the .01 change for personal income from '20 to '21 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**

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Douglas County School District	6,174	1	5,292	1
Charles Schwab	4,470	2		
Echostar Communications	2,170	3	1,950	2
Centura Health	1,510	4		
Healthone: Sky Ridge Medical	1,360	5	1,110	4
Douglas County Government	1,359	6	1,061	6
Visa Debit Processing Services	1,200	7		
Specialized Loan Servicing LLC	840	8		
HIS Markit	730	9		
Jacobs Engineering (formerly CH2M Hill)	710	10	1,630	3
Western Union	-		1,090	5
Centura: Parker Adventist Hospital	-		930	7
AVAYA	-		650	9
Liberty Media	-		620	10
Information Handling Services	-		730	8

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

Source: Douglas County Department of Finance

TABLE 16

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

Function/Program (1)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	15.50	17.50	17.75	18.00	19.75	23.38	22.38	22.50	22.50	22.63
Municipal court	2	2	2.00	2.00	2.50	2.50	3.00	3.00	3.00	3.00
Community development	6.00	7.00	6.00	7.00	7.00	8.00	8.00	8.00	10.00	10.00
Arts & Cultural	13.20	13.75	18.00	19.50	20.50	21.50	22.25	22.25	23.00	22.00
Police	53	54	56.50	56.50	58.50	60.00	59.50	62.50	62.50	64.25
Public Works	-	-	-	-	1.00	1.00	6.00	9.00	11.00	11.00
Total	89.70	94.25	100.25	103.00	109.25	116.38	121.13	127.25	132.00	132.88

(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)	2012	2013	2014	2015	2016	2017	2018	2019	2020 (2)	2021
Municipal court										
Number of court cases	2,107	1,922	1,577	3,094	2,307	1,913	1,748	1,432	887	917
Community development										
Building permits issued	1,562	809	804	872	770	750	720	806	711	726
Building inspections conducted	8,392	7,662	7,115	5,475	5,329	5,720	4,691	4,279	4,169	4,721
Public works										
Streets overlaid (miles)	8.55	15.81	6.26	6.23	8.25	7.90	14.97	7.43	-	10.91
Public safety										
Accidents	995	1,169	1,787	1,443	1,255	1,160	1,058	846	520	650
Citations issued	4,380	4,234	4,136	5,079	5,115	4,135	4,674	4,497	2,143	1,188

(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)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public works										
Streets (miles)	147.01	148.51	157.88	160.76	160.76	160.76	160.76	161.1	161.1	161.1
Traffic signals	43	45	47	48	48	49	50	53	54	53
Public safety										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	25	22	22	20	23	21	21	21	21	21
Capital outlay										
Storm drainage (miles)	38.70	39.93	41.18	41.80	43.12	43.12	43.36	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