

2025

Annual Comprehensive Financial Report

For the year-ended December 31, 2025



Prepared by the
Finance Department of the City of Lone Tree

LONE TREE, COLORADO

CITY OF LONE TREE

DEEP ROOTS.
NEW HEIGHTS.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF LONE TREE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
TABLE OF CONTENTS
For the Year Ended December 31, 2025

PAGE

INTRODUCTORY SECTION

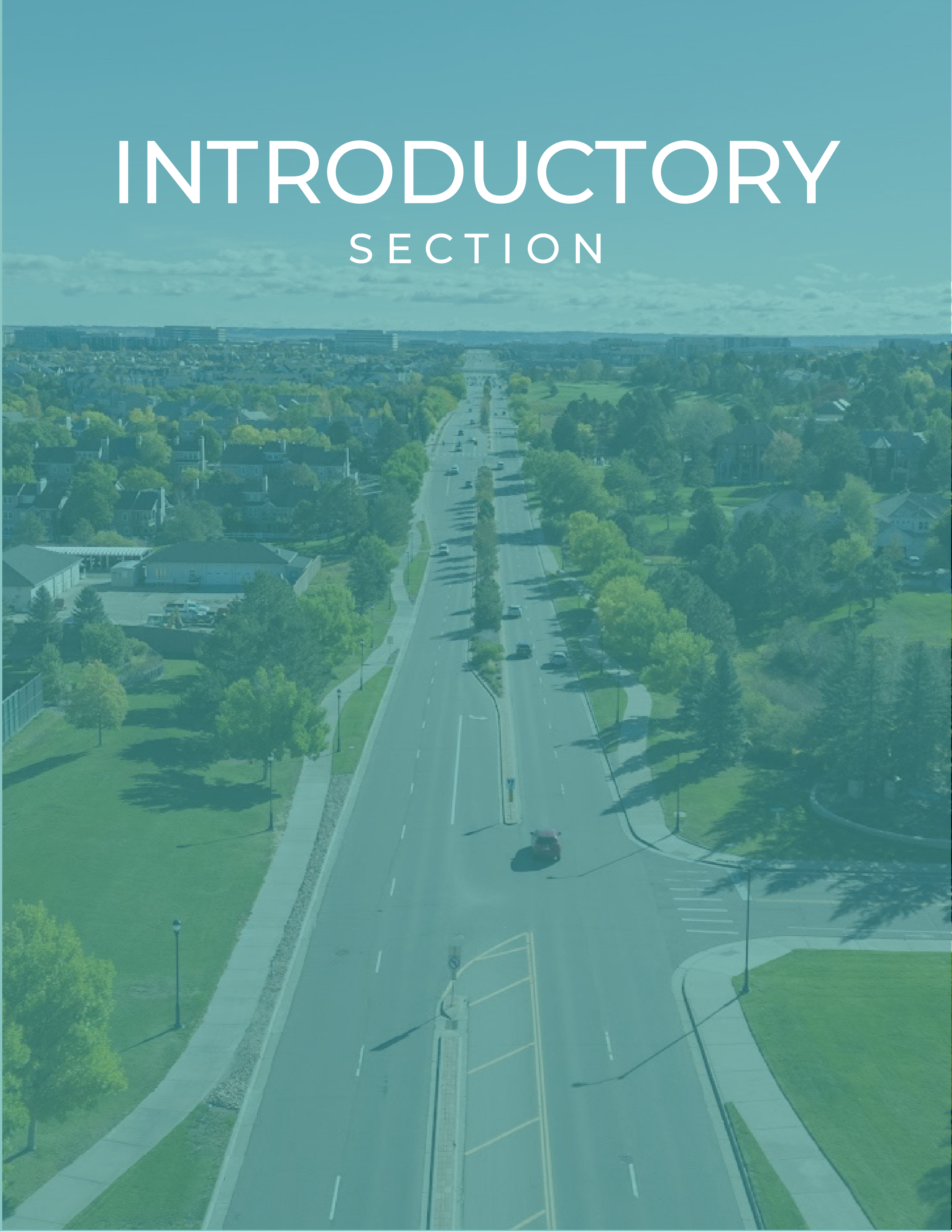
FINANCIAL SECTION

Table of Contents (Continued)

Table of Contents (Continued)

THIS PAGE LEFT BLANK INTENTIONALLY

INTRODUCTORY
SECTION



THIS PAGE LEFT BLANK INTENTIONALLY

cityoflonetree.com | 303.708.1818
9220 Kimmer Drive Suite 100, Lone Tree, CO 80124

May 26, 2026

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, 2025.

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, 2025. 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, 2025. The independent auditor's report is located at the front of the financial section of this report.

In addition to complying with the requirements set forth in state statutes, the City did not meet the minimum threshold of $1 million in federal grant expenditures during the fiscal year. Accordingly, a federally mandated Single Audit in accordance with the

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200, Uniform Guidance) was not required.

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 of Lone Tree comprises approximately 6,162 acres, or 9.6 square miles, and is located in the southern Denver metropolitan area at the junction of C-470, the E-470 tollway, and Interstate 25. With approximately 16,000 residents, the City is also home to a large and growing business community within the Denver South region, supporting a daytime population estimated at 30,000. The City's commitment to quality development, beautiful surroundings, outstanding recreational and cultural opportunities, and a flourishing economic community are among the characteristics that distinguish Lone Tree.

The work of the City is guided by a Strategic Plan that outlines the City's vision, mission, values, and Six Big Ideas. City staff is focused on the Community Vision Statement: ***Lone Tree is a premier Colorado community connected by great neighborhoods, vibrant public spaces, a beautiful natural environment, and thriving businesses.*** The City's mission is to achieve this community vision by doing things the best way, not just the expected way. This guiding philosophy, together with the City's tagline, "Deep Roots, New Heights," reflects the City's commitment to honoring the legacy of those who came before while taking bold steps to elevate the community for the future. The Strategic Plan also includes Six Big Ideas, which serve as its cornerstone. In support of the vision and mission, the City aspires to 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 has also identified objectives that further define how the Six Big Ideas will be achieved. Collectively, the vision, mission, values, Six Big Ideas, and objectives comprise the Strategic Plan. The Strategic Plan serves as a guiding framework for establishing priorities, assigning responsibilities, setting schedules, and budgeting for operating and capital expenditures.

The City is governed under a Council-Manager form of government, with the City Council responsible for establishing policy and the City Manager responsible for City operations. The Council consists of five members, including the Mayor, who are elected in nonpartisan elections. Council members serve staggered four-year terms and represent one of the City's two districts, except for the Mayor, who serves as an at-large member. Policy-making and legislative authority are vested in the City Council.

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

The City maintains budgetary controls designed to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the City Council. Council is required to adopt a final budget no later than December 31 of each year. All City activities are accounted for in the General Fund, except for activities related to capital expenditures and the operations of the Lone Tree Arts Center, as well as other City-sponsored events and cultural services. 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. Financial sources and uses related to capital outlay activity are accounted for in the Capital Projects Fund – Capital Improvements. Budgetary appropriations are adopted at the total fund expenditures level. In addition, 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 Interstate 25 Corridor and within the boundaries of the Denver South Economic Development Partnership, which includes 42 million square feet of office space and employment of more than 300,000 people. Additionally, the City is home to the Park Meadows Retail Resort, Colorado's only retail resort with over 200 unique and national retailers and restaurants including Apple Store, Dillard's, LL Bean, Nordstrom, Dick's Sporting Goods, LEGO Brand, Yardhouse, Season's 52, Perry's Steakhouse, and Fogo de Chao. RidgeGate is a 3,500-acre master-planned community located within the City and is home to the Lone Tree Recreation Center, the Lone Tree Arts Center as well as diverse retail, dining, office space, and residential uses. The City provides an important economic presence to the region and State.

The City is served by five Light Rail stations, which have proven to be a significant catalyst for economic development within the City and the greater southeast corridor. These stations have spurred additional commercial real estate development, residential growth, and job creation. Transit-oriented development has occurred around each station, including Sky Ridge Station, which is adjacent to the Kiewit Infrastructure corporate campus and multiple apartment communities. In addition, Lincoln Station Apartments, a multi-family development that includes approximately

3,000 square feet of on-site retail space near the Lincoln light rail station, was completed in 2024. Several additional projects have been completed, are under construction, or are approved to begin construction near the RidgeGate Parkway end-of-line station, including The Reserve at Lone Tree, a senior living community; AVRA at RidgeGate Station Apartments; and Tall Tales Ranch, a facility providing housing and work opportunities for adults with intellectual and developmental disabilities.

The City's continued investment in improving its transportation network has been a consistent focus in recent years and remained a priority during 2025. Transportation projects completed or in progress during the year included City-wide pedestrian and bicycle safety improvements, the C-470 pedestrian and bicycle trail connection to the County Line RTD Station, a partnership with the Colorado Department of Transportation to construct a mobility hub on Interstate 25 to support the regional Bustang express bus service, and the Interstate 25 and Lincoln Avenue interchange study known as Advancing Lincoln Avenue. These efforts reflect the City's ongoing commitment to enhancing mobility and efficiently moving people through the community.

The year 2025 marked the eleventh year of operation for the Link On Demand shuttle service, which was the first service of its kind in the nation. The service operates Monday through Saturday, providing free, on-demand transportation within the City of Lone Tree and, as of 2024, the Meridian North and Meridian South communities. The Link On Demand service is accessible through a dedicated mobile application as well as a call center. This program exemplifies the City's proactive approach to supporting economic growth while mitigating traffic impacts, ensuring Lone Tree remains a premier community for both residents and businesses.

Sales tax is the City's largest revenue source and primarily funds City operations. In November 2021, voters approved Ballot Question 2E, which increased the City's sales and use tax by one percent for a period of ten years. The additional revenue supports public safety, capital investments, parks and recreation, and other essential City services, helping to maintain and enhance the City's high quality of life now and into the future.

Through conservative revenue forecasting and diligent expenditure monitoring during 2025, the City ended the fiscal year with actual expenditures within the legally adopted appropriations for each fund. The City remained in compliance with its financial policies and met all required reserve levels, including both the working reserve and capital replacement reserve.

Relevant Financial Policies

To mitigate current and future financial risks—such as revenue shortfalls, unanticipated expenditures, and economic uncertainty—and to support stable tax rates, the City has established formal reserve policies. The City's Working Reserve Policy requires that a minimum unrestricted fund balance equal to 16.7% of operating expenditures be maintained. For the year ended December 31, 2025, the City's unrestricted working reserve totaled approximately 27% of operating expenditures.

The City has also adopted a Capital Reserve Policy to ensure adequate cash fund balances are available to help offset the cost of future capital replacement and project needs. This policy supports the City's long-term financial sustainability by promoting a "pay-as-you-go" approach, thereby reducing reliance on debt financing. In addition, City Council approved an Operational Reserve in 2022, effective in 2023, to provide oversight and transparency regarding the accumulation and use of revenues associated with the one percent sales and use tax increment approved by voters through Ballot Question 2E.

In addition to reserve policies, City Council has adopted other key financial policies, including a Debt Management Policy and an Investment Policy, to strengthen the City's overall financial framework and reflect best practices in public-sector financial management. The Debt Management Policy recognizes the importance of long-range financial planning to meet the City's capital asset needs and establishes parameters for the issuance and management of debt. These parameters are designed to ensure the City maintains a sound debt position and protects its credit rating, while also providing guidance for both current and future debt-related decision-making. The City's Investment Policy establishes guidelines for the prudent and efficient management of public funds, including the purchase, sale, and safekeeping of investments. The primary objectives of the policy, in priority order, are safety of principal, liquidity, and return on investments.

Major Initiatives

Several major initiatives are expected to have a significant impact on the long-term financial and economic future of the City of Lone Tree. RidgeGate, a 3,500-acre mixed-use planned development, will continue to evolve in the coming years and includes a broad mix of commercial uses, employment centers, residential neighborhoods, public facilities, and recreational amenities. Currently, RidgeGate includes three light rail stations, a retail center, the Lone Tree Arts Center, Sky Ridge Medical Center, the Charles Schwab corporate campus, the Kiewit Corporation campus, approximately 2,500 residential units, and numerous public amenities, including a public library, recreation center, and an extensive system of parks, trails, and open space.

The first phase of RidgeGate, located west of Interstate 25, is nearing completion. Development of the second phase, located east of Interstate 25, is well underway. This area is planned as an urban, mixed-use development with the capacity for approximately 10,000 additional residential units and up to 12 million square feet of commercial space, including a 400-acre downtown "City Center." Existing development in this phase includes two light rail stations, affordable and market-rate rental housing, and a senior living community. The Lyric community by Shea Homes is currently under construction and is approved for approximately 1,800 homes. In addition, a new commercial area known as the Couplet District is planned to include senior affordable apartments, market-rate apartments, and a retail center anchored by a grocery store and a variety of shops and restaurants. Near-term public facilities planned for this area include an 80-acre regional park, a Justice Center, a Public Works facility, and an elementary school. Longer-term public facilities include a recreation center, library, and fire station.

Beyond RidgeGate, the City continues to pursue initiatives that support infill development and the redevelopment of older commercial areas, including the City's Entertainment District. The City is partnering with the Lone Tree Business Improvement District to encourage new business development, including an upscale restaurant and a venue offering live music and rotating food trucks within the Entertainment District. To further promote reinvestment, the City is utilizing innovative economic development tools, including an Urban Renewal Authority and targeted sales tax shareback programs.

The City's proactive approach to transportation and public infrastructure investment, in collaboration with regional and state partners, is reflected in several key initiatives. These include investments in the design and construction of the Justice Center and Public Works Facility; Phase One of the High Note Regional Park; the Advancing Lincoln Avenue project; and the development of a Mobility Hub to support regional bus service. Collectively, these initiatives underscore the City's commitment to strategic growth, mobility, and long-term fiscal sustainability.

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 of Lone Tree for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2024. The Certificate of Achievement is a national award that recognizes state and local governments for financial reporting that meets the highest standards of transparency, organization, and technical compliance. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles (GAAP) and applicable legal requirements. The City has submitted for and received this award for eighteen consecutive years. The Certificate of Achievement is valid for one year and the City believes this 2025 ACFR continues to conform to program requirements and will submit it to the GFOA for review and consideration.

In addition, the City of Lone Tree has received the GFOA Distinguished Budget Presentation Award for excellence in municipal budget reporting for each year from 2015 through 2025, with 2015 being the first year the City applied for the award. This recognition reflects the City's commitment to meeting the highest principles of governmental budgeting and communicating financial information in a clear and effective manner.

The preparation of this Annual Comprehensive Financial Report could not have been accomplished without the efficient and dedicated service of the highly qualified personnel in the Finance Division. Staff from other City departments also played an instrumental role in providing information and support throughout the preparation process. We extend our sincere appreciation to everyone who contributed to the completion of this report.

We also acknowledge the thorough and professional manner in which our independent auditors, Haynie & Company, conducted their audit, as well as the citizen involvement and time commitment of the City's Audit Committee. Finally, we recognize the City Council for its consistent support of maintaining the highest standards of professionalism and accountability in the management of the City's finances.

Respectfully submitted,

Seth Hoffman
City Manager

Ulli Nierling
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lone Tree
Colorado

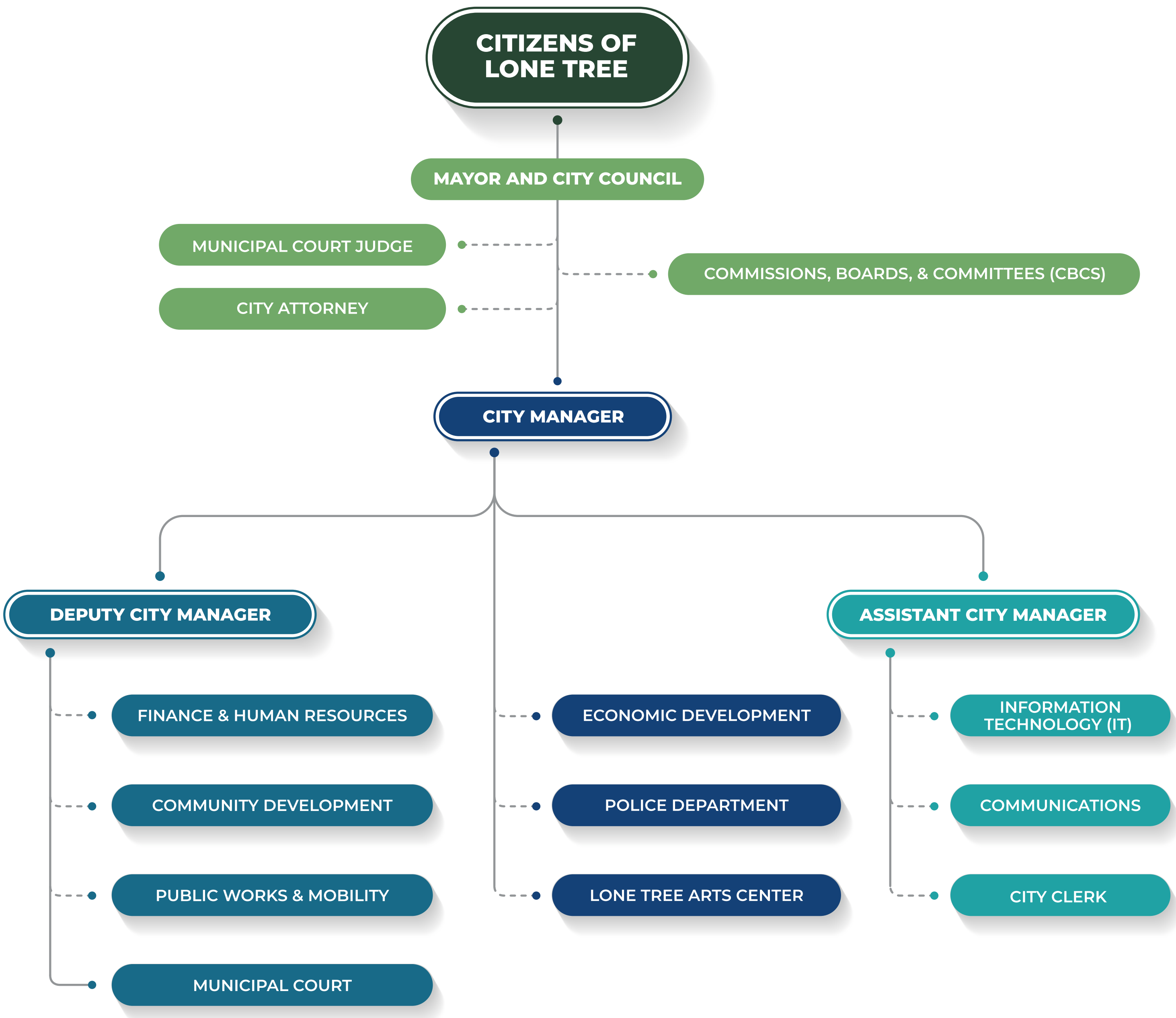
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

City of Lone Tree
DEPARTMENTAL STRUCTURE



CITY OF LONE TREE
PRINCIPAL OFFICIALS OF THE CITY OF LONE TREE, COLORADO
December 31, 2025

City Council from left to right: Mayor Pro Tem Jay Carpenter, Mike Anderson, Mayor Marissa Harmon, Mike Parr, Alecia Brown

CITY COUNCIL

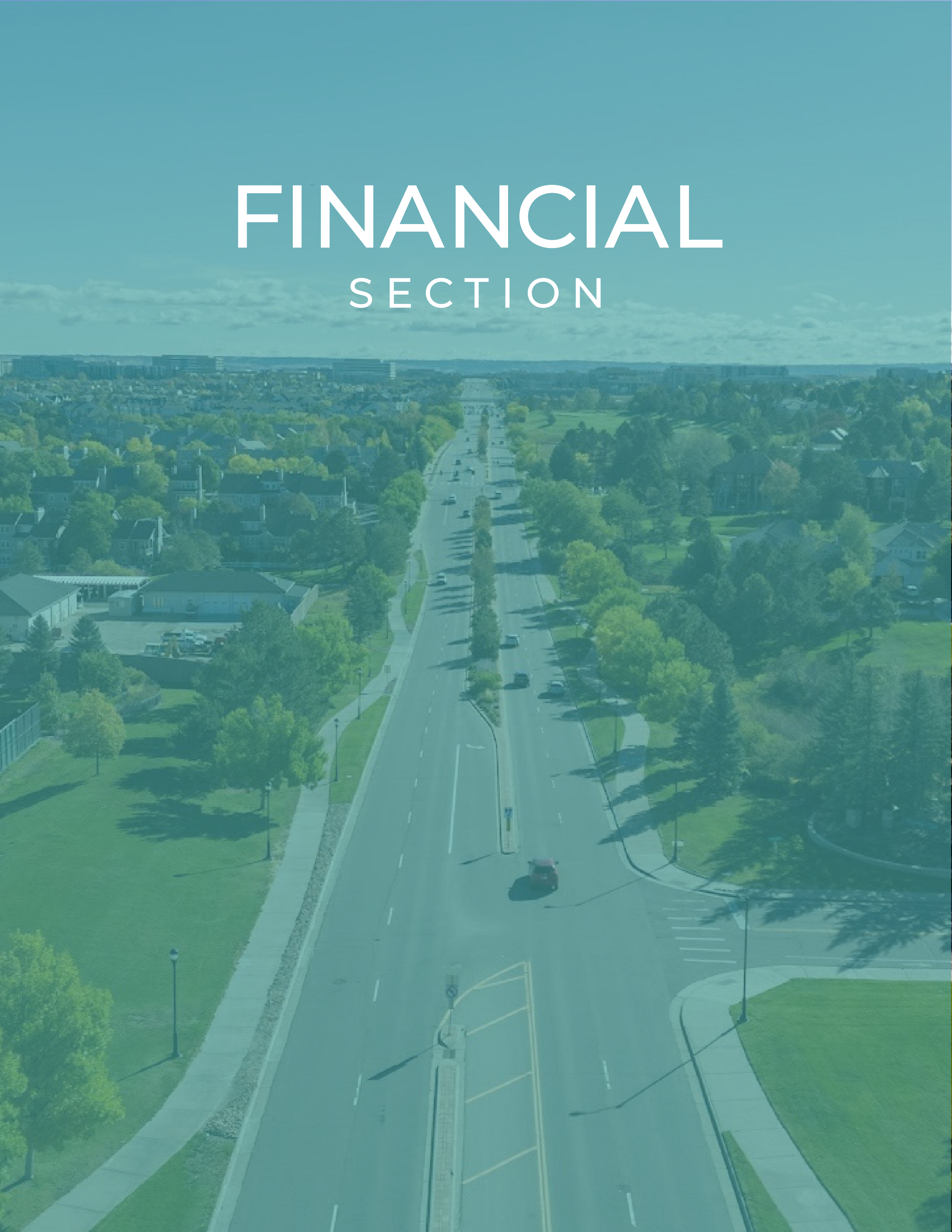
Mayor	Marissa Harmon, At-Large
Mayor Pro-Tem	Jay Carpenter, District 1
Council Members	Mike Parr, District 1
	Mike Anderson, District 2
	Alecia Brown, District 2

MUNICIPAL JUDGE .... Jonathan Lucero

CITY OFFICIALS

City Manager	Seth Hoffman
City Attorney	Linda Michow
Municipal Judge	Jonathan Lucero
Deputy City Manager	Kristin Baumgartner
Chief Financial Officer	Ulli Nierling
Assistant City Manager	Austin Good
Economic Development & Public Affairs Director	Jeff Holwell
Chief of Police	Kirk Wilson
Public Works & Mobility Director	Justin Schmitz
Community Development Director	Kelly First
Lone Tree Arts Center Executive Director	Leigh Chandler
Communications Director	Melissa Gallegos
City Clerk	Ahnjoulie DeBoyes

FINANCIAL
SECTION



THIS PAGE LEFT BLANK INTENTIONALLY

INDEPENDENT AUDITORS' REPORT

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, 2025, 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, based on our audit and the reports of the other auditors, 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 as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof 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, of which are included as discretely presented component units, which represent 100 percent of total assets and deferred outflows of resources, total revenues, and net position (deficit) of the discretely presented component units as of and for the year ended December 31, 2025. 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 Auditors' 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. 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

1221 West Mineral Avenue, Ste. 202, Littleton, CO 80120 303-734-4800 HaynieCPAs.com

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 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 and analysis, budgetary comparison information, and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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, the Local Highway Finance Report, and other schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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, based on our audit and the report of the other auditors, the supplementary information is 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 auditors' 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.

Haynie

Littleton, Colorado
May 26, 2026

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2025.

Financial Highlights

With regard to the primary government:

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $253,760,109 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 $108,382,021.
- Total net position of governmental activities increased by $8,604,766 from 2024.
- Total cash and investments decreased by $9,434,069 as compared to the prior year.
- Sales and use tax retail revenue increased by $1,753,480 as compared to the prior year.
- At the end of the current fiscal year, assigned and unassigned fund balance for the General Fund totaled $62,751,041.

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 services, police, interest on long-term debt (Certificates of Participation), and interest on leases and subscription-based information technology arrangements (SBITAs).

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, the Capital Projects Fund – Capital Improvements, and Other Governmental Funds. Other Governmental Funds include the Special Revenue Fund – Lone Tree Urban Renewal Authority and Special Revenue Fund – Lone Tree Art Center Fund 501(c)(3) (blended component units). The initial three funds are considered major funds, while the Lone Tree Art Center Fund 501(c)(3) and Lone Tree Urban Renewal Authority are considered nonmajor funds.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Fund – Cultural and Community Services and Capital Projects Fund – Capital 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 37-112 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 113-128 of this report.

Other supplementary information. Combined financial statements and budgetary comparison schedules for the Capital Projects Fund – Capital Improvements, Special Revenue Fund – Lone Tree Art Center Fund 501(c)(3) and Lone Tree Urban Renewal Authority 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 Certificates of Participation to maturity and a local highway finance report.

New GASB Pronouncements

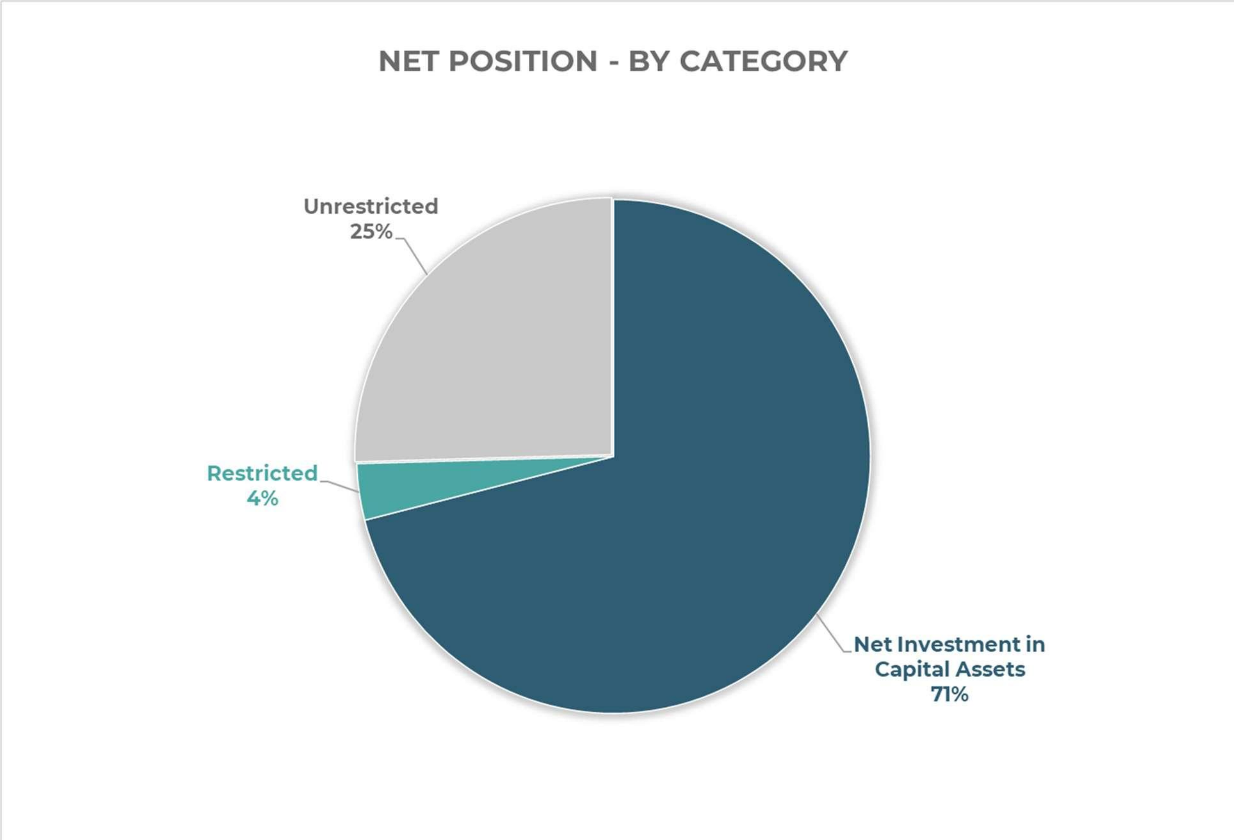
The City implemented GASB Statement No. 102, Certain Risk Disclosures. GASB Statement No. 102 provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Specifically, the statement defines a concentration and constraint and requires note disclosures regarding the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The City evaluated the requirements of this statement and determined that there were no concentrations or constraints that met the criteria for disclosure for the current fiscal year.

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 $253,760,109 at the close of the most recent fiscal year.

Net Position

	2025	2024
Current Assets	$ 123,777,884	$ 133,611,066
Capital Assets	200,714,537	175,700,198
Long-term Assets	750,389	641,446
Total Assets	325,242,810	309,952,710
Pension Related Amounts	5,001,911	6,569,884
OPEB Related Amounts	174,133	208,322
Total Deferred Outflows of Resources	5,176,044	6,778,206
Other Liabilities	15,366,627	8,107,016
Long-term Liabilities	60,156,884	62,305,718
Total Liabilities	75,523,511	70,412,734
Pension Related Amounts	187,736	349,618
OPEB Related Amounts	172,589	148,461
Ridgegate Affordable Housing Project - Loan	621,919	620,381
Leases	123,754	18,917
Property Taxes	29,235	25,462
Total Deferred Outflows of Resources	1,135,233	1,162,839
Net Investment in Capital Assets	180,166,285	121,413,253
Restricted Net Position	8,992,304	67,729,349
Unrestricted Net Position	64,601,520	56,012,741
Total Net Position	$ 253,760,109	$ 245,155,343



The largest portion of the City's net position (71%) 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, and funds reserved for capital projects where funds were received in prior years and will be spent in future years). The remaining balance of *unrestricted net position* totaling $64,601,520 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

Revenue	2025	2024
Program Revenues		
Charges for Services	$ 4,724,175	$ 4,977,357
Operating Grants and Contributions	8,619,454	7,985,101
Capital Grants and Contributions	5,483,550	20,185,707
General Revenues		
Sales and Use (Retail) Taxes	40,687,505	38,934,024
Other Taxes	3,920,198	3,912,165
Franchise Fees	1,287,817	1,236,050
Investment Earnings	5,112,349	4,332,656
Lease Revenue	92,045	50,125
SBITA Gain on Agreement Renewal	-	120,511
Lease Gain on Agreement Renewal	144	-
Other	399,169	370,180
Total Revenues	70,326,406	82,103,876
Expenses		
General Government	16,566,835	15,835,926
Municipal Court	478,398	381,639
Community Development	2,115,464	1,785,404
Public Works	21,404,605	16,248,353
Police	13,521,991	11,308,119
Arts and Cultural	5,460,168	4,836,817
Interest on Long-Term Debt	1,868,343	1,923,744
Interest on Leases	100,590	127,893
Interest on SBITA	205,246	146,072
Total Expenses	61,721,640	52,593,967
Change in Net Position	8,604,766	29,509,909
Net Position - Beginning	245,155,343	215,645,434
Net Position - Ending	$ 253,760,109	$ 245,155,343

The City’s net position related to governmental activities increased by $8,604,766 during the current fiscal year. Several key highlights of the statement of activities during 2025 include the following items:

- 2025 charges for services decreased by $253,182 compared to the previous year primarily due to decreases in building permit fees, as well as decreases in ticket sales at the Lone Tree Arts Center.

- Operating grants and contributions increased by $634,353 compared to the previous year primarily due to Lone Tree Link partnership funding, grant proceeds related to law enforcement recruitment costs, and increased cost sharing with the Douglas County School District for School Resource Officers.

- Capital grants and contributions decreased by $14,702,157 from 2024 to 2025 primarily due to the land transfer for the development of the Justice Center and Public Works Facility in 2024, as well as the timing of intergovernmental agreements with City partners for the C-470 Trail connection to the County Line RTD station, the C-470 Trail pedestrian/bicycle bridge over Acres Green Drive, and traffic signal projects.

- Sales and use (retail) taxes increased by $1,753,481 from 2024 to 2025, primarily driven by revenue growth from new businesses, increased use tax collections, and higher revenues resulting from business audit recoveries.

- Investment earnings increased by $779,693 from 2024 to 2025, primarily due to the investment of unspent proceeds from recently issued Certificates of Participation, along with higher overall investment balances during the year.

- General government expenses increased by $730,909 from 2024 to 2025. This increase is mainly attributable to salary and benefit costs, insurance premiums, the timing of sales and use tax audit services, contributions to the South Suburban Park and Recreation District for capital improvement projects, and higher shareback amounts based on sales and use tax revenues.

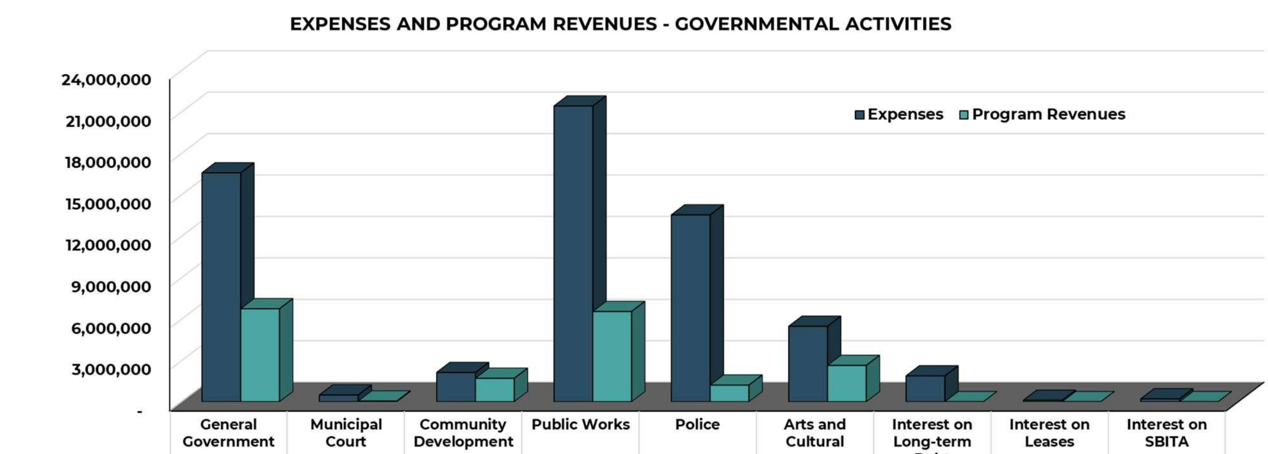
- Municipal court expenses increased by $96,759 from 2024 to 2025, primarily due to higher salary and benefit costs, as well as increased municipal judge and contracted prosecution services resulting from the transition from a half-day to a full day of court proceedings each week.

- Community Development expenses increased by $330,060 from 2024 to 2025, primarily due to higher salary and benefit costs associated with the addition of a new full-time Senior Planner position, as well as contract services for integrated plan review software.

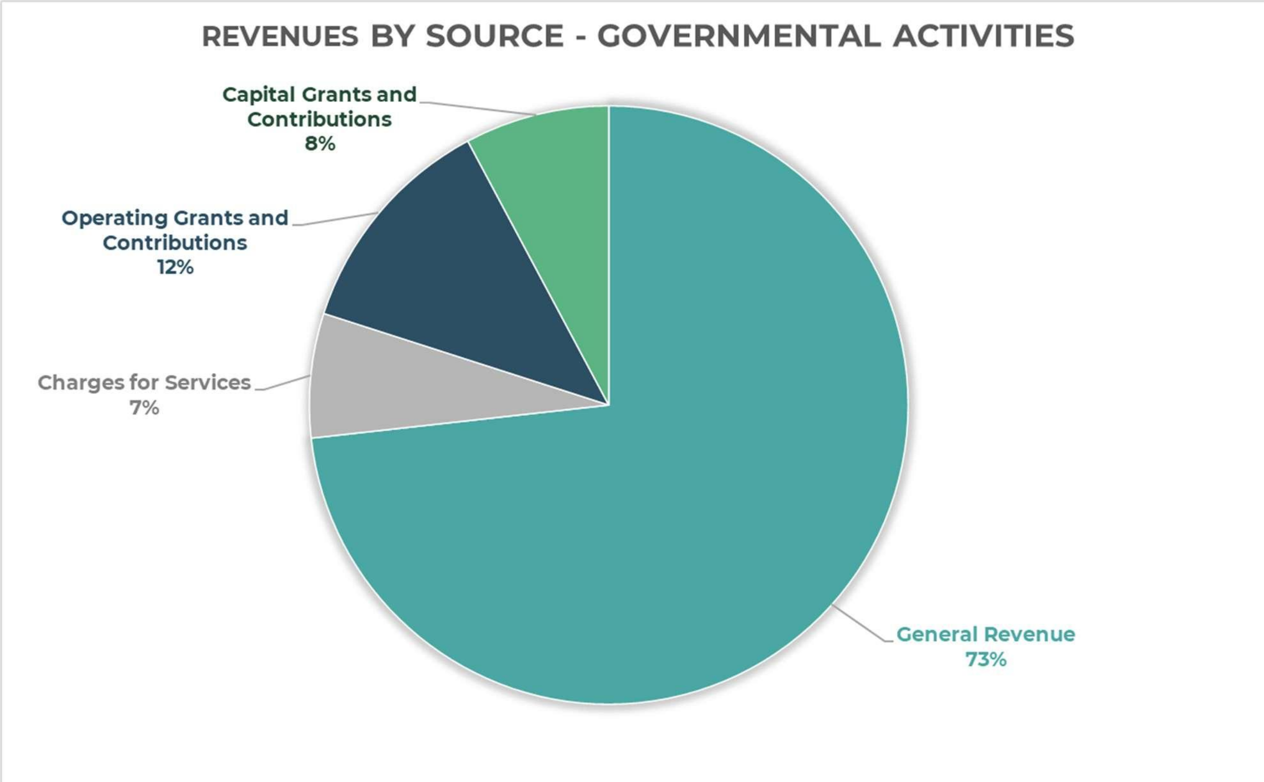
- Public Works expenses increased by $5,156,252 from 2024 to 2025, primarily due to intergovernmental contributions for a mobility hub transit improvement project on Interstate 25 and a drainage project at Willow Creek, along with various operating costs including transportation improvements, fleet purchases, contracted services, and the addition of a new full-time Custodial Service Coordinator position.

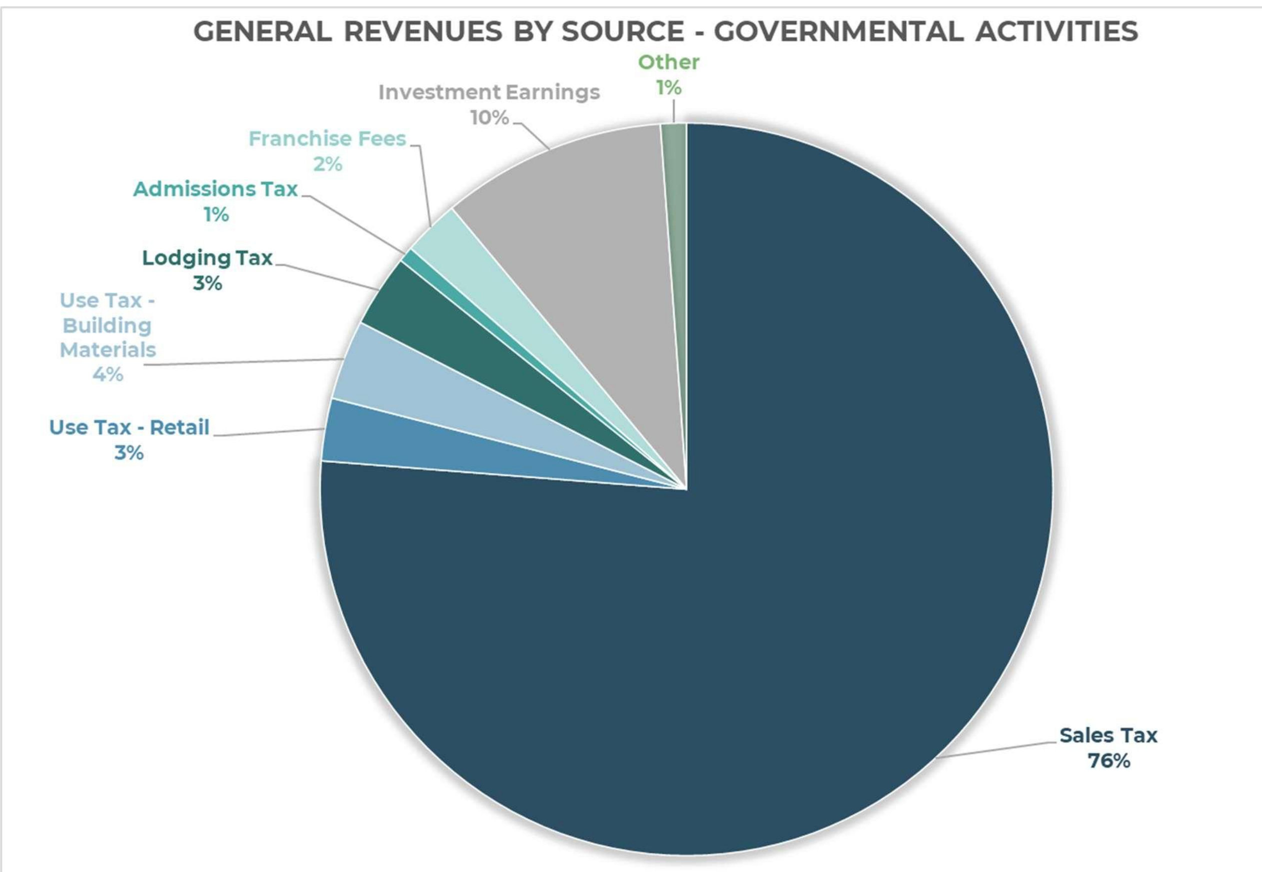
- Police expenses increased by $2,213,872 from 2024 to 2025, primarily due to leasing costs for body cameras and tasers, higher contracted dispatch services costs, and increased salary and benefit costs associated with four new positions: a Talent Acquisition and Development Manager, two Police Officer Recruits, and an additional Records Technician. Costs for the Talent Acquisition and Development Manager and the two Police Officer Recruit positions were partially offset by grant revenue.

- Arts and cultural expenses increased by $623,351 from 2024 to 2025, primarily due to increased programming at the Lone Tree Arts Center and consulting costs associated with the development of a public art master plan.



	General Government	Municipal Court	Community Development	Public Works	Police	Arts and Cultural	Interest on Long-term Debt	Interest on Leases	Interest on SBITA
Expenses	16,566,835	478,398	2,115,464	21,404,605	13,521,991	5,460,168	1,868,343	100,590	205,246
Program Revenues	6,730,009	46,759	1,692,486	6,528,694	1,202,429	2,626,802	-	-	-


REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES
Capital Grants and Contributions 8%
Operating Grants and Contributions 12%
Charges for Services 7%
General Revenue 73%


GENERAL REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES
Other 1%
Investment Earnings 10%
Franchise Fees 2%
Admissions Tax 1%
Lodging Tax 3%
Use Tax - Building Materials 4%
Use Tax - Retail 3%
Sales Tax 76%

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 $108,382,021. Of this amount, $62,533,850 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 $62,751,041 out of a total fund balance of $107,892,079.

The City's General Fund balance decreased by $16,864,357 during the current fiscal year, primarily due to a transfer to the Capital Projects Fund - Capital Improvements. Capital projects include the design and construction of the Justice Center and Public Works Facility, which are utilizing proceeds from the recent issuance of Certificates of Participation, as well as partnership funding for a mobility hub transit improvement project, design services for Advancing Lincoln Avenue, the C-470 Trail connection to the County Line RTD Station, and a contribution to a drainage improvement project at Willow Creek.

At the end of the current fiscal year, the Special Revenue Fund – Cultural and Community Services reported a fund balance of $465,351. The fund balance decreased by $256,702 largely due to producing theatrical performances. The utilization of fund balance to support the operating activity of the Arts Center was intentional and accounted for in the 2025 budget.

At the end of the current fiscal year, the Special Revenue Fund – Lone Tree Art Center Fund 501(c)(3) (LTACF) reported a fund balance of $213, an increase of $113 from 2024. This is the eighth 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.

At the end of the current fiscal year, the Special Revenue Fund – Lone Tree Urban Renewal Authority (LTURA) reported a fund balance of $24,378. The fund balance increased by this amount in 2025, as it was the first full year of operations. Revenues generated by the fund are to be used solely to support the Urban Renewal Authority.

General Fund Budgetary Highlights

The City's total General Fund revenue for 2025 exceeded budget expectations. Actual revenue of $62,183,434 was $3,037,900 higher than the final budgeted amount of $59,145,534, primarily due to increased investment income and higher building permit fee revenues.

The City's General Fund total expenditures for 2025 were below budgeted appropriations. Actual expenditures of $45,309,014 were $3,164,891 less than the budgeted amount (exclusive of transfers out) of $48,473,905. This variance is primarily attributable to lower-than-expected shareback amounts based on sales and use tax revenues, as well as savings in salary and benefit costs across departments, information technology consulting and software costs, and insurance expenses. Additionally, the variance reflects the timing of projects extending into 2026, including the Comprehensive Plan and Code Update and several public works projects.

Capital Assets

The City invested $33,470,668 in net capital assets for its governmental-type activities for the year ended December 31, 2025. This investment included projects such as the design and construction of a Justice Center and Public Works Facility, High Note Regional Park design, storm sewer improvements, street overlays, concrete panel replacements, traffic signalization, vehicle and emergency equipment purchases, facility improvements, and land conveyances to the City.

More information on the City's capital assets can be found in Note 7 on pages 59-61 of this report.

Long-Term Debt

At the end of the fiscal year, the City had $46,285,000 in outstanding debt, due to the issuance of Certificates of Participation on April 04, 2024.

At the end of the fiscal year, the Park Meadows Business Improvement District (PMBID) had total outstanding debt of $33,879,180. 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 9 on pages 65-68 of this report.

Next Year's Budget

The adopted 2026 budget balances bold investments in Lone Tree's future with disciplined operations and strong fiscal stewardship. The work of the City is shaped by a strategic plan that outlines our vision, mission, values and Six Big Ideas. Our mission is to achieve Lone Tree's community vision by doing things the best way, not just the expected way. This guiding philosophy and our tagline "Deep Roots, New Heights" remind us to honor the legacy of those who came before while taking bold steps to elevate our community for the future. Supported by voter approval of Ballot Initiative 2E in 2021 and our history of prudent fiscal planning, we continue to maintain an AA+ bond rating and a stable revenue base allowing us to move confidently forward on major initiatives without compromising financial health.

The 2026 budget represents the most significant capital investment in our City's history, dedicating $82.8 million to transformative projects that reflect the Big Ideas of safety, transportation, community, culture, economic vitality and organizational excellence. At the same time, it underscores our commitment to operational excellence, modernizing systems, strengthening our workforce and streamlining processes to ensure every dollar is used effectively. Projected operating revenues of $63.3 million, continued residential and commercial development, and millions in partnership funding, position us to deliver these projects while preserving financial stability.

Investing Boldly, Operating Smartly

- Our Six Big Ideas emphasize public safety, visionary transportation networks, a welcoming and resilient community, signature cultural and recreational opportunities, a diverse and sustainable economy and building the best team. Every major investment in this budget, from the Justice Center and Public Works Facility to High Note Regional Park, multimodal transportation improvements and expanded public safety technology, supports these strategic priorities.

- Historic Capital Investment in Community Assets: A total of $82.8 million is proposed for projects that will shape Lone Tree's next chapter, including the new Justice Center, Public Works Facility, the launch of High Note Regional Park and transportation upgrades such as Advancing Lincoln Avenue and multimodal connections throughout the City. These investments ensure our infrastructure keeps pace with growth while enhancing safety, accessibility and quality of life for residents and visitors.

- Leveraging Partnerships for Maximum Impact: More than $27.7 million in external funding has been secured for 2026 including contributions from South Suburban Parks and Recreation District, Douglas County, Southeast Public Improvement Metropolitan District (SPIMD), and Great Outdoors Colorado for High Note Regional Park, in addition to cost-sharing for traffic signals and road improvements. By aligning City priorities with regional and community partners, we continue to deliver transformative projects at a lower cost to the City.

- Revenue Growth and Economic Development: Operating revenues are projected at $63.3 million, supported by a 1.2 percent increase in taxable sales and continued strength in commercial development at Park Meadows, RidgeGate and City Center. New retail and dining establishments, including Capital Grille, Jack's in Lone Tree, Aritzia and several additional developments, combined with hundreds of new homes provide a diversified revenue base that sustains both operations and future investments.

- Operational Excellence and Innovation: Reflecting our mission of doing things the best way, departments are investing in workforce recruitment, development, and retention, strengthening cybersecurity, deploying AI-powered efficiency tools, and expanded GIS and data systems. These efforts ensure our organization remains agile, resilient and capable of supporting large-scale growth while maintaining a high level of service.

- Fiscal Discipline and Community Trust: Thanks to voter approval of Ballot Initiative 2E in 2021 and disciplined financial management, we maintain robust reserves and an AA+ bond rating. This strong foundation allows us to undertake historic capital projects while safeguarding our financial future.

Achieving Our Vision Together

The 2026 budget reflects both bold ambition and disciplined stewardship honoring our deep roots while pursuing new heights. It invests in the future through historic capital projects, leverages millions in partnerships, aligns with our mission and strategic plan and supports operational excellence across every department. At the same time, it maintains fiscal responsibility, ensuring Lone Tree's financial foundation remains strong. This budget represents our shared commitment to sustaining a premier Colorado community and a regional and national model for innovation, safety, and quality of life.

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.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL

STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF LONE TREE
STATEMENT OF NET POSITION
December 31, 2025

	Primary Government	Component Unit	Component Unit
	Governmental Activities	Park Meadows Business Improvement District	Lone Tree Business Improvement District
ASSETS			
Cash and Investments	$ 61,348,445	$ 6,041,471	$ 387,356
Cash and Investments - Restricted	55,082,139	4,023,391	-
Receivables:			
Intergovernmental	761,340	1,793,219	1,862
Sales, Use, Admissions and Lodging Taxes	5,562,495	-	-
Property Taxes	29,235	-	265,737
Other	453,117	9,435	-
Prepaid Items	506,165	61,986	-
LTAC Actor's Equity Deposit	34,948	-	-
Loans Receivable	621,919	-	-
Lease Receivable	128,470	-	-
Capital Assets:			
Non-Depreciable	92,340,294	-	-
Depreciable, Net	107,382,931	43,098,204	-
Right to Use Leased Asset	306,840	11,836,805	-
Right to Use SBITA Asset	684,472	-	-
Total Assets	325,242,810	66,864,511	654,955
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	5,001,911	-	-
OPEB Related Amounts	174,133	-	-
Total Deferred Outflows of Resources	5,176,044	-	-
LIABILITIES			
Accounts Payable	10,750,559	2,284,775	158,934
Unearned Revenue	470,712	-	-
Retainage Payable	1,115,097	1,315,092	-
Surety Deposits Payable	3,020,618	-	-
Other Deposits Payable	9,641	-	-
Accrued Interest Payable	-	152,479	-
Long-term Liabilities:			
Due within One Year:			
Due within One Year - Debt	-	2,746,122	-
Due within One Year - Compensated Absences	242,430	-	-
Due within One Year - Leases	97,034	-	-
Due within One Year - SBITA	154,500		
Due within One Year - SBITA Interest	34,128		
Due within One Year - Certificates of Participation	1,645,000	-	-
Due within One Year - Certificates of Participation - Interest	192,854	-	-
Due in More than One Year:			
Debt	-	31,417,438	-
Compensated Absences	1,547,238	-	-
Leases	227,724	12,711,878	-
SBITA Liability	512,566		
Certificates of Participation	50,046,837	-	-
Net Liability - OPEB	317,657	-	-
Net Pension Liability - PERA	5,138,916	-	-
Net Pension Liability - FPPA	-	-	-
Total Liabilities	75,523,511	50,627,784	158,934
DEFERRED INFLOWS OF RESOURCES			
Pension Related Amounts	187,736	-	-
OPEB Related Amounts	172,589	-	-
RidgeGate Affordable Housing Project - Loan	621,919	-	-
Leases	123,754	-	-
Property Taxes	29,235	-	265,737
Total Deferred Inflows of Resources	1,135,233	-	265,737
NET POSITION			
Net Investment in Capital Assets	180,166,285	9,219,024	-
Restricted:			
Emergency Reserve (TABOR)	1,820,387	245,000	11,752
Conservation Trust	970,371	-	-
Brick Fence Replacement	986,200	-	-
Metropolitan Football Stadium	1,010,137	-	-
Capital Reserve - Arts and Cultural Facilities	2,189,265	-	-
Capital Reserve - Parks and Recreation Improvements	2,015,944	-	-
Debt Service	-	4,023,391	-
Restricted Total	8,992,304	4,268,391	11,752
Unrestricted	64,601,520	2,749,312	218,532
Total Net Position	$ 253,760,109	$ 16,236,727	$ 230,284

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, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government	Component Unit	Component Unit
Functions/Programs	**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	$ 16,566,835	$ 254,219	$ 992,240	$ 5,483,550	$ (9,836,826)	$ -	$ -
Municipal Court	478,398	46,759	-	-	(431,639)	-	-
Community Development	2,115,464	1,692,486	-	-	(422,978)	-	-
Public Works	21,404,605	573,355	5,955,339	-	(14,875,911)	-	-
Police	13,521,991	410,252	792,177	-	(12,319,562)	-	-
Arts and Cultural Services	5,460,168	1,747,104	879,698	-	(2,833,366)	-	-
Interest on Long-Term Debt	1,868,343	-	-	-	(1,868,343)	-	-
Interest on Leases	100,590	-	-	-	(100,590)		
Interest on SBITA	205,246	-	-	-	(205,246)		
Total Primary Government	$ 61,721,640	$ 4,724,175	$ 8,619,454	$ 5,483,550	(42,894,461)	-	-
Component Unit:							
Park Meadows Business Improvement District:							
General Government	$ 5,590,991	$ -	$ -	$ -		(5,590,991)	-
Interest on Long-Term Debt	1,645,177	-	-	-		(1,645,177)	-
Total Component Unit	$ 7,236,168	$ -	$ -	$ -		(7,236,168)	-
Component Unit:							
Lone Tree Business Improvement District:							-
General Government	$ 391,736	$ -	$ -	$ -			(391,736)
Total Component Unit	$ 391,736	$ -	$ -	$ -			(391,736)
General Revenues:							
Sales Tax					39,261,210	7,878,422	-
Use Tax - Retail					1,426,295	-	-
Use Tax - Building Materials					1,815,783	-	-
Lodging Tax					1,655,808	-	-
Admissions Tax					351,891	-	-
Franchise Fees					1,287,817	-	-
Cigarette Tax					96,716	-	-
Sales Tax and Liquor Licenses					60,636	-	-
Property Tax					-	-	261,074
Investment Earnings					5,112,349	336,658	42
Lease Revenue					92,045	-	-
Lease Gain on Agreement Renewal					144	-	-
Other					338,533	-	22,298
Total General Revenues					51,499,227	8,215,080	283,414
Change in Net Position					8,604,766	978,912	(108,322)
Net Position - Beginning					245,155,343	15,257,815	338,606
Net Position - Ending					$ 253,760,109	$ 16,236,727	$ 230,284

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.

Capital Projects Fund – Capital Improvements

The Capital Projects Fund – Capital Improvements is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay.

NON-MAJOR FUNDS

Other Governmental Funds

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

- **Special Revenue Funds**
  Special Revenue Fund – Lone Tree Arts Center Fund 501(c)(3)
  Special Revenue Fund – Lone Tree Urban Renewal Authority

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, 2025

	General	Special Revenue - Cultural and Community Services	Capital Projects Fund - Capital Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	$ 60,393,736	$ 954,708	$ -	$ -	$ 61,348,444
Cash and Investments - Restricted	54,931,286	-	-	150,853	55,082,139
Receivables:					
Intergovernmental	499,202	-	262,138	-	761,340
Sales, Use, Admissions and Lodging Taxes	5,562,495	-	-	-	5,562,495
Property Tax	-	-	-	29,235	29,235
Tenant Rental Lease Inception	196,882	-	-	-	196,882
Other	303,419	149,550	-	150	453,119
Prepaid items	64,945	200,496	240,724	-	506,165
Arts Center Actor's Equity Deposit	-	34,948	-	-	34,948
Due from Other Funds	304,031	-	5,689,354	-	5,993,385
TOTAL ASSETS	$ 122,255,996	$ 1,339,702	$ 6,192,216	$ 180,238	$ 129,968,152
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 4,337,975	$ 93,958	$ 6,192,216	126,412	$ 10,750,561
Unearned Revenue	-	470,712	-	-	470,712
Retainage Payable	1,115,097	-	-	-	1,115,097
Surety Deposits Payable	3,020,618	-	-	-	3,020,618
Other Deposit Payable	3,991	5,650	-	-	9,641
Due to Other Funds	5,689,354	304,031	-	-	5,993,385
Total Liabilities	14,167,035	874,351	6,192,216	126,412	21,360,014
DEFERRED INFLOWS OF RESOURCES					
Unavailable Property Tax Revenues	196,882	-	-	29,235	226,117
Total deferred inflows of resources	196,882	-	-	29,235	226,117
FUND BALANCES					
Non-Spendable	64,945	200,496	240,724	-	506,165
Restricted	45,076,093	-	-	845	45,076,938
Committed	-	264,855	-	213	265,068
Assigned	21,931,018	-	-	-	21,931,018
Unassigned	40,820,023	-	(240,724)	23,533	40,602,832
Total Fund Balances	107,892,079	465,351	-	24,591	108,382,021
TOTAL LIABILITIES AND FUND BALANCES	$ 122,255,996	$ 1,339,702	$ 6,192,216	$ 180,238	$ 129,968,152

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, 2025

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

Total Fund Balance - Governmental Funds	$	108,382,021
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		199,723,225
Other long-term assets are not current financial resources available to pay current period expenditures and, therefore, are not reported in the funds.		
Net Right to Use Leased Asset		306,840
Net SBITA Asset		684,472
Lease Receivable		128,470
Loans Receivable - RidgeGate Affordable Housing Project		621,919
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		5,001,911
Deferred Outflows - OPEB		174,133
Deferred Inflows - Pension Plan		(187,736)
Deferred Inflows - OPEB		(172,589)
Deferred Inflows - RidgeGate Affordable Housing Project - Loan		(621,919)
Deferred Inflows - Leases		(123,754)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Liability - PERA		(317,657)
Net Pension Liability - PERA		(5,138,916)
Certificates of Participation		(51,691,837)
Certificates of Participation Interest Payable		(192,854)
Lease Liability		(324,758)
SBITA Liability		(701,195)
Compensated Absences		(1,789,667)
Net Position of Governmental Activities	$	253,760,109

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, 2025

	General	Special Revenue - Cultural and Community Services	Capital Projects Fund - Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 44,510,989	$ -	$ -	$ -	$ 44,510,989
Franchise fees	1,287,817	-	-	-	1,287,817
Intergovernmental	7,778,248	-	-	-	7,778,248
Licenses, Fees and Charges	2,438,433	-	-	-	2,438,433
Fines and Forfeitures	410,946	-	-	-	410,946
Net Investment Income	3,117,952	-	-	-	3,117,952
Held in Trust - Interest Income - Certificates of Participation	1,989,681			-	1,989,681
Tenant Rental Income	117,883	-	-	-	117,883
Arts and Cultural	-	2,626,689	-	127,892	2,754,581
Lone Tree Urban Renewal Authority	-	-	-	28,170	28,170
Capital	-	-	4,519,022	-	4,519,022
Other	531,486	-	-	-	531,486
Total Revenues	62,183,434	2,626,689	4,519,022	156,062	69,485,207
EXPENDITURES					
Current					
General Government	7,140,845	-	-	-	7,140,845
Municipal Court	467,100	-	-	-	467,100
Community Development	2,028,888	-	-	-	2,028,888
Police	12,975,522	-	-	-	12,975,522
Public Works	9,840,368	-	-	-	9,840,368
Arts and Cultural Services	-	4,747,032	-	127,779	4,874,811
Urban Renewal Authority Services	-	-	-	3,791	3,791
Park and Recreation	104,363	-	-	-	104,363
Sharebacks	8,794,427	-	-	-	8,794,427
Debt Service					
Certificates of Participation Interest	2,392,500	-	-	-	2,392,500
Certificates of Participation Principal	1,565,000	-	-	-	1,565,000
Capital Outlay	-	-	37,464,535	-	37,464,535
Total Expenditures	45,309,013	4,747,032	37,464,535	131,570	87,652,150
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	16,874,421	(2,120,343)	(32,945,513)	24,492	(18,166,943)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	1,863,641	31,875,137	-	33,738,778
Transfers Out	(33,738,778)	-	-	-	(33,738,778)
Lease Inception	-	-	214,786	-	214,786
SBITA Inception	-	-	855,590	-	855,590
Total Other Financing Sources (Uses)	(33,738,778)	1,863,641	32,945,513	-	1,070,376
NET CHANGE IN FUND BALANCES	(16,864,357)	(256,702)	-	24,492	(17,096,567)
FUND BALANCES - BEGINNING OF YEAR	124,756,436	722,053	-	100	125,478,589
FUND BALANCES - END OF YEAR	$ 107,892,079	$ 465,351	$ -	$ 24,592	$ 108,382,022

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, 2025

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

Net Change in Fund Balances - Total Governmental Funds	$	(17,096,567)
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		32,905,871
Depreciation Expense		(8,691,770)
The issuance of long-term debt (e.g. bonds or Certificates of Participation) provides current financial resources to governmental funds, while the repayment of the principal of long-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 premiums, discounts, and similar items when debt is, issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal Paid on Certificates of Participation		1,565,000
Amortization of Certificates of Participation Premium		517,636
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 governmental funds.		
Compensated Absences - Change in Liability		(274,582)
Pension Revenue		(407,989)
OPEB Revenue		98,420
Lease Net Revenue (Expense)		(1,196)
SBITA Net Revenue (Expense)		(16,722)
Lease Gain on Agreement Renewal		144
Accrued Interest on Certificates of Participation - Change in Liability		6,521
Changes in Net Position of Governmental Activities	$	8,604,766

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

NOTE 1 - DEFINITION OF REPORTING ENTITY

The City of Lone Tree, Colorado (City) was incorporated by general election on November 7, 1995. The citizenry voted to become a home rule city on May 5, 1998, under the provisions of Article XX of the Constitution of the State of Colorado. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: building, permitting, planning and zoning, public works (including trash removal service), public safety (police protection 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 11 & 13) for the purpose of funding such improvements. The PMBID is currently comprised of three board members, and can have up to 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 District has no employees, and all operations and administrative functions are contracted.

NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)

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

The City organized the Lone Tree Arts Center Fund 501(c)(3) (LTACF) on October 3, 2017 for the purpose of fundraising to benefit the Lone Tree Arts Center. The LTACF is operated by the City and the City may provide operational support to the LTACF. The funds raised by the LTACF are granted to the Lone Tree Arts Center on an annual basis. The Mayor, City Manager, and Executive Director of the Lone Tree Arts Center serve as ex officio directors as long as they serve in that office or capacity. The board of directors is appointed by the City Council. Since the LTACF’s governing body is appointed by City Council and the City has the ability to impose its will, the LTACF is considered to be a component unit of the City. As the LTACF was established to exclusively benefit the primary government, the LTACF is considered a blended component unit and is reported herein in a special revenue fund.

The Lone Tree Urban Renewal Authority (LTURA) was constituted under Part 1 of Article 25 of Title 31, Colorado Revised Statues as of October 25, 2023. The City found that one or more blighted areas existed in the City, and that the acquisition, clearance, rehabilitation, conservation, development, or redevelopment, or a combination thereof of such area was necessary in the interest of the public health, safety, morals, or welfare of the residents of the City. As a result, the City Council declared it to be in the public interest that an urban renewal authority for the City was created. The LTURA commissioners consist of, the City Council, a commissioner appointed by the Board of County Commissioners of Douglas County, a commissioner appointed by the Douglas County School District RE-1, a commissioner appointed by the special districts imposing a mill levy within the LTURA boundaries, and a commissioner appointed by the Mayor of the City of Lone Tree and approved by the City Council. Since the LTURA governing body is appointed by City Council and the City has the ability to impose its will, the LTURA is considered to be a component unit of the City. The City and the LTURA have substantially the same governing body and operational activity, therefore the LTURA is considered a blended component unit and will be reported herein in a special revenue fund.

NOTE 1 - DEFINITION OF REPORTING ENTITY (CONTINUED)

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, Northern Douglas County Water Sanitation District, and Parker 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 13).
- Heritage Hills Metropolitan District (HHMD) provided financing for public infrastructure within HHMD, in the City, and currently provides certain landscaping maintenance.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, certificates of participation, notes and developer advances are recorded as a reduction in liabilities.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Capital Projects Fund – Capital Improvements is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay.

The City reports the following non-major governmental funds:

> 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.
>
> The Special Revenue Fund – Lone Tree Urban Renewal Authority is used to account for property tax increments received, and expenditures related to the operation of the Authority.

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

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025, there were no supplementary budget amendment appropriations in the General Fund, Capital Improvement Fund and Special Revenue Fund – Cultural and Community Services.

During the year ended December 31, 2025, there were no supplementary budget amendment appropriations in the General Fund and in the Debt Service Fund for the PMBID.

During the year ended December 31, 2025, there were no supplementary budget amendment appropriations in the General Fund for the LTBID.

Pooled Cash and Investments

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

Investments are carried at fair value.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, equipment, construction in process 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 $10,000. 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

Leases

For arrangements where the City is a lessee, a lease liability and a right-to-use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent the City's right to use an underlying asset for the lease term and lease liabilities represent the City's obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of the lease payments over the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The RTU asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs, and is amortized on a straight-line basis over its useful life. RTU assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

For arrangements in which the City is the lessor, a lease receivable and a deferred inflow of resources is recognized at the commencement of the lease term, on both the fund which is expected to receive the lease payments, and on the government-wide financial statement. The deferred inflows of resources are measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relates to future periods and are also recognized on a straight-line basis over the lease term.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses an estimated incremental borrowing rate, that represents the rate at which it could borrow funds for a term equivalent to the lease agreements, as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscriptions

The City has contracts providing the right to use a vendor's software, along or in combination with tangible capital assets, for a specified period of time. For short-term Subscription-Based Information Technology Arrangements (SBITAs) with a maximum term of 12 months or less at commencement, the City recognizes expenditures based on the provisions of the SBITA agreement.

For long-term SBITAs with a term exceeding 12 months at commencement, the City recognizes a SBITA liability and an intangible right-to-use SBITA asset. SBITA assets are reported with capital assets, and SBITA liabilities are reported with long-term liabilities in the government-wide statement of net position. SBITA assets are amortized over the term of the agreement, and SBITA liabilities are reduced by the principal portion of the SBITA payments made.

The City uses its estimated incremental borrowing rate as the discount rate for the SBITA liability unless the rate is explicitly stated in the contract. The SBITA term includes the noncancellable period of the SBITA plus periods covered by options that are determined to be reasonably certain to be exercised. SBITA payments included in the measurement of the SBITA liability are comprised of fixed and fixed in-substance payments, payments reasonably certain of being required, and the price of options reasonably certain to be exercised. The SBITA asset is measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the commencement of the SBITA term, including incentives received, plus applicable capitalizable implementation costs. If amendments or other certain circumstances occur that are expected to significantly affect the amount of a SBITA, the present value is remeasured and corresponding adjustments made.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Original Issue Discount/Premium

In the government-wide financial statements, bond or certificates of participation premiums and discounts are deferred and amortized over the life of the bonds/certificates of participation using the effective interest method. In the fund financial statements, governmental fund types recognize bond/certificates of participation 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.

Compensated Absences

The City's compensated absences policy allows full-time employees to accumulate earned but unused paid time off (PTO) benefits of at least 6.46 hours per pay period depending on length of service and employment status. An increase in PTO hours occurs when an employee reaches 5 years of service and again at 10 years of service. Employees may carry over PTO hours up to the maximum accrual level based on years of service. In the event of separation from the City, an employee is paid 100% of accumulated PTO benefits.

Compensatory time (CT) received by an employee is provided in lieu of overtime pay at the rate of one and one-half hours for each hour of excess hours worked. CT is earned when working in excess of 40 hours per week for non-sworn, non-exempt employees and in excess of 80 hours per pay period for sworn, non-exempt employees. On the first payroll in December, all unused CT hours are paid out. Employees are allowed to carry over CT earned in December into the next year. In the event of separation from the City, an employee is paid 100% of accumulated CT benefits.

Sick leave is earned by part-time employees (those regularly scheduled for less than 30 hours per week) at a rate of one hour for every thirty hours worked, up to a maximum of 48 hours annually. Employees may carry over sick leave hours. In the event of separation from the City, an employee loses the accumulated sick leave benefit.

In the governmental fund financial statements, compensated absences are recognized as current salary costs when paid. In the government-wide financial statements, the liability for such leave is reported as incurred. The entire balance of PTO and CT are recognized as a liability at year end, while sick leave is recognized as a liability based on an average usage rate of 21 percent.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first 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 14 - 16).

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 assets 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 14 - 16). 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). The fourth is shown as Leases, which is related to a lease receivable. This amount is recognized as an inflow of resources in the period that the revenue is earned (see Note 7).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fifth is shown as deferred property tax revenue, which is related to a property tax increment due to the Lone Tree Urban Renewal Authority. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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 amount becomes available.

Fund Balances

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

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders, grantors, contributors or laws or regulations of other governments), constitutional provisions, or enabling legislation.

- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, City Council. The constraint may be removed or changed only through formal action of City Council. City Council will either pass an ordinance or resolution as the highest level of decision-making dependent on the subject matter. An ordinance requires the matter to be added to the City's municipal code, whereas a resolution does not require this action, but depending on the subject matter, both are equally binding. Additionally, City Council has adopted a Council Adopted Policy to commit fund balance. Resolution #11-25, which establishes that any remaining fund balance related to the Lone Tree Art Center will be committed to be used solely to fund the Lone Tree Art Center.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2025 are classified in the accompanying financial statements as follows:

	Primary Government	Park Meadows BID Component Unit	Lone Tree BID Component Unit
Statement of Net Position:			
Cash and Investments	$ 61,348,446	$ 6,041,471	$ 387,356
Cash and Investments - Restricted	55,082,139	4,023,391	-
Total Cash and Investments	$116,430,584	$ 10,064,862	$ 387,356

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2025 consist of the following:

	Primary Government	Park Meadows BID Component Unit	Lone Tree BID Component Unit
Deposits with Financial Institutions	$ 8,840,923	$ 4,865,075	$ 387,356
Investments	107,589,661	5,199,787	-
Total Cash and Investment	$116,430,584	$ 10,064,862	$ 387,356

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.

As of December 31, 2025, the City's cash deposits had a bank balance of $8,652,353 and a carrying balance of $8,840,923. 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, 2025, the PMBID's cash deposits, had a bank and carrying balance of $4,865,075. 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, 2025, the LTBID's cash deposits had a bank balance of $387,356 and a carrying balance of $387,356. The LTBID's deposits up to $250,000 are covered by federal depository insurance (FDIC), with the additional deposits covered by the PDPA.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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.

Corporate and bank securities are limited to maturities of three years or less.

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 investment policy was adopted to establish parameters and guidelines that will foster a prudent and systematic investment program designed to achieve the City's objectives of safety, liquidity and return on investment through a diversified investment portfolio.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

At December 31, 2025, the City's investment balances were as follows:

Investment	S & P Rating	Percent of Total	Market Value	Maturities: Less than 1 Year	Maturities: 1 - 3 Years	Maturities: 3-5 Years
US Agency	AAA	4.39%	$ 4,721,627	$ 1,774,422	$ 2,947,205	$ -
US Treasury Notes	AAA	25.58%	27,521,073	8,124,293	10,866,129	8,530,652
Corporate	AAA	0.48%	512,623	-	512,623	-
Money Market Fund	NA	0.12%	129,194	129,194	-	-
Local Government Investment Pools	AAAm	69.44%	74,705,144	74,705,144	-	-
		100.00%	$107,589,661	$84,733,052	$14,325,957	$8,530,652

Interest Rate Risk - The City's investment policy limits the final maturity of investments in U.S. Treasury and Agency securities to a maximum of five years and investments in corporate notes to a maximum of three years, unless the City Council has by resolution granted authority to make such an investment.

Credit Risk – Securities rated in the highest rating category by each of the nationally recognized statistical rating organizations (NRSROs) may be purchased, subject to maturity limits. If securities owned by the City are downgraded by a NRSRO to a level below the quality required by the City's investment policy, it will be the City's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. Corporate notes must be rated at least AA- or the equivalent by two or more NRSROs. Commercial paper must be rated at least A1 or the equivalent at the time of purchase by at least two NRSROs.

Municipal securities of this state must be rated at least A- or its equivalent by at least two NRSROs. Municipal securities of any other state, must be rated at least AA- or its equivalent by at least two NRSROs. Supranationals issued in U.S. dollar denominated senior unsecured unsubordinated obligations must be issued or unconditionally guaranteed by the World Bank with a rating of at least AA or its equivalent by an NRSRO. State statute limits investments in money market funds to those that maintain a constant share price and either maintain assets of one billion dollars or the highest rating issued by a NRSRO.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk – The City's investment policy requires that at no time shall the aggregate investment in corporate notes, corporate debt, commercial paper, and banker's acceptances exceed 50% of the City's investment portfolio, and no more than 5% of the City's investment portfolio may be invested in the obligations of one issuer. Investments in U.S. Agency securities have no limits on the dollar amount or percentage; however, no more than 35% of the total portfolio may be invested in any single Agency. Investments in Certificates of Deposit as well as municipal securities cannot exceed 30% of the total portfolio, and no more than 5% of the total portfolio may be invested in one issuer. Supranationals cannot exceed 20% of the total portfolio, and no more than 10% of the portfolio may be invested in one issuer.

Fair Value Measurements – The City reports its investments using the fair value measurements established by generally accepted accounting principles (GASB No. 72 *Fair Value Measurement and Application*). 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 valued using matrix pricing techniques; 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).

At December 31, 2025, the City's investment balances at fair value hierarchy are as follows:

Investment	Level 1	Level 2	Level 3	Total
US Agency Securities	$ -	$ 4,721,627	$ -	$ 4,721,627
US Treasury Securities	-	27,521,073	-	27,521,073
Corporate	-	512,623	-	512,623
Money Market Funds	129,194	-	-	129,194
Total Investments by Fair Value Level	$ 129,194	$ 32,755,323	$ -	$ 32,884,517
Investment Not Measured at Fair Value:				
Local Government Investment Pools				74,705,144
Total Investments				$ 107,589,661

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, 2025, the LTACF did not hold any securities.

Local Government Investment Pools
As of December 24, 2025, the City has invested $41,434,674 in 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 three portfolios, COLOTRUST PRIME, COLOTRUST EDGE and COLOTRUST PLUS+. All 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.

Additionally, the City has invested $33,270,470 of Certificates of Participation proceeds in Colorado Statewide Investment Program (CSIP), an investment vehicle established for local government entities in Colorado to pool surplus funds. The funds are invested in both the Liquid and Term Portfolios, both being managed by PFM Asset Management LLC (PFMAM), a subsidiary of U.S. Bancorp Asset Management, Inc. As the fund's investment adviser and administrator, PFMAM is responsible for the purchase and sale of all portfolio assets. PFMAM is registered with the SEC under the Investment Advisers Act of 1940 and specializes in creating investment strategies and managing funds for public sector, not-for-profit and other institutional clients. CSIP offers a fully liquid, variable rate investment option known as the CSIP Liquid Portfolio, and the ability for participants to invest in shares of fixed-rate, fixed-term investments through the CSIP Term Portfolio. Investments in the CSIP portfolios seek to comply with those authorized under 24-75-601 et. Seq. of the Colorado Revised Statues. Both the CSIP Liquid Portfolio and the Term Portfolio can be utilized for many types of government funds including general funds, operating funds, bond proceeds, debt service funds, operating reserves and debt service reserve funds. A short-term portfolio rated AAAm by Standard & Poor's and AAAf by Fitch Ratings.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

PMBID – Local Government Investment Pool of $1,096,913 are valued using the net asset value method (NAV) per share. The District held certificates of deposit totaling $4,102,874 and are recorded at amortized cost. The District's investment is not required to be categorized within the fair value hierarchy.

LTBID – Local Government Investment Pool does not have assets.

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	Capital Projects Fund - Capital Improvements	Other Governmental Funds	Total
Fund Balances					
Nonspendable					
Prepaid Items	$ 64,945	$ 200,496	$ 240,724	$ -	$ 506,165
	64,945	200,496	240,724	-	506,165
Restricted for:					
Emergency Reserve (TABOR)	1,819,542	-	-	845	1,820,387
Conservation Trust	970,371	-	-	-	970,371
Brick Fence Replacement Reserve	986,200	-	-	-	986,200
Metropolitan Football Stadium Shareback	1,010,137	-	-	-	1,010,137
High Note Regional Park Partner Contribution	2,800,000	-	-	-	2,800,000
Held in Trust - Justice Center & Public Works Facility - Certificates of Participation	33,284,634	-	-	-	33,284,634
Capital Reserve - Arts and Cultural Facilities	2,189,265	-	-	-	2,189,265
Capital Reserve - Parks and Recreation Improvements	2,015,944	-	-	-	2,015,944
	45,076,093	-	-	845	45,076,938
Committed to:					
Lone Tree Arts Center	-	264,855	-	213	265,068
Assigned to:					
Emergency Disaster Management - County	213,109	-	-	-	213,109
Capital Replacement	7,590,128	-	-	-	7,590,128
Park Fee in Lieu of Land	285,640	-	-	-	285,640
Subsequent Year's Expenditures (Capital Projects)	13,842,141	-	-	-	13,842,141
	21,931,018	-	-	-	21,931,018
Unassigned	40,820,023	-	(240,724)	23,533	40,602,832
Total Fund Balance	$ 107,892,079	$ 465,351	$ -	$ 24,591	$108,382,021

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 22).

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 Metropolitan Football Stadium Shareback reserve represents funds received by the City from the Metropolitan Football Stadium District as the result of the sale of the Bronco franchise. These funds are to be used exclusively for youth activity programs.

The High Note Regional Park partner contribution reserve represents funds received by partners exclusively for the design and construction of the High Note Regional Park.

The Held in Trust – Justice Center & Public Works Facility – Certificates of Participation reserve represents funds held in trust from Certificates of Participation proceeds exclusively for the design and construction of the Justice Center and Public Works Facility.

The capital reserve restricted balances represent remaining debt service funds that were transferred to the General Fund upon the payoff of the bonds on December 1, 2023. These funds are to be used for future capital improvements related to Park and Recreation Improvements and Arts and Cultural Facilities Improvements.

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 No. 11-25.

NOTE 4- FUND BALANCE (CONTINUED)

Assigned

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

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

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

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 No. 11-01 to mitigate current and future risks such as revenue shortfalls and unanticipated expenditures as well as to ensure stable tax rates.

NOTE 5 - TRANSFERS

The following schedule summarizes the City's transfers for the year ended December 31, 2025:

Transfers Out	Transfer in General Fund	Transfer in Special Revenue Fund - Cultural & Community Services	Transfer in Capital Projects Fund - Capital Improvments
General Fund	$ -	$ 1,863,641	$ 31,875,137
	$ -	$ 1,863,641	$ 31,875,137

The transfer of $1,863,641 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 $31,875,137 from the General Fund represents the subsidy needed from the General Fund to cover the capital costs in excess of revenues from capital grants and reimbursable costs in the Capital Projects Fund.

NOTE 6 – LOANS RECEIVABLE

Long-term loans receivable consists of the following at December 31, 2025:

	Term (Years)	Rate (%)	Outstanding Balance at December 31, 2025
RidgeGate Affordable Housing Project	40.5	0.25%	$ 615,000
Accrued Interest			6,919
Loans Receivable, Net			$ 621,919

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.

NOTE 7 – CAPITAL, LEASE and SUBSCRIPTION ASSETS

Capital asset, lease and subscription asset activity for the year ended December 31, 2025 are detailed in the table below:

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Primary Government				
Capital Assets, Not being Depreciated:				
Land	$ 64,748,000	$ 875,864	$ -	$ 65,623,864
Construction in Progress	3,157,846	26,866,523	(3,307,939)	26,716,430
Total Capital Assets, not Being Depreciated	67,905,846	27,742,387	(3,307,939)	92,340,294
Capital Assets, being Depreciated:				
Buildings and Building Improvements	44,349,957	-	-	44,349,957
Equipment	4,963,509	492,649	(73,141)	5,383,016
Vehicles	2,699,173	330,700	(378,264)	2,651,609
Infrastructure	183,152,580	7,648,074	-	190,800,655
Intangibles	1,500,000	-	-	1,500,000
Total Capital Assets, being Depreciated	236,665,219	8,471,423	(451,405)	244,685,237
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(16,138,463)	(1,244,786)	-	(17,383,249)
Equipment	(4,519,721)	(289,767)	73,141	(4,736,347)
Vehicles	(1,509,405)	(360,629)	378,264	(1,491,770)
Infrastructure	(106,125,601)	(6,759,089)	-	(112,884,690)
Intangibles	(768,750)	(37,500)	-	(806,250)
Total Accumulated Depreciation	(129,061,940)	(8,691,770)	451,405	(137,302,306)
Total Capital Assets, being Depreciated, Net	107,603,279	(220,347)	-	107,382,931
Capital Assets, Net	**175,509,124**	**27,522,040**	**(3,307,939)**	**199,723,225**
Right to Use Leased Assets:				
Public Works Facility Port-a-Potty	7,078	-	(7,078)	-
Filtered Water Stations	11,035	-	-	11,035
Copiers	47,097	-	(47,097)	-
Traffic Cameras	336,707	-	-	336,707
Police Department Body Cameras and Tasers	-	214,786	-	214,786
Total Right to Use Leased Assets	401,916	214,786	(54,175)	562,528
Less Accumulated Amortization for:				
Public Works Facility Port-a-Potty	(4,199)	(1,440)	5,638	-
Filtered Water Stations	(6,112)	(2,037)	-	(8,149)
Copiers	(47,097)	-	47,097	-
Traffic Cameras	(153,436)	(51,145)	-	(204,581)
Police Department Body Cameras and Tasers	-	(42,957)	-	(42,957)
Total Accumulated Amortization	(210,843)	(97,579)	52,735	(255,687)
Right to Use Leased Assets, Net of Amortization	**191,073**	**117,207**	**(1,440)**	**306,840**
Right to Use SBITA Assets	-	855,590	-	855,590
Total Right to Use SBITA Assets	-	855,590	-	855,590
Less Accumulated Amortization	-	(171,118)	-	(171,118)
Total Accumulated Amortization	-	(171,118)	-	(171,118)
Right to Use SBITA Assets, Net of Amortization	**-**	**684,472**	**-**	**684,472**
Governmental Activities Capital Assets, Net	**$ 175,700,198**	**$ 28,323,719**	**$ (3,309,379)**	**$ 200,714,538**

NOTE 7 - CAPITAL, LEASE AND SUBSCRIPTION ASSETS (CONTINUED)

Depreciation expense for 2025 was charged to the following functions / programs:

General Government	$	476,159
Municipal Court		9,664
Community Development		77,541
Public Works		6,892,450
Police Department		586,333
Arts and Cultural		649,623
Total Depreciation Expense, Net	$	8,691,770

Amortization expense for leases in 2025 was charged to the following functions/programs:

General Government	$	2,037
Public Works		1,440
Police Department		94,102
Total Amortization Expense, Net	$	97,579

Amortization expense for SBITAs in 2025 was charged to the following functions/programs:

Police Department	$	171,118
Total Amortization Expense, Net	$	171,118

NOTE 7 - CAPITAL, LEASE and SUBSCRIPTION ASSETS (CONTINUED)

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Park Meadows BID Component Unit:				
Capital Assets, not being Depreciated:				
Construction in Progress	$ 8,331,239	$ 23,874,620	$ (32,196,294)	$ 9,565
Total Capital Assets, not being Depreciated	8,331,239	23,874,620	(32,196,294)	9,565
Capital Assets, being Depreciated:				
Infrastructure	25,166,465	32,594,063	-	57,760,528
Total Capital Assets, being Depreciated	25,166,465	32,594,063	-	57,760,528
Less Accumulated Depreciation for:				
Infrastructure	(13,212,074)	(1,459,815)	-	(14,671,889)
Total Accumulated Depreciation	(13,212,074)	(1,459,815)	-	(14,671,889)
Capital Assets, Net	**$ 20,285,630**	**$ 55,008,868**	**$ (32,196,294)**	**$43,098,204**
Lease Assets, being Amortized:				
Land Use Lease	11,478,738	-	-	11,478,738
Buildings	1,539,353	1,024,593	(335,298)	2,228,648
Total Lease Assets, being Amortized	13,018,091	1,024,593	(335,298)	13,707,386
Less Accumulated Amortization for:				
Land Use Lease	(1,018,823)	(339,608)	-	(1,358,431)
Buildings	(637,169)	(210,279)	335,298	(512,150)
Total Accumulated Amortization	(1,655,992)	(549,887)	335,298	(1,870,581)
Leased Assets, Net of Amortization	**$ 11,362,099**	**$ 474,706**	**$ -**	**$ 11,836,805**
Governmental Activities Capital Assets, Net	**$ 31,647,729**	**$ 55,483,574**	**$ (32,196,294)**	**$54,935,009**

Depreciation and amortization expense for the Park Meadows BID Component Unit for 2025 in the amount of $1,459,815 and $549,887, respectively, was charged to the general government function.

NOTE 8 – LEASES & SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

Lessee

The City leases filtered water stations, traffic cameras, a port-a-potty at the Public Works Facility and body cameras and tasers in the Police Department under cancelable operating leases. The total lease payments in 2025 were $112,711, including $95,401 in principal payments and $17,310 in interest payments.

Lease Liabilities

The following is a summary of changes in lease liabilities of the City for the year ended December 31, 2025:

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025	Due Within One Year
Primary Government					
Lease Liability:					
Public Works Facility Port-a-Potty	$ 3,090	$ -	$ (3,090)	$ -	$ -
Filtered Water Stations	5,392	-	(2,077)	3,316	2,183
Traffic Cameras	196,891	-	(51,453)	145,437	54,086
Police Department Body Cameras and Tasers	-	214,786	(38,781)	176,005	40,765
Total Lease Liability	$ 205,373	$ 214,786	$ (95,401)	$ 324,758	$ 97,034

Future Lease Payments

The future lease payments for all leases discussed above are expected to be paid as follows:

Maturity Analysis	Principal	Interest	Total
01/01/2026 - 12/31/2026	$ 97,034	$ 12,474	$ 109,507
01/01/2027 - 12/31/2027	100,836	7,531	108,367
01/01/2028 - 12/31/2028	79,541	2,736	82,277
01/01/2029 - 12/31/2029	47,347	-	47,347
Total	**$324,758**	**$ 22,741**	**$ 347,499**

Lease Liability	**$ 324,758**

NOTE 8 – LEASES & SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (CONTINUED)

Lessor

The City leases a portion of its Municipal Office Building (LTMB) and the minimum anticipated receipts for the next five years are as follows:

	End Date	2026	2027	2028	2029	2030
Primary Government						
LTMB Suite 270	12/31/2026	$ 13,992	$ -	$ -	$ -	$ -
LTMB Suite 240	12/31/2027	58,872	58,872	-	-	-
		$ 72,864	$ 58,872	$ -	$ -	$ -

Total lease receipts in 2025 were $94,193, including $89,477 in principal and $4,716 in interest.

Future Lease Receipts

The future lease receipts for all leases discussed above are expected to be as follows:

Maturity Analysis	Principal	Interest	Total
01/01/2026 - 12/31/2026	$ 70,344	$ 2,520	$ 72,864
01/01/2027 - 12/31/2027	58,126	746	58,872
Total	**$ 128,470**	**$ 3,266**	**$ 131,736**

Lease Receivable	**$ 128,470**

Subscription-Based Information Technology Arrangements

The City has a subscription-based information technology arrangement (SBITA) related to holding cell cameras, taser and body camera software services for the Police department that require recognition under GASB No. 96. The City is required to make principal and interest payments through the year 2029. An initial subscription liability was recorded in the amount of $855,590. As of December 31, 2025 the value of the subscription liability was $701,195. The total SBITA payment in 2025 was $188,524, including $188,524 in principal payments and $0 in interest payments.

NOTE 8 – LEASES & SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) (CONTINUED)

Subscription-Based Information Technology Arrangement Liabilities

The following is a summary of changes in subscription-based information technology arrangement liabilities of the City for the year ended December 31, 2025:

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025	Due Within One Year
Primary Government					
SBITA Liability	$ -	$ 855,590	$ (188,524)	$ 667,067	$ 154,500
SBITA Interest Accrual	-	34,128	-	$ 34,128	34,128
Total SBITA Liability	$ -	$ 889,719	$ (188,524)	$ 701,195	$ 188,628

Future Subscription-Based Information Technology Arrangement Payments

The future SBITA payments for SBITAs discussed above are expected to be paid as follows:

Maturity Analysis	Principal	Interest	Total
01/01/2026 - 12/31/2026	$ 154,500	$ 34,128	$ 188,628
01/01/2027 - 12/31/2027	162,405	26,223	188,628
01/01/2028 - 12/31/2028	170,714	17,914	188,628
01/01/2029 - 12/31/2029	179,448	9,180	188,628
Total	**$ 667,067**	**$ 87,445**	**$ 754,512**

SBITA Liability	**$ 667,067**

In addition to the amounts presented above, the City also had outflows of resources during the fiscal year totaling $314,622 that were not included in the measurement of the subscription liability. This total consists of a $252,967 variable amount that is based on the number of seats/licenses related to twenty-two software subscriptions and $61,655 for the annual payment related to the City's usage of these twenty-two web-based software subscriptions. The period of these twenty-two software subscriptions are indeterminable; therefore, a subscription liability cannot be calculated.

NOTE 9 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the City's long-term obligations for the year ended December 31, 2025:

	Balance at 12/31/2024	Additions	Reductions	Balance at 12/31/2025	Due Within One Year
Governmental Activities					
Certificates of Participation	$ 47,850,000	$ -	$ 1,565,000	$ 46,285,000	$ 1,645,000
Unamortized Premium on Certificates of Participation	5,924,473	-	517,636	5,406,837	500,706
Total Certificates of Participation	53,774,473	-	2,082,636	51,691,837	2,145,706
Compensated Absences, Net Change	1,515,085	274,581	-	1,789,667	242,430
	$ 55,289,558	$ 274,581	$ 2,082,636	$ 53,481,504	$ 2,388,136

	Balance at 12/31/2024	Additions	Reductions	Balance at 12/31/2025	Due Within One Year
Park Meadows BID Component Unit					
Shared Sales Tax Revenue					
Refunding Loan Series 2017A	$ 6,789,994	$ -	$ 820,846	$ 5,969,148	$ 921,742
Loan Series 2024	8,603,490	20,122,375	815,833	27,910,032	1,540,000
Leases Payable	12,219,635	1,024,593	247,970	12,996,258	284,380
	$ 27,613,119	$ 21,146,968	$ 1,884,649	$ 46,875,438	$ 2,746,122

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

Certificates of Participation, Series 2024, dated April 09, 2024. On April 09, 2024, the City issued $50,195,000 in Certificates of Participation (Certificates) at an interest rate of 3.960184% whose purpose was to finance the acquisition, construction and equipping of a new justice center and public works facility, as well as the acquisition, construction and equipping of general improvements of City facilities, including the High Note Regional Park and other general improvements. The Certificates are issued by RBC Capital Markets, LLC and represent participation in a financed purchase agreement. The Certificates are payable from all general revenues of the City and no particular revenues of the City are pledged to the payment of Base Rentals to U.S.Bank Trust Company, National Association, which is the assigned trustee, registrar and paying agent. The amount outstanding on the Certificates at December 31, 2025, was $46,285,000.

NOTE 9 - LONG-TERM OBLIGATIONS (CONTINUED)

Assets pledged as collateral include the City's Municipal Building, the Public Works Facility and the Justice Center. In an event of default or event of non-appropriation, the trustee may take possession or relet all or portions of these assets and the certificates are to be called for redemption in whole with redemption price of the lesser of (a) principal amount plus accrued interest to the redemption date without any premium or (b) sum of amount, if any, received by the Trustee from the exercise of remedies and other amounts available in the trust estate.

The Series 2024 Certificates maturing on or prior to December 1, 2033 shall not be subject to optional redemption prior to their respective maturity dates. The Certificates maturing on and after December 1, 2034 shall be subject to redemption prior to their respective maturity dates at the option of the City, in whole or in part, in integral multiples of $5,000, and if in part in such order of maturities as the City shall determine and by lot within a maturity, on December 1, 2033, and on any date thereafter, at a redemption price equal to the principal amount of the Certificates so redeemed plus accrued interest to the redemption date without a premium. The Certificates are not subject to mandatory sinking fund redemption.

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. The District is subject to various covenants as agreed to in the Loan Agreement for the 2017A Loans. The City is required to pledge 50% of the taxes collected in the PMBID area pursuant to the annexation agreement (see Note 13); however, the City is not ultimately responsible for the payment of the loans.

NOTE 9 - LONG-TERM OBLIGATIONS (CONTINUED)

Series 2024, $28,800,000 Shared Sales Tax Revenue Refunding Loan, dated May 17, 2024 (Loan Series 2024). The proceeds of the loan will be used to fund public improvements including a multi-story parking garage, pedestrian plaza, site infrastructure improvements, and other related costs. Draws up to $28,800,000 will be made incrementally based on project needs. The 2024 Loan principal and interest are due monthly beginning in January of 2025 through December 2037. The loan carries a fixed interest rate of 5.91%, and any unpaid interest compounds monthly. The 2024 Loan may be prepaid at the option of the District in whole or in part on any payment date on or after December 1, 2027 at a prepayment price equal to the principal so prepaid plus accrued interest thereon plus any applicable premium. The loan is secured by the pledged revenues which consist of revenues derived from the District's shared sales tax with the City. The City is required to pledge 50% of the taxes collected in the District area pursuant to the annexation agreement; however, the City is not ultimately responsible for the payment of the loans. As a part of the agreement, two loan reserve accounts were established and will be funded with 10% of each draw of principal.

Annual Certificates of Participation payment schedule to maturity:

	Governmental Activities		
	Certificates of Participation Series 2024		
	Principal	Interest	Total
2026	$ 1,645,000	$ 2,314,250	$ 3,959,250
2027	1,725,000	2,232,000	3,957,000
2028	1,810,000	2,145,750	3,955,750
2029	1,905,000	2,055,250	3,960,250
2030	2,000,000	1,960,000	3,960,000
2031-2035	11,605,000	8,196,250	19,801,250
2036-2040	14,805,000	4,990,500	19,795,500
2041-2043	10,790,000	1,096,250	11,886,250
Total	$ 46,285,000	$ 24,990,250	$ 71,275,250

Annual debt service requirements to maturity on the Series 2017A Loan:

	Component Unit		
	Principal	Interest	Total
2026	$ 921,742	$ 167,716	$ 1,089,458
2027	949,967	139,425	1,089,392
2028	979,056	110,396	1,089,452
2029	1,006,338	80,416	1,086,754
2030	1,039,934	48,081	1,088,015
2031	1,072,111	16,188	1,088,299
Total	$ 5,969,148	$ 562,222	$ 6,531,370

NOTE 9 - LONG-TERM OBLIGATIONS (CONTINUED)

Annual debt service requirements to maturity on the Series 2024 Loan:

	Component Unit		
	Principal	Interest	Total
2026	$ 1,540,000	$ 1,607,766	$ 3,147,766
2027	2,090,000	1,501,854	3,591,854
2028	2,210,000	1,375,085	3,585,085
2029	2,340,000	1,240,952	3,580,952
2030	2,480,000	1,098,866	3,578,866
2031-2035	12,040,000	3,270,791	15,310,791
2036-2037	5,210,032	325,174	5,535,206
Total	$ 27,910,032	$ 10,420,488	$ 38,330,520

NOTE 10 - 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 amortization, and reduced by the outstanding balances of bonds and certificates of participation that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2025, the City had net investment in capital assets of $180,166,285 calculated as follows:

Primary Government	Governmental Acitivities
Net Investment in Capital Assets:	
Capital Assets, Net	$ 200,714,538
Capital Debt, Net	(18,407,203)
Capital Related Liability (Non-Debt)	(2,141,050)
Net Investment in Capital Assets	$ 180,166,285

NOTE 10 – NET POSITION (CONTINUED)

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 $8,992,304 as of December 31, 2025 as follows:

Primary Government		**Governmental Acitivities**
Restricted Net Position		
Emergency Reserve (see Note 22)	$	1,820,387
Conservation Trust		970,371
Brick Fence Replacement		986,200
Metropolitan Football Stadium		1,010,137
Capital Reserve - Arts and Cultural Facilities		2,189,265
Capital Reserve - Parks and Recreation Improvements		2,015,944
	$	8,992,304

The unrestricted component of net position as of December 31, 2025 totaled $64,601,520.

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, PMBID had net investment in capital assets calculated as follows:

Park Meadows BID		Governmental Activities
Net Investment in Capital Assets:		
Capital Assets, Net	$	43,098,204
Current Portion of Long-term Obligations		(2,461,742)
Noncurrent Portion of Long-term Obligations		(31,417,438)
Net Investment in Capital Assets	$	9,219,024

NOTE 10 – NET POSITION (CONTINUED)

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 $4,268,391 as of December 31, 2025 as follows:

Park Meadows BID

	Governmental Activities
Restricted Net Position:	
Emergency Reserve	$ 245,000
Debt Service (See Note 9)	4,023,391
	$ 4,268,391

PMBID’s unrestricted net position as of December 31, 2025 totaled $2,749,312.

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

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, 2025, as follows:

Lone Tree BID

	Governmental Activities
Restricted Net Position:	
Emergency Reserve	$ 11,752
	$ 11,752

LTBID’s unrestricted net position as of December 31, 2025, totaled $218,532.

NOTE 11 – 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 number 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, 2025 are detailed as follows:

Retailer A is to be paid a total of $7,306,972. $2,306,972 was 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 is 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, 2025, Retailer A has been paid $7,252,713 with a remaining amount committed of $54,259. Ending in 2020, this Retailer was identified as Retailer B.

Pursuant to the First Amendment to the Annexation and Development Agreement, during the period commencing on January 1, 2014 and ending on December 31, 2032 the City will share with Rampart Range Metropolitan District No.1 (RRMD No.1) all sales tax, lodging tax, admissions tax or use tax collected on taxable transactions occurring within the west side property, without deduction whatsoever other than the deduction of all amounts that the City is required to rebate to Retailer 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

NOTE 11 – TAX ABATEMENTS (CONTINUED)

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 2025, the amount paid to RRMD No.1 pursuant to the First Amendment to the Annexation and Development Shareback Agreement totaled $730,975.

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 original agreement would automatically be extended for an additional five-year period if the sales tax collected in 2027 is more than the sales tax collected in the first full sales tax collection year. 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. Pursuant to the second amendment of the PMBID Agreement dated October 17, 2023, the term of the agreement was formally extended to thirty years and is set to expire on December 31, 2037. In addition, the sales tax shareback, excluding lodging tax and admission tax, shall be capped at a rate of 2.5% regardless of the sales tax. The lodging and admissions tax share shall be capped at a rate of 6% and 4%, respectively. From January 1, 2033 through December 31, 2037 revenues generated from the sales tax of up to 1.5% shall be shared evenly 50-50. Revenues generated from any voter-approved increases in sales tax above 1.5% shall be shared 75-25 between the City and the PMBID, respectively.

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 2025, the amount paid to PMBID totaled $7,497,041.

Enhanced Tax Incentive Program for the Entertainment District Planned Development

In 2021, the City established the Enhanced Tax Incentive Program (ETIP) for properties located within the entertainment district Planned Development.

NOTE 11 – TAX ABATEMENTS (CONTINUED)

The purposes of this program are to encourage redevelopment and/or substantial expansion of businesses within the entertainment district for a limited period of time; preserve and enhance the desired tenant mix within the entertainment district; incentivize owners and current and prospective tenants of vacant properties to establish and maintain businesses that fulfill the vision / purposes of the entertainment district as a place where residents and visitors may gather to eat, shop and pursue leisure and recreational activities; and stimulate the economic and social vibrancy of the entertainment district.

The ETIP shall automatically expire seven years from March 13, 2021, unless earlier terminated or extended by City Council, provided that ETIP agreements in effect on the expiration of the ETIP shall continue in effect in accordance with the specific terms of such ETIP agreement.

The term of the ETIP agreement commences on the first day of the calendar month following the month in which the Owner receives a Certificate of Occupancy for the Project and shall terminate on the fifth anniversary following the commencement date. The amount of enhanced taxes from sales tax shall be the established base amount of sales taxes subtracted from the amount of sales tax remitted to and collected by the City on the property on an annual basis. The established base amount of sales tax is determined by taking the total sales tax generated from the property during the previous 60-month period from the effective date of the agreement. For each 12-month period from the commencement date of the agreement, the excess of sales tax collections above the established base amount shall be the enhanced taxes for that annual period. During the agreement period, the City shall distribute to the Owner the revenues from the enhances taxes derived from the property and the business located thereon, collected on and after the commencement date on the following percentages: Year 1 - Ninety Percent (90%), Year 2 - Seventy-Five Percent (75%), Year 3 - Sixty Percent (60%), Year 4 – Forty-Five Percent (45%) and Year 5 – Thirty Percent (30%).

At December 31, 2025, the City had entered into ETIP agreements with two businesses. In 2025, the amount paid totaled $0.

NOTE 12 - 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.

NOTE 12 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

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. 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. 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. The cost allocation for 2022 and future years shall equal Lone Tree's proportionate share of the prior year's audited actual costs for Dispatch services. 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. 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 and will be adjusted annually. For 2025, 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 2026 is approximately $1,295,976.

NOTE 12 – INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Lone Tree Link Shuttle Service

The City of Lone Tree's Link on Demand started in 2014 as "Lone Tree Link", operating as a shuttle along Park Meadows Drive, a transportation connection for employees to travel between the Lincoln RTD light rail station and major employers. In 2016, Lone Tree was selected to develop a micro transit pilot program that could deliver on-demand transit service to the community to address its last-mile transit needs. "Link On Demand", launched in August 2017. The City took the lessons learned from the pilot and selected Via, an international ride sharing technology firm, to develop a community app tailored to the specific needs of the community.

In 2024, the City has expanded its intergovernmental agreements for its program with Denver South, the Southeast Public Improvement Metropolitan District (SPIMD), as well as Douglas County, which included additional partnership funding to support an extended service area into Meridian North and Meridian South.

Total budgeted partnership funding per these agreements in 2026 is $943,200, with a City contribution of $536,800.

NOTE 13 - COMMITMENTS

RidgeGate

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

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

On December 16, 2014, the City Council approved the First Amendment to the Annexation and Development Agreement (Amendment) between the City and RidgeGate Investments, Inc. (RidgeGate), which is effective January 1, 2015.

Simultaneously with the execution of this Amendment, RidgeGate, the City and Rampart Range Metropolitan District No. 1 (RRMD No.1) entered into an agreement (the West Side Agreement) regarding dedication, acceptance, and maintenance of public improvements on the portion of the property located on the west side of Interstate 25, and the sharing of sales tax revenues generated from transactions occurring within the west side property.

NOTE 13 – COMMITMENTS (CONTINUED)

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 Interstate 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 made five annual payments of $250,000 each on or before July 1 of each such five years. Additionally, Rampart Range Metropolitan District Nos. 2 and 7 also agreed 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 11 for further details on the payment schedule.

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).

NOTE 13 – COMMITMENTS (CONTINUED)

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.

NOTE 13 – COMMITMENTS (CONTINUED)

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.

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, which began with the 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 would automatically be extended for an additional five-year period if the sales tax collected in 2027 is more than the sales tax collected in the first full sales tax collection year. Pursuant to the second amendment of the PMBID Agreement dated October 17, 2023, the term of the agreement was formally extended to thirty years and is set to expire on December 31, 2037. In addition, the sales tax shareback, excluding lodging tax and admission tax, shall be capped at a rate of 2.5% regardless of the sales tax then in effect. The lodging and admissions tax share shall be capped at a rate of 6% and 4%, respectively. From January 1, 2033 through December 31, 2037 revenues generated from the sales tax of up to 1.5% shall be shared evenly 50-50. Revenues generated from any voter-approved increases in sales tax above 1.5% shall be shared 75-25 between the City and the PMBID, respectively.

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. This payment is in addition to the Sales Tax Disbursement.

NOTE 13 – COMMITMENTS (CONTINUED)

Construction Commitments

As of December 31, 2025, the City had unexpended construction related contract commitments of $8,553,179.

NOTE 14 - STATE FIRE AND POLICE PENSION PLAN (FPPA Statewide Retirement Plan)

Plan Description

The City contributes to the Statewide Retirement Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Retirement Plan provides retirement benefits for members and beneficiaries. All full-time, paid police officers of the City are members of the Statewide Retirement 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 Retirement 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 Retirement Plan Benefits paid to retired members are evaluated and may be re-determined every October 1.

NOTE 14 - STATE FIRE AND POLICE PENSION PLAN (FPPA Statewide Retirement Plan) (CONTINUED)

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 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.

Contributions

The Statewide Retirement 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.

In 2014, the members elected to increase the member contribution rate beginning in 2015. Member contribution rates increased 0.50 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions increase 0.50 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. In 2025, members of the Plan and their employers are contributing at the rate of 12.0 percent and 10.5 percent, respectively, of pensionable earnings for a total contribution rate of 22.5 percent.

Contributions to the Plan from the City were $666,363 for the year ended December 31, 2025.

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

At December 31, 2025, the City reported a liability of $0 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of

NOTE 14 - STATE FIRE AND POLICE PENSION PLAN (FPPA Statewide Retirement Plan) (CONTINUED)

contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The General Fund is used to liquidate pension liabilities.

On December 31, 2024, the City's proportion was 0.542 percent, which was a decrease of .004 percent from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of $304,752.

Pension expense for 2025 was charged entirely to the Police Department.

At December 31, 2025, 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
Differences Between Actual and Expected Experience	$ 1,301,686	$ 40,716
Changes in Assumptions	465,861	-
Net Difference Between Actual and Projected Earnings on Pension Plan Investments	184,917	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	97,705	147,020
City Contributions Subsequent to the Measurement Date	666,363	-
Total	$ 2,716,532	$ 187,736

$666,363 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, 2026.

NOTE 14 - STATE FIRE AND POLICE PENSION PLAN (FPPA Statewide Retirement Plan) (CONTINUED)

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	
2026	$	507,811
2027		765,824
2028		40,518
2029		76,419
2030		181,595
Thereafter		290,266
Total	**$**	**1,862,433**

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, 2024. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return, net*	7.0 Percent	7.0 Percent
Projected Salary Increases*	4.25 – 11.75 Percent	4.25 – 11.75 Percent
Cost of Living Adjustments (COLA)	0.0 Percent	0.0 Percent
*Includes Inflation at	2.5 Percent	2.5 Percent

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables using the MP-2020 projection scale, and

NOTE 14 - STATE FIRE AND POLICE PENSION PLAN (FPPA Statewide Retirement Plan) (CONTINUED)

then projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 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 2023 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 & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuation beginning January 1, 2024. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	33%	7.00%
Equity Long/Short	6%	6.20%
Private Markets	34%	8.80%
Fixed Income - Rates	7%	5.00%
Fixed Income - Credit	7%	6.50%
Absolute Return	9%	5.70%
Cash	4%	4.20%
Total	**100%**	

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

NOTE 14 - STATE FIRE AND POLICE PENSION PLAN (FPPA Statewide Retirement Plan) (CONTINUED)

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.

The COLA assumption reflects the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

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 4.08 percent (based on the weekly rate closest to but not later 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.

NOTE 14 - STATE FIRE AND POLICE PENSION PLAN (FPPA Statewide Retirement Plan) (CONTINUED)

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

The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability / (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
City's Proportionate Share of the Net Pension Liability/(Asset)	$ 2,643,423	$ -	$ -

The net pension liability of $0 reflects a reserve for cost of living adjustments and to manage adverse experience of $143,757,639 at a 7.00 percent discount rate and $666,904,279 at a 8.00 percent discount rate (collective amounts, not City's proportionate share).

Pension plan fiduciary net position

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

Defined Contribution Pension Plans

Voluntary Investment Program

Plan Description

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

NOTE 14 - STATE FIRE AND POLICE PENSION PLAN (FPPA Statewide Retirement 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 sworn 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 Long-Term Pool.

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.

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. In 2022 and 2023, the State made additional one-time contributions of $6,650,000 to fund past and future service costs for the same members based on updated actuarial calculation of liabilities. 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

NOTE 14 - STATE FIRE AND POLICE PENSION PLAN (FPPA Defined Benefit Plan) (CONTINUED)

percent of base salary on January 1, 2019, to 3.0 percent of base salary on January 1, 2021 salary on January 1, 2021, to 3.2 percent of base salary on January 1, 2022, 3.4 percent of base salary on January 1, 2023, 3.6 percent of base salary on January 1, 2024, and 3.8 percent of base salary on January 1, 2025, 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 3.8 percent of covered salary for each eligible member. Member contributions to the Statewide Death and Disability Plan are not required. Since the City's contribution is elective and could be passed on to the member, no long-term liability is outstanding pursuant to GASB Statement No. 75.

For the years ended December 31, 2023, 2024, and 2025, City contributions totaled $175,512, $208,362, and $237,907 respectively.

NOTE 15 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (PERA)

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

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

Plan Description

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

NOTE 15 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (PERA) (CONTINUED)

Pension Benefits

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

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

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

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

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 1 percent, unless it is adjusted by the automatic adjustment provision (AAP). The AAP may raise or lower the AI cap by up to 0.25% if the AAP ratio of the Division Trust Funds is outside the parameters specified in C.R.S. 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 1 percent or the average Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

NOTE 15 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. Applicants found to be disabled receive payments under one of two tiers: short-term disability or disability retirement benefits. Short-term disability provides a maximum income replacement of 60% of the member's pre-disability PERA salary for up to 22 months. The disability retirement benefit are paid by PERA for as long as the disability retiree remains disabled. The benefit is calculated as a percentage of the disabled member's highest average salary using accrued, and in some cases, projected service credit.

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, 2025 was 14.81 percent of covered salaries. The contribution rate for members was 9.0 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 16).

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 $1,252,769 to the Trust and $90,907 to the Health Care Trust Fund, for a total City contribution of $1,343,676 for the year ended December 31, 2025.

NOTE 15 - 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, 2025, the City reported a liability of $5,138,916 or its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Generally accepted actuarial techniques were used to roll forward the total pension liability to December 31, 2024. The City's proportion of the net pension liability was based on the City's contributions to the LGDTF for the calendar year 2025 relative to the total contributions of participating employers to the LGDTF. The General Fund is used to liquidate pension liabilities.

At December 31, 2024, the City's proportion was 0.8375 percent, which was an increase of 0.001 percent from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of $103,237.

Pension expense for 2025 was allocated to the following functions/programs:

	Governmental Activities:
General Government	$ 27,194
Municipal Court	3,525
Community Development	16,115
Public Works	15,108
Police Department	17,122
Arts and Cultural	24,173
Total Pension Revenue	$ 103,237

NOTE 15 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

At December 31, 2025, 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
Differences Between Actual and Expected Experience	$ 387,773	$ -
Changes in Assumptions	151,664	-
Net Difference Between Actual and Projected Earnings on Pension Plan Investments	483,592	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	9,579	-
City Contributions Subsequent to the Measurement Date	1,252,769	-
Total	$ 2,285,379	$ -

$1,252,769 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, 2026.

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
2026	$ 949,314
2027	1,225,888
2028	(818,536)
2029	(324,056)
2030	-
Thereafter	-
Total	**$ 1,032,610**

NOTE 15 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Actuarial Assumptions

The December 31, 2023 actuarial valuation used the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial Cost Method	Entry Age Normal
Price Inflation	2.3 Percent
Real Wage Growth	0.7 Percent
Wage Inflation	3.0 Percent
Salary Increases, Including Wage Inflation	3.2 - 11.3 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-retirment Benefit Increases: PERA benefit structure hired prior to 01/01/07	1.0 Percent
PERA benefit structure hired after 12/31/06	Financed by the Annual Increase Reserve (AIR)

As of the December 31, 2024 measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. In 2023, employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and HCTF were $24,967,000 and $1,033,000, respectively. In 2024, additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were $486,000 and $20,000, respectively.

Healthy mortality assumptions for active members reflect the PubG-2010 Employee Table with generational projection using scale MP-2019.

NOTE 15 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Healthy, post-retirement mortality assumptions reflect the PubG-2010 Healthy Retiree Table, adjusted as follows:

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

For disabled retirees, the mortality assumption was based on the unadjusted PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using the scale MP-2019.

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary Increases, Including Wage Inflation	3.4 - 13.0 Percent

Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

Healthy, post-retirement mortality assumptions reflect the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males**: 90% of the rates for all ages, with generational projection using 2024 scale MP-2021.
- **Females**: 85% of the rates prior to age 85 and 105% of the rates for ages 85 and older, with generational projection using 2024 scale MP-2021.

NOTE 15 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

For disabled retirees, the mortality assumption was based on the unadjusted PubNS-2010 Disabled Retiree Table using 95% of the rates for all ages with generational projection using the 2024 scale MP-2021.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

Several factors are 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 return at the Board's November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51%	5.00%
Fixed Income	23%	2.60%
Private Equity	10%	7.60%
Real Estate	10%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

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

NOTE 15 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

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, 2023 and the financial status of the Trust Fund as of the current measurement date (December 31, 2024). 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 required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, required adjustments resulting from the 2018 and the 2020 AAP assessments. 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 0.50 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.

NOTE 15 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

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

- As of the December 31, 2024 measurement date, the fiduciary net position and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. In 2023, employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and HCTF were $24,967,000 and $1,033,000, respectively. In 2024, additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were $486,000 and $20,000, respectively.

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.

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)	$ 11,248,057	$ 5,138,916	$ 6,541

NOTE 15 - PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO (CONTINUED)

Pension Plan Fiduciary Net Position

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

NOTE 16 – 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.

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

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 annual comprehensive 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.

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.

Eligibility to enroll in PERACare is voluntary and includes, among others, benefit recipients and their eligible dependents, as well as certain surviving spouses, divorced spouses and guardians. 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.

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

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.

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 $90,907 for the year ended December 31, 2025.

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

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

At December 31, 2025, the City reported a liability of $317,657 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Generally accepted actuarial techniques were used to roll-forward the total OPEB liability to December 31, 2024. The City's proportions of the net OPEB liability was based on the City's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF. The General Fund is used to liquidate pension liabilities.

At December 31, 2024, the City's proportion was 0.066 percent, reflecting no change from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025 the City recognized OPEB revenue of $(98,420).

OPEB revenue for 2025 was allocated to the following functions/programs:

	Governmental Activities:
General Government	$ (25,926)
Municipal Court	(3,361)
Community Development	(15,363)
Public Works	(14,403)
Police Department	(16,323)
Arts and Cultural	(23,045)
Total OPEB Revenue	$ (98,420)

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Expected Experience	$ -	$ 70,069
Changes in Assumptions	3,642	101,539
Net Difference Between Actual and Projected Earnings on OPEB Plan Investments	1,077	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	78,507	980
City Contributions Subsequent to the Measurement Date	90,907	-
Total	$ 174,133	$ 172,589

$90,907 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, 2026. 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 OPEB Expense
2026	$ (25,311)
2027	(7,249)
2028	(21,845)
2029	(13,591)
2030	(12,328)
Thereafter	(9,038)
Total	**$ (89,363)**

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

HCTF	
Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.2 - 11.3%
Long-term Investment Rate of Return,	7.25%
net of OPEB investment expenses,	
including price inflation	
Discount Rate	7.25%
Health Care Cost Trend Rates	
Service-based premium subsidy	0.00%
PERACare Medicare Plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A Premiums	3.50% in 2024, gradually increasing to 4.50% in 2033

As of the December 31, 2024, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. In 2023, employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and HCTF were $24,967,000 and $1,033,000, respectively. In 2024, additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were $486,000 and $20,000, respectively.

Each year the per capita health care costs are developed by plan option; currently based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and Older	0.0%	0.0%

	MAPD PPO #1 with Medicare Part A Retiree / Spouse		MAPD PPO #1 without Medicare Part A Retiree / Spouse	
Sample Age	Male	Female	Male	Female
65	$1,710	$1,420	$6,536	$5,429
70	1,921	1,589	7,341	6,073
75	2,122	1,670	8,110	6,385

	MAPD PPO #2 with Medicare Part A Retiree / Spouse		MAPD PPO #2 without Medicare Part A Retiree / Spouse	
Sample Age	Male	Female	Male	Female
65	$585	$486	$4,241	$3,523
70	657	544	4,764	3,941
75	726	571	5,262	4,143

	MAPD HMO (Kaiser) with Medicare Part A Retiree / Spouse		MAPD HMO (Kaiser) without Medicare Part A Retiree / Spouse	
Sample Age	Male	Female	Male	Female
65	$1,897	$1,575	$7,063	$5,866
70	2,130	1,763	7,933	6,563
75	2,353	1,853	8,763	6,900

The 2024 Medicare Part A premium is $505 (actual dollars) per month.

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

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

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 and industry methods 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. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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[1]	MAPD PPO #2[1]	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

[1] Increase in 2024 trend rates due to the effect of the Inflation Reduction Act

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

Mortality assumptions used in the December 31, 2023 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, 2023, valuations for the Trust Fund, but developed on a headcount-weighted basis. Affiliated employers of these Division Trust Funds participate in the Health Care Trust Fund.

Healthy mortality assumptions for active members were based on 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 Safety Officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

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

The mortality assumption for disabled retirees was based PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll forward calculation for the Trust Fund:

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

Salary Increases, Including Wage Inflation	3.4 - 13.0 Percent

The following health care costs assumptions were used in the roll forward calculation for the HCTF:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

(in Actual Dollars) Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	$ 1,824	$ 6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. The mortality tables are generally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

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

- **Males:** 90% of the rates for all ages, with generational projection using 2024 adjusted MP-2021 project scale.
- **Females:** 85% of the rates prior to age 85 and 105% of the rates age 85 and older, with generational projection using 2024 adjusted MP-2021 project scale.

The mortality assumption for disabled retirees was based PubNS-2010 Disabled Retiree Table using 95% of the rates for all ages with generational projection using 2024 adjusted MP-2021 project scale.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting.

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

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	51%	5.00%
Fixed Income	23%	2.60%
Private Equity	10%	7.60%
Real Estate	10%	4.10%
Alternatives	6%	5.20%
Total	100%	

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.

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[1]	5.75%	6.75%	7.75%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend Rate[1]	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
City's Proportionate Share of the OPEB Liability to Changes in the Health Care Cost Trend Rates	$309,099	$317,657	$327,343

[1]For the January 1, 2025, plan year

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent. The 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, 2023, and the financial status of the Trust Fund as of the current measurement date (December 31, 2024). 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, 2024, 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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.
- As of the December 31, 2024, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. In 2023, employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and HCTF were $24,967,000 and $1,033,000, respectively. In 2024, additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were $486,000 and $20,000, respectively.

Based on the above assumptions and methods, the fiduciary net position for each of the HCTF 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 OPEB plan investments was applied to all periods of projected benefit payments

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB Defined Benefit Plan) (CONTINUED)

to determine the total OPEB liability. The discount rate determination did 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)	$ 389,294	$ 317,657	$ 255,898

OPEB Plan Fiduciary Net Position

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

NOTE 17 - 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 Mission Square. Participation in the plan is optional for all benefit eligible employees. The plan allows the employees to defer a portion of their salary until future years.

NOTE 18 - MAJOR TAXPAYERS

For the year ending December 31, 2025, approximately 15% of the City's sales tax revenue was received from three retailers and of those three retailers, one retailer constituted approximately 7% of the total sales tax revenue.

NOTE 19 - 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 20 - 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 $696,455 in 2025. All future lease payments are subject to the District's annual appropriation of funds.

NOTE 21 - 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 22 - 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 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.

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

GOVERNMENTAL FUNDS BUDGETARY COMPARISON
AND
DEFINED BENEFIT PENSION PLANS AND OPEB SCHEDULES

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2025

	Budget Amounts Original and Final	Actual Amounts	Variance with Final Budget
REVENUES			
TAXES			
Sales Tax	$ 39,532,451	$ 39,261,210	$ (271,241)
Use Tax - Retail	1,244,000	1,426,295	182,295
Use Tax - Building Materials	1,971,000	1,815,783	(155,217)
Lodging Tax	1,785,782	1,655,808	(129,974)
Admissions Tax	295,017	351,891	56,874
	44,828,250	44,510,988	(317,263)
FRANCHISE FEES			
Electric and Gas	1,073,793	1,096,506	22,713
Cable Television	205,088	191,310	(13,778)
	1,278,881	1,287,817	8,936
INTERGOVERNMENTAL			
Highway Users Tax Fund (HUTF)	369,309	477,661	108,352
Conservation Trust Fund	94,986	88,664	(6,322)
Cigarette Tax	121,081	96,716	(24,365)
County Road and Bridge Shareback	2,305,970	1,941,153	(364,817)
Douglas County Shareback - Transportation	2,356,000	2,453,336	97,336
Motor Vehicle Registration Fees	48,778	46,303	(2,475)
Regional Improvements Contribution - RRMD	334,255	329,571	(4,684)
Operational Mill Levy - RRMD	334,255	329,551	(4,704)
Contractual Mill Levy - RRMD	182,591	192,866	10,275
Reimbursable Costs	1,409,600	1,532,043	122,443
Grants	496,454	290,385	(206,069)
	8,053,279	7,778,248	(275,031)

(Continued)

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

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2025
(Continued)

	Budget Amounts Original and Final	Actual Amounts	Variance with Final Budget
LICENSES, FEES AND CHARGES			
Sales, Use Tax and Business License Fees	35,520	32,955	(2,565)
Liquor License Fees	28,273	27,681	(592)
Single Use Bag Fees	80,000	111,956	31,956
Building Permit Fees	1,217,000	1,504,621	287,621
Planning and Zoning Fees	200,000	179,551	(20,449)
Engineering Fees	550,000	573,356	23,356
Other	3,000	8,314	5,314
	2,113,793	2,438,433	324,641
FINES AND FORFEITURES			
Court Fees	41,583	46,759	5,176
Vehicle Violation and Other Fines	404,365	353,967	(50,398)
Victims Assistance Surcharge Fees	11,535	10,220	(1,315)
	457,483	410,946	(46,537)
OTHER			
Net Investment Income	1,890,181	3,117,952	1,227,771
Held in Trust - Interest Income - Certificates of Parti	-	1,989,681	1,989,681
Police Department Fees	138,586	171,738	33,152
Tenant Rental Income	120,196	117,883	(2,313)
Miscellaneous	264,885	359,748	94,863
	2,413,848	5,757,002	3,343,154
Total Revenues	$ 59,145,534	$ 62,183,434	$ 3,037,900

(Continued)

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

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2025
(Continued)

	Budget Amounts Original and Final	Actual Amounts	Variance with Final Budget
EXPENDITURES			
GENERAL GOVERNMENT			
City Council Expenditures	$ 59,200	$ 38,185	$ 21,015
City Council Stipend	78,815	79,051	(236)
City Clerk - Salaries and Benefits	351,406	278,540	72,866
City Clerk	53,500	28,204	25,296
Human Resources - Salaries and Benefits	358,715	362,514	(3,799)
Human Resources	144,700	102,192	42,508
Information Technology - Salaries and Benefits	616,407	610,969	5,438
Information Technology	941,600	778,180	163,420
Insurance and Risk Management	947,303	853,247	94,056
Finance - Salaries and Benefits	892,709	879,225	13,484
Finance	227,190	158,042	69,148
Audit	47,000	45,500	1,500
City Manager's Office - Salaries and Benefits	1,660,503	1,681,424	(20,921)
Dues and Memberships	158,752	152,997	5,755
Legal - General	529,200	529,200	-
Legal - Special	30,000	13,563	16,437
Legal - Development Pass Through	25,000	19,758	5,242
Consulting	60,000	46,623	13,377
Community Support	114,900	115,225	(325)
Grant Matching Opportunity	100,000	-	100,000
Youth Initiatives	25,000	25,000	-
Housing Partnership	35,000	35,000	-
Living and Aging Well	13,700	11,524	2,176
Communications	164,800	160,583	4,217
Economic Development	167,500	122,333	45,167
Miscellaneous	15,000	13,766	1,234
	7,817,900	7,140,845	677,055
MUNICIPAL COURT			
Municipal Judge	44,000	45,633	(1,633)
Legal	54,000	54,000	-
Administration	392,722	366,140	26,582
Office and Software	700	1,327	(627)
	491,422	467,100	24,322

(Continued)

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

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2025

(Continued)

	Budget Amounts Original and Final	Actual Amounts	Variance with Final Budget
COMMUNITY DEVELOPMENT			
Salaries and Benefits	1,956,382	1,926,712	29,670
Contract Services	64,000	37,416	26,584
Field Supplies	5,000	3,059	1,941
Planning Commission	12,000	4,239	7,761
Plan Review and Other Inspections	10,000	18,336	(8,336)
Elevator Inspection	3,000	-	3,000
City Forestry Program	5,000	4,980	20
Comprehensive Plan & Code Update	292,000	25,058	266,942
Miscellaneous	17,760	9,088	8,672
	2,365,142	2,028,888	336,254
PUBLIC WORKS			
Salaries and Benefits	2,071,152	1,992,068	79,084
Street Lighting	525,000	419,487	105,513
Street Maintenance	959,700	897,033	62,667
Drainage Maintenance	220,000	190,717	29,283
Street and Sidewalk Sweeping	120,000	103,318	16,682
Traffic Signal Energy Cost and Maintenance	270,000	246,847	23,153
Signal Timing	40,000	71,986	(31,986)
Snow Removal	1,627,500	1,429,968	197,532
Trash and Recycling Program	749,000	750,715	(1,715)
Household Hazardous Program	3,500	3,500	-
Fence Maintenance	25,000	-	25,000
Materials and Equipment	11,000	11,048	(48)
EPA Phase 2 Drainage	3,000	2,521	479
Noxious Weeds Control	20,000	23,939	(3,939)
Signage and Striping	210,000	216,566	(6,566)
Accident Repairs	7,000	5,132	1,868
Public Works Facility Operations & Equipment	55,000	63,399	(8,399)
Mutt Mitts Contract	18,000	12,095	5,905
Miscellaneous	6,500	4,317	2,183
Public Works Vehicle Maintenance and Gas	60,000	46,420	13,580
Vehicles	121,000	110,288	10,712
Bridge Maintenance	50,000	27,764	22,236
Lone Tree Link	1,440,000	1,416,439	23,561
Brick Fence Replacement Design & Survey	375,000	235,824	139,176
Walk and Wheel Analysis Update	50,000	61,831	(11,831)
Consulting and Surveying	500,000	470,496	29,504
Facilities	1,199,021	1,026,650	172,371
	10,736,373	9,840,368	896,005

(Continued)

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

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2025
(Continued)

	Budget Amounts Original and Final	Actual Amounts	Variance with Final Budget
POLICE			
Salaries and Benefits	10,662,482	10,350,170	312,312
Office and Administration	102,000	84,982	17,018
Uniforms and Equipment	365,732	376,096	(10,364)
Vehicles and Equipment	768,600	775,072	(6,472)
General Equipment	21,100	8,297	12,803
Intergovernmental Agreements	1,210,270	1,085,258	125,012
Training	209,500	249,946	(40,446)
Community Outreach and Miscellaneous	48,000	45,701	2,299
	13,387,684	12,975,522	412,162
PARKS AND RECREATION			
Park and Recreation Improvements	100,000	100,000	-
Recreational Activities and Support	5,250	4,363	887
	105,250	104,363	887
SHAREBACKS			
Retail Shareback	208,174	203,503	4,671
Developer Revenue Shareback	832,543	730,975	101,568
Reimbursement of Sales Taxes-PMBID	8,200,216	7,497,041	703,175
Reimbursement of Property Taxes-PMMD	371,701	362,908	8,793
	9,612,634	8,794,427	818,207
Certificates of Participation - Interest	2,392,500	2,392,500	-
Certificates of Participation - Principal	1,565,000	1,565,000	-
	3,957,500	3,957,500	-
Total Expenditures	48,473,905	45,309,013	3,164,892
EXCESS REVENUES OVER (UNDER) EXPENDITURES	10,671,629	16,874,421	6,202,792

(Continued)

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

CITY OF LONE TREE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2025
(Continued)

	Budget Amounts Original and Final	Actual Amounts	Variance with Final Budget
OTHER FINANCING SOURCES (USES)			
Certificates of Participation Issuance	26,000,000	-	(26,000,000)
Transfers Out	(46,750,284)	(33,738,778)	13,011,506
Total Other Financing Sources (Uses)	(20,750,284)	(33,738,778)	(12,988,494)
NET CHANGE IN FUND BALANCES	(10,078,655)	(16,864,357)	(6,785,702)
FUND BALANCES - BEGINNING OF YEAR	72,203,702	124,756,436	52,552,734
FUND BALANCES - END OF YEAR	$ 62,125,047	$ 107,892,079	$ 45,767,032

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

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, 2025

	Budget Amounts Original and Final	Actual Amounts	Variance with Final Budget
REVENUES			
Ticket Sales and Handling Fees	$ 1,541,552	$ 1,358,318	$ (183,234)
Rental Fees and Labor Costs	197,500	218,419	20,919
Concessions and Catering	126,200	131,520	5,320
Individual, Corporate and Foundation Contribution	430,000	360,556	(69,444)
Government Grants	446,800	395,401	(51,399)
LTAC Fund 501(c)(3) Contribution	80,000	123,741	43,741
Miscellaneous	5,000	13,365	8,365
Annual events	16,000	16,468	468
Arts and cultural events	5,000	8,901	3,901
Total Revenues	2,848,052	2,626,689	(221,363)
EXPENDITURES			
Administration	233,111	224,095	9,016
Programming	3,021,696	2,995,678	26,018
Marketing	604,285	535,133	69,152
Development	458,509	415,428	43,081
Annual Events	417,855	415,330	2,525
Arts and Cultural Events	152,798	161,368	(8,570)
Total Expenditures	4,888,254	4,747,032	141,222
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,040,202)	(2,120,343)	(80,141)
OTHER FINANCING SOURCES (USES)			
Transfers In / (Out)	1,866,634	1,863,641	(2,993)
Total Other Financing Sources (Uses)	1,866,634	1,863,641	(2,993)
NET CHANGE IN FUND BALANCES	(173,568)	(256,702)	(83,134)
FUND BALANCES - BEGINNING OF YEAR	751,257	722,053	(29,204)
FUND BALANCES - END OF YEAR	$ 577,689	$ 465,351	$ (112,338)

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

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City's proportion of the net pension liability/(asset)	0.710%	0.675%	0.672%	0.593%	0.603%	0.568%	0.542%	0.537%	0.545%	0.542%
City's proportionate share of the net pension liability/(asset)	$ (12,508)	$ 244,075	$ (966,061)	$ 749,099	$ (341,150)	$ (1,234,174)	$ (2,939,160)	$ 476,739	$ -	$ -
City's covered payroll	$ 3,689,690	$ 3,624,431	$ 3,976,381	$ 4,026,218	$ 4,329,357	$ 4,594,732	$ 5,158,747	$ 5,156,748	$ 5,235,477	$ 6,064,322
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	0.3%	6.7%	24.3%	18.6%	7.9%	26.9%	57.0%	-9.2%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	101.6%	98.2%	106.3%	95.2%	101.9%	106.7%	116.2%	97.6%	100.0%	100.0%

*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 Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City's proportion of the net pension liability	0.538%	0.562%	0.610%	0.668%	0.698%	0.712%	0.729%	0.756%	0.836%	0.838%
City's proportionate share of the net pension liability/(asset)	$ 5,931,027	$ 7,586,897	$ 6,788,332	$ 8,403,289	$ 5,105,238	$ 3,709,250	$ (624,887)	$ 7,577,318	$ 6,137,018	$ 5,138,916
City's covered payroll	$ 3,348,942	$ 3,554,612	$ 4,005,795	$ 4,594,877	$ 5,012,865	$ 5,216,390	$ 5,651,621	$ 6,071,897	$ 7,450,090	$ 8,261,518
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	177.1%	213.4%	169.5%	182.9%	101.8%	71.1%	-11.1%	124.8%	82.4%	62.2%
Plan fiduciary net position as a percentage of the total pension liability	76.9%	73.6%	79.4%	76.0%	86.3%	90.9%	101.5%	83.0%	88.0%	90.5%

*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 Eight Fiscal Years

	2018	2019	2020	2021	2022	2023	2024	2025
City's proportion of the net OPEB liability	0.047%	0.052%	0.053%	0.054%	0.057%	0.061%	0.066%	0.066%
City's proportionate share of the net OPEB liability/(asset)	$ 615,682	$ 705,235	$ 600,864	$ 516,344	$ 488,565	$ 497,199	$ 474,394	$ 317,657
City's covered payroll	$ 4,005,795	$ 4,594,877	$ 5,012,865	$ 5,216,390	$ 5,651,621	$ 6,071,897	$ 7,450,090	$ 8,261,518
City's proportionate share of the net OPEB liability/(asset) as a percentage of its covered payroll	15.4%	15.3%	12.0%	9.9%	8.6%	8.2%	6.4%	3.8%
Plan fiduciary net position as a percentage of the total pension liability	17.5%	17.0%	24.5%	32.8%	39.4%	38.6%	46.2%	59.8%

(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 Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contributions	$ 276,557	$ 314,225	$ 317,519	$ 355,665	$ 365,287	$ 371,111	$ 420,559	$ 508,919	$ 590,651	$ 666,363
Contributions in relation to the contractually required contribution	(276,557)	(314,225)	(317,519)	(355,665)	(365,287)	(371,111)	(420,559)	(508,919)	(590,651)	(666,363)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 3,624,431	$ 3,976,381	$ 4,026,218	$ 4,329,357	$ 4,630,758	$ 4,678,636	$ 5,035,746	$ 5,603,156	$ 6,064,322	$ 6,540,075
Contributions as a percentage of covered payroll	7.63%	7.90%	7.89%	8.22%	7.89%	7.93%	8.35%	9.08%	9.74%	10.19%

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contributions	$ 466,528	$ 487,686 *	$ 555,896 *	$ 609,512 *	$ 658,542 *	$ 714,780 *	$ 832,929 *	$ 1,009,195 *	$ 1,112,415 *	$ 1,252,769 *
Contributions in relation to the contractually required contribution	(466,528)	(487,686)	(555,896)	(609,512)	(658,542)	(714,780)	(832,929)	(1,009,195)	(1,112,415)	(1,252,769)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 3,554,612	$ 4,005,795	$ 4,594,877	$ 5,012,865	$ 5,216,390	$ 5,651,621	$ 6,071,897	$ 7,450,090	$ 8,261,518	$ 9,409,392
Contributions as a percentage of covered payroll	13.12%	12.17%	12.10%	12.16%	12.62%	12.65%	13.72%	13.55%	13.47%	13.31%

* Due to the implementation of GASB 75 in 2018, 2017 - 2025 contributions are separated between PERA and OPEB

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contributions	$ 34,709	$ 39,230 *	$ 44,717 *	$ 49,030 *	$ 51,232 *	$ 56,401 *	$ 63,031 *	$ 74,918 *	$ 82,461 *	$ 90,907 *
Contributions in relation to the contractually required contribution	(34,709)	(39,230)	(44,717)	(49,030)	(51,232)	(56,401)	(63,031)	(74,918)	(82,461)	(90,907)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 3,554,612	$ 4,005,795	$ 4,594,877	$ 5,012,865	$ 5,216,390	$ 5,651,621	$ 6,071,897	$ 7,450,090	$ 8,261,518	$ 9,409,392
Contributions as a percentage of covered payroll	0.98%	0.98%	0.97%	0.98%	0.98%	1.00%	1.04%	1.01%	1.00%	0.97%

* Due to the implementation of GASB 75 in 2018, 2017 - 2025 contributions are separated between PERA and OPEB

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). Budgets for the City's General Fund, Special Revenue Fund – Cultural and Community Services, and Capital Projects Fund – Capital Improvements are prepared annually and are legally adopted.

NOTE 2 – PENSION PLAN PROVISIONS

FPPA

Changes in Plan Provisions
There were no changes in plan provisions since the prior valuation.

Changes of Assumptions
There were no changes in actuarial assumptions since the prior valuation.

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

PERA

Changes in Plan Provisions
Except for the items noted below, there are no changes to contribution and plan provisions incorporated in the Provisions December 31, 2024, actuarial valuation since the last actuarial valuation as of December 31, 2023.

As of December 31, 2024, plan assets for the Local Government Division Trust Fund reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and the Health Care Trust Fund (HCTF) were $0.486 million and $0.020 million, respectively.

House Bill (HB) 25-1105, enacted May 23, 2025, and effective July 1, 2025, was reflected to the extent possible in the December 31, 2024, valuation. HB 25-1105 reduces the base employer contribution rate for the DPS Division by 3.0% of salary, from 10.4% to 7.4%, and reduces the allocated employer contribution to the DPS HCTF by 0.82% of salary, from 1.02% to 0.20%.

NOTE 2 – PENSION PLAN PROVISIONS (CONTINUED)

SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling $500 million on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

Changes of Assumptions

The following changes in economic and demographic actuarial assumptions are incorporated in the December 31, 2024 actuarial valuation, since the last actuarial valuation as of December 31, 2023.

- Salary scale assumptions were altered to better reflect actual recent experience.
- Assumed rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Mortality assumptions, Pub-2010 Public Retirement Plans Mortality base tables were retained with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- Administrative expense load (an element of the normal cost for each division), was increased from 0.40% to 0.45%, as a percentage of covered payroll.

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

OPEB

Changes in Plan Provisions
Except for the items noted below, there are no changes in OPEB plan provisions incorporated in the December 31, 2024, actuarial valuation since the last actuarial valuation as of December 31, 2023.

As of December 31, 2024, plan assets for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

NOTE 2 – PENSION PLAN PROVISIONS (CONTINUED)

House Bill (HB) 25-1105, enacted May 23, 2025, and effective July 1, 2025, was reflected to the extent possible in the December 31, 2024, valuation. HB 25-1105 reduces the base employer contribution rate for the DPS Division by 3.0% of salary, from 10.4% to 7.4%, and reduces the allocated employer contribution to the DPS HCTF fund by 0.82% of salary, from 1.02% to 0.20%.

Changes of Assumptions
Based on the results of the 2024 experience analysis, the Board adopted revised actuarial assumptions as summarized in the Division Trust Funds subsection of this Actuarial Section. In addition, the actuarial assumption changes, specific to the HCTF and the DPS HCTF, incorporated into the December 31, 2024, actuarial valuation, since the last actuarial valuation as of December 31, 2023 are as follows:

Revisions were made to the following assumptions based on annual analysis:

- Per capita health care costs in effect as of the December 31, 2024, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect the costs for the 2025 plan year.
- The health care cost trend rates applicable to health plan premiums were revised to reflect the current expectation of future increases in those premiums.

Revisions were made to the following assumptions to better reflect plan experience noted during the 2024 experience analysis:

- Reduced rates of health care participation at most ages for all divisions.
- MAPD plan premium costs are no longer age graded.

Mortality assumptions for the Health Care Trust Funds use the same generational mortality tables, adjustments for credibility and gender, and mortality projection scale, as applied to the Division Trust Funds, except the mortality tables are "headcount-weighted" for purposes of assessing the liability associated with the plans.

Pension plan fiduciary net position
Detailed information about the LGDTF's fiduciary net position is available in PERA's annual comprehensive 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

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF LONE TREE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
December 31, 2025

	Special Revenue - Lone Tree Art Center Fund 501(c)(3)	Special Revenue - Lone Tree Urban Renewal Authority	Total Other Governmental Funds
ASSETS			
Cash and Investments - Restricted	$ 123,804	$ 27,049	$ 150,853
Receivables:			
Property Tax	-	29,235	29,235
Other	150	-	150
TOTAL ASSETS	123,954	56,284	180,238
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	123,741	2,671	126,412
Total Liabilities	123,741	2,671	126,412
DEFERRED INFLOWS OF RESOURCES			
Unavailable Property Tax Revenues	-	29,235	29,235
Total deferred inflows of resources	-	29,235	29,235
FUND BALANCES			
Restricted	-	845	845
Committed	213	-	213
Unassigned	-	23,533	23,533
Total Fund Balances	213	24,378	24,591
TOTAL LIABILITIES AND FUND BALANCES	$ 123,954	$ 56,284	$ 180,238

CITY OF LONE TREE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	Special Revenue - Lone Tree Art Center Fund 501(c)(3)	Special Revenue - Lone Tree Urban Renewal Authority	Total Other Governmental Funds
REVENUES			
Net Investment Income	$ -	$ 46	$ 46
Arts and Cultural	127,892	-	127,892
TIF (Property Taxes)	-	28,123	28,123
Total Revenues	127,892	28,169	156,061
EXPENDITURES			
Current			
Arts and Cultural Services	127,779	-	127,779
Urban Renewal Authority Services	-	3,791	3,791
Total Expenditures	127,779	3,791	131,570
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	113	24,378	24,491
OTHER FINANCING SOURCES (USES)			
Transfers In/(Out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	113	24,378	24,491
FUND BALANCES - BEGINNING OF YEAR	100	-	100
FUND BALANCES - END OF YEAR	$ 213	$ 24,378	$ 24,592

CITY OF LONE TREE
CAPITAL PROJECTS FUND - CAPITAL IMPROVEMENTS
BUDGET AND ACTUAL
Year Ended December 31, 2025

	Budget Amounts Original and Final	Actual Amounts	Variance with Final Budget
REVENUES			
Grants	$ 3,100,000	$ 706,884	$ (2,393,116)
Reimbursable Costs	15,870,000	3,812,138	$ (12,057,862)
Total Revenues	18,970,000	4,519,022	(14,450,978)
EXPENDITURES			
Overlay Reconstruction Projects	3,200,000	3,160,833	39,167
Traffic Signalization	1,000,000	822,172	177,828
City Office Capital Improvements	35,000	29,380	5,620
Civic Center Capital Improvements	30,000	10,113	19,887
Justice Center / Public Works Facility	26,000,000	22,911,387	3,088,613
Concrete Panel Replacement	700,000	190,199	509,801
Storm Sewer Improvements	500,000	398,583	101,417
Advancing Lincoln Avenue	2,960,000	960,993	1,999,007
Emergency Repairs	500,000	345,680	154,320
C-470 Trail Connection to RTD Station	2,120,000	1,913,436	206,564
CDOT Mobility Hub Contribution	2,000,000	2,000,000	-
Fiber Replacement	100,000	-	100,000
Park Meadows Drive Adaptive Signal Controls	450,000	430,293	19,707
Havana Street Bikeway	2,000,000	-	2,000,000
Willow Creek Drainage Project Contribution	700,000	700,000	-
Citywide Multi-Modal Transportation Improvement	200,000	94,800	105,200
Ridgegate Parkway Bikeway Connection	250,000	81,354	168,646
	42,745,000	34,049,223	8,695,777
INFORMATION TECHNOLOGY			
Network Equipment	90,000	83,496	6,504
	90,000	83,496	6,504
PARKS AND RECREATION			
Joint Recreational Projects with South Suburban	95,000	129,178	(34,178)
High Note Regional Park	20,500,000	2,035,300	18,464,700
	20,595,000	2,164,478	18,430,522
ARTS AND CULTURAL			
Arts Center Capital Improvements	423,650	96,962	326,688
	423,650	96,962	326,688
LEASE AND SBITA INCEPTION			
Lease Inception	-	214,786	(214,786)
SBITA Inception	-	855,590	(855,590)
	-	1,070,376	(1,070,376)
Total Expenditures	63,853,650	37,464,535	26,389,115

(Continued)

CITY OF LONE TREE
CAPITAL PROJECTS FUND - CAPITAL IMPROVEMENTS
BUDGET AND ACTUAL
Year Ended December 31, 2025
(Continued)

	Budget Amounts Original and Final	Actual Amounts	Variance with Final Budget
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(44,883,650)	(32,945,513)	11,938,137
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	44,883,650	31,875,137	(13,008,513)
Lease Inception	-	214,786	214,786
SBITA Inception	-	855,590	855,590
Total Other Financing Sources (Uses)	44,883,650	32,945,513	(11,938,137)
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING OF YEAR	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ -

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, 2025

	Budget Amounts Original and Final	Actual Amounts	Variance with Final Budget
REVENUES			
Individual Gifts	$ 28,500	$ 74,767	$ 46,267
Corporate Gifts	19,000	23,500	4,500
Foundation Gifts	37,500	29,625	(7,875)
Total Revenues	85,000	127,892	42,892
EXPENDITURES			
Accounting Services	1,380	1,658	(278)
Office Supplies	1,320	-	1,320
Meeting Expenses	3,025	2,380	645
LTAC Grant Award	79,275	123,741	(44,466)
Total Expenditures	85,000	127,779	(42,779)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	113	113
NON-OPERATING REVENUE			
Investment Revenue	-	-	-
Total Non-Operating Revenue	-	-	-
NET CHANGE IN FUND BALANCES	-	113	113
FUND BALANCES - BEGINNING OF YEAR	100	100	-
FUND BALANCES - END OF YEAR	$ 100	$ 213	$ 113

CITY OF LONE TREE
SPECIAL REVENUE FUND - LONE TREE URBAN RENEWAL AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
Year Ended December 31, 2025

	Budget Amounts Original & Final	Actual Amounts	Variance with Final Budget
REVENUES			
General Property Tax	$ 26,097	$ 28,124	$ 2,027
Interest Income	250	46	(204)
Total Revenues	26,347	28,169	1,822
EXPENDITURES			
Audit	1,250	1,250	-
Property and Liability Insurance	1,000	-	1,000
Legal	1,000	1,410	(410)
Administrative Fees	2,000	710	1,290
Treasurer's Fees	400	422	(22)
Meetings	1,000	-	1,000
Contingency	783	-	783
Total Expenditures	7,433	3,791	3,642
EXCESS OF REVENUES OVER EXPENDITURES	18,914	24,378	5,464
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	18,914	24,378	5,464
FUND BALANCES - BEGINNING OF YEAR	-	-	-
FUND BALANCES - END OF YEAR	$ 18,914	$ 24,378	$ 5,464

CITY OF LONE TREE
PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT
COMBINING BALANCE SHEET
December 31, 2025

	General	Debt Service	Total Component Unit
ASSETS			
Cash and Investments	$ 6,041,471	$ -	$ 6,041,471
Cash and Investments - Restricted	-	4,023,391	4,023,391
Receivables:			
Intergovernmental	1,793,219	-	1,793,219
Other	9,435	-	9,435
Prepaid Items	61,986	-	61,986
TOTAL ASSETS	$ 7,906,111	$ 4,023,391	$ 11,929,502
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 2,284,775	$ -	$ 2,284,775
Retainage Payable	1,315,092	-	1,315,092
Total Liabilities	3,599,867	-	3,599,867
FUND BALANCES			
Nonspendable:			
Prepaid Amounts	61,986	-	61,986
Restricted for:			
Emergencies (TABOR)	245,000	-	245,000
Debt Service	-	4,023,391	4,023,391
Assigned to:			
Subsequent Year's Expenditures	3,711,507	-	3,711,507
Unassigned	287,751	-	287,751
Designated for subsequent year's expenditure	-	-	-
Total Fund Balances	4,306,244	4,023,391	8,329,635
TOTAL LIABILITIES AND FUND BALANCES	$ 7,906,111	$ 4,023,391	$ 11,929,502

CITY OF LONE TREE
RECONCILIATION OF THE BALANCE SHEET - PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT COMPONENT UNIT
TO THE STATEMENT OF NET POSITION
December 31, 2025

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	$	8,329,635
Capital assets and right to use lease assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Right to Use Lease Assets, Net of Accumulated Amortization		11,836,805
Capital Assets, Net of Accumulated Depreciation		43,098,204
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Loans Payable		(33,879,180)
Leases Payable		(12,996,258)
Accrued Interest on Loans Payable		(152,479)
Net position of Park Meadows Business Improvement District component unit activities	$	16,236,727

CITY OF LONE TREE
PARK MEADOWS BUSINESS IMPROVEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended December 31, 2025

	General	Debt Service	Total Component Unit
REVENUES			
Intergovernmental Revenue	$ 7,878,422	$ -	$ 7,878,422
Net Investment Income	264,952	71,706	336,658
Total Revenues	8,143,374	71,706	8,215,080
EXPENDITURES			
Current			
Operations and Maintenance	2,062,536	-	2,062,536
Property Repairs and Replacements	257,872	-	257,872
Professional Services	145,045	-	145,045
General Administrative	42,441	-	42,441
Off Site Storage	31,356	-	31,356
District Management Fee	223,345	-	223,345
Intergovernmental Expenses	362,908	-	362,908
Marketing	78,340	-	78,340
Capital Outlay	24,272,389	-	24,272,389
Debt Service			
Loan Principal	247,970	1,636,679	1,884,649
Loan Interest and Fiscal Charges	377,446	1,492,698	1,870,144
Total Expenditures	28,101,648	3,129,377	31,231,025
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(19,958,274)	(3,057,671)	(23,015,945)
OTHER FINANCING SOURCES (USES)			
Proceeds from Long-term Debt	-	20,122,375	20,122,375
Transfers In	-	(15,494,886)	(15,494,886)
Transfers (Out)	15,494,886	-	15,494,886
Total Other Financing Sources (Uses)	15,494,886	4,627,489	20,122,375
NET CHANGE IN FUND BALANCES	(4,463,388)	1,569,818	(2,893,570)
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	8,769,632	2,453,573	11,223,205
FUND BALANCES - END OF YEAR	$ 4,306,244	$ 4,023,391	$ 8,329,635

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, 2025

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	$	(2,893,570)
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. This is the amount by which capital outlay exceeded depreciation and amortization during the year.		
Capital Outlay		24,272,389
Depreciation Expense		(1,459,815)
Amortization Expense		(549,887)
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		1,636,679
Lease Payment		247,970
Proceeds from Loans		(20,122,375)
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.		
Accrued Interest on Loans Payable - Change in Liability		(152,479)
Changes in net position of Park Meadows Business Improvement District component unit activities	$	978,912

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, 2025

	Budget Amounts Original & Final	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental Revenue	$ 7,724,540	$ 7,878,422	$ 153,882
Net Investment Income	100,000	264,952	164,952
Total Revenues	7,824,540	8,143,374	318,834
EXPENDITURES			
Current			
Operations and Maintenance	2,050,000	2,062,536	(12,536)
Property Repairs and Replacements	500,000	257,872	242,128
Professional Services	44,000	145,045	(101,045)
General Administrative	16,032	42,441	(26,409)
Off Site Storage	39,190	31,356	7,834
District Management Fee	180,000	223,345	(43,345)
Intergovernmental Expenses	371,000	362,908	8,092
Marketing	150,000	78,340	71,660
Contingency	150,000	-	150,000
Capital Outlay	24,237,000	24,272,389	(35,389)
Debt Service			
Principal - Leases	680,000	247,970	432,030
Interest - Leases	-	377,446	(377,446)
Total Expenditures	28,417,222	28,101,648	315,574
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(20,592,682)	(19,958,274)	634,408
OTHER FINANCING SOURCES (USES)			
Transfers In	23,287,000	15,494,886	(7,792,114)
Transfers (Out)	(8,537,190)	-	8,537,190
Total Other Financing Sources (Uses)	14,749,810	15,494,886	745,076
NET CHANGE IN FUND BALANCES	(5,842,872)	(4,463,388)	1,379,484
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	9,200,565	8,769,632	(430,933)
FUND BALANCES - END OF YEAR	$ 3,357,693	$ 4,306,244	$ 948,551

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, 2025

	Original & Final Budget Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Net Investment Income	$ -	$ 71,706	$ 71,706
Total Revenues	-	71,706	71,706
EXPENDITURES			
Loan Principal	1,552,835	1,492,698	60,137
Loan Interest and Fiscal Charges	1,784,355	1,636,679	147,676
Total Expenditures	3,337,190	3,129,377	207,813
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,337,190)	(3,057,671)	279,519
OTHER FINANCING SOURCES (USES)			
Proceeds from Long-term Debt	20,096,667	20,122,375	25,708
Transfers In	8,537,190	-	(8,537,190)
Transfers Out	(23,287,000)	(15,494,886)	7,792,114
Total Other Financing Sources (Uses)	5,346,857	4,627,489	(719,368)
NET CHANGE IN FUND BALANCES	2,009,667	1,569,818	(439,849)
FUND BALANCES - BEGINNING OF YEAR	1,568,096	2,453,573	885,477
FUND BALANCES - END OF YEAR	$ 3,577,763	$ 4,023,391	$ 445,628

CITY OF LONE TREE
LONE TREE BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
December 31, 2025

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments	$ 387,356	$ -	$ 387,356
Receivables:			
Intergovernmental	1,862	-	1,862
Property Tax	265,737	-	265,737
Prepaid Items	-	-	-
TOTAL ASSETS	654,955	-	654,955
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	158,934	-	158,934
Total Liabilities	158,934	-	158,934
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	265,737	-	265,737
FUND BALANCES			
Restricted for:			
Emergencies (TABOR)	11,752	-	11,752
Unassigned	218,532	-	218,532
Total Fund Balances	230,284	-	230,284
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 654,955	$ -	$ 654,955

CITY OF LONE TREE
RECONCILIATION OF THE BALANCE SHEET - LONE TREE BUSINESS IMPROVEMENT DISTRICT COMPONENT UNIT TO THE STATEMENT OF NET POSITION
December 31, 2025

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	$	230,284
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		265,737
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		(265,737)
Net position of Lone Tree Business Improvement District component unit activities	$	230,284

CITY OF LONE TREE
LONE TREE BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended December 31, 2025

	General	Total Governmental Funds
REVENUES		
General Property Tax	$ 261,074	$ 261,074
Specific Ownership Taxes	22,298	22,298
Interest Income	42	42
Total Revenues	283,414	283,414
EXPENDITURES		
Current		
Audit	5,300	5,300
Insurance	5,478	5,478
Office Overhead	9,877	9,877
Management	50,000	50,000
Landscaping Services	244,647	244,647
Snow Plow Services	72,520	72,520
Treasurer's Fees	3,914	3,914
Total Expenditures	391,736	391,736
EXCESS OF REVENUES OVER EXPENDITURES	(108,322)	(108,322)
OTHER FINANCING SOURCES (USES)		
Transfers Out	-	-
Transfers In	-	-
Total Other Financing Sources (Uses)	-	-
NET CHANGE IN FUND BALANCES	(108,322)	(108,322)
FUND BALANCES - BEGINNING OF YEAR	338,606	338,606
FUND BALANCES - END OF YEAR	$ 230,284	$ 230,284

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, 2025

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	$	(108,322)
Changes in net position of Lone Tree Business Improvement District component unit activities	$	(108,322)

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, 2025

	Original & Final Budget	Actual Amounts	Variance with Final Budget
REVENUES			
General Property Tax	$ 286,849	$ 261,074	$ (25,775)
Specific Ownership Taxes	22,948	22,298	(650)
Interest Income	300	42	(258)
Total Revenues	310,097	283,414	(26,683)
EXPENDITURES			
Audit	5,500	5,300	200
Insurance	5,500	5,478	22
Legal	2,000	-	2,000
Office Overhead	2,900	9,877	(6,977)
Management	50,000	50,000	-
Annual Event	20,000	-	20,000
Landscaping Services	247,000	244,647	2,353
Snow Plow Services	177,320	72,520	104,800
Treasurer's Fees	4,500	3,914	586
Contingency	10,000	-	10,000
Total Expenditures	524,720	391,736	132,984
EXCESS OF REVENUES OVER EXPENDITURES	(214,623)	(108,322)	106,301
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Total Other Financing Sources (Uses)	-	-	-
NET CHANGE IN FUND BALANCES	(214,623)	(108,322)	106,301
FUND BALANCES - BEGINNING OF YEAR	269,618	338,606	68,988
FUND BALANCES - END OF YEAR	$ 54,995	$ 230,284	$ 175,289

THIS PAGE LEFT BLANK INTENTIONALLY

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF CERTIFICATES OF PARTICIPATION
AND
LOCAL HIGHWAY FINANCE REPORT

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF LONE TREE
SCHEDULE OF CERTIFICATES OF PARTICIPATION TO MATURITY
December 31, 2025

$50,195,000
Certificates of Participation
Dated April 09, 2024
Interest Rate at 3.960184%
Interest Payable
June 1 and December 1
Principal Due December 1

	Principal	Interest	Total
2026	$ 1,645,000	$ 2,314,250	$ 3,959,250
2027	1,725,000	2,232,000	3,957,000
2028	1,810,000	2,145,750	3,955,750
2029	1,905,000	2,055,250	3,960,250
2030	2,000,000	1,960,000	3,960,000
2031	2,100,000	1,860,000	3,960,000
2032	2,205,000	1,755,000	3,960,000
2033	2,315,000	1,644,750	3,959,750
2034	2,430,000	1,529,000	3,959,000
2035	2,555,000	1,407,500	3,962,500
2036	2,680,000	1,279,750	3,959,750
2037	2,810,000	1,145,750	3,955,750
2038	2,955,000	1,005,250	3,960,250
2039	3,105,000	857,500	3,962,500
2040	3,255,000	702,250	3,957,250
2041	3,425,000	539,500	3,964,500
2042	3,595,000	368,250	3,963,250
2043	3,770,000	188,500	3,958,500
	$ 46,285,000	$ 24,990,250	$ 71,275,250

LOCAL HIGHWAY FINANCE REPORT			STATE:	
			COLORADO	
THIS INFORMATION FROM THE RECORDS OF:	**PREPARED BY:**		**REPORT YEAR ENDING DATE(mm/yyyy):**	
City of Lone Tree	Heather Lunde	heather.lunde@cityoflonetree.com	12/2025	

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. Total (1 - (2 through 4))				

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 Assesments		a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	4,694,489	b. Other Misc. Local Receipts	353,967
c. Total (a + b)	$ 4,694,489	**c. Total (a + b)**	353,967

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	477,661	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	46,303		
c. Total (a + b)	46,303		
4. Total (1 + 2 + 3c)	523,964	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	
b. Engineering Costs	
c. Construction Costs	3,567,597
d. Total Capital Outlay (a+ b + c)	3,567,597

Form FHWA-536 (Rev. 02-2025) Page2

LOCAL HIGHWAY FINANCE REPORT	STATE:	
	COLORADO	
	REPORT YEAR ENDING DATE(mm/yyyy):	
	12/2025	

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. Amount used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		*III. EXPENDITURES FOR ROAD AND STREET PURPOSES*	
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
A. Receipts from Local Sources:		**A. Local highway expenditures:**	
1. Local Highway-user Taxes		1. Capital Outlay (from page 1, Item III.A1.d)	$ 3,567,597
a. Motor Fuel (from Item I.A.1)		2. Maintenance:	$ 1,056,494
b. Motor Vehicle (from Item I.B.1)		3. Road and Street Services:	
c. Total (a + b)		a. Snow and Ice Removal	$ 1,429,968
2. General Fund Appropriations	8,366,211	b. Other & Traffic Control Operations	$ 2,045,586
3. Other Local Imposts (from page 1, Item II.A3.c)	4,694,489	**c. Total (a + b)**	$ 3,475,554
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	353,967	4. General Administration & Miscellaneous	
5. Transfers from Toll Facilities		5. Highway Law Enforcement and Safety	$ 5,838,986
6. Proceeds of Sale of Bonds and Notes:		**6. Total (1 through 5)**	$ 13,938,631
a. Bonds - Original Issues		**B. Debt Service on Local Obligations:**	
b. Bonds - Refunding Issues		1. Bonds:	
c. Notes		a. Interest	
d. Total (a + b + c)	-	b. Redemption	
7. Total (1 through 6)	13,414,667	**c. Total (a + b)**	$ -
B. Private Contributions		2. Notes:	
C. Receipts from State government (from page 1, Item II.C.4)	523,964	a. Interest	
D. Receipts from Federal government (from page 1, Item II.D.3)	-	b. Redemption	
E. Total receipts (A.7 + B + C + D)	13,938,631	**c. Total (a + b)**	$ -
		3. Total (1c + 2c)	$ -
		C. Payments to State for Highways	
		D. Payments to Toll Facilities	
		E. Total Expenditures (A6 + B3 + C + D)	$ 13,938,631

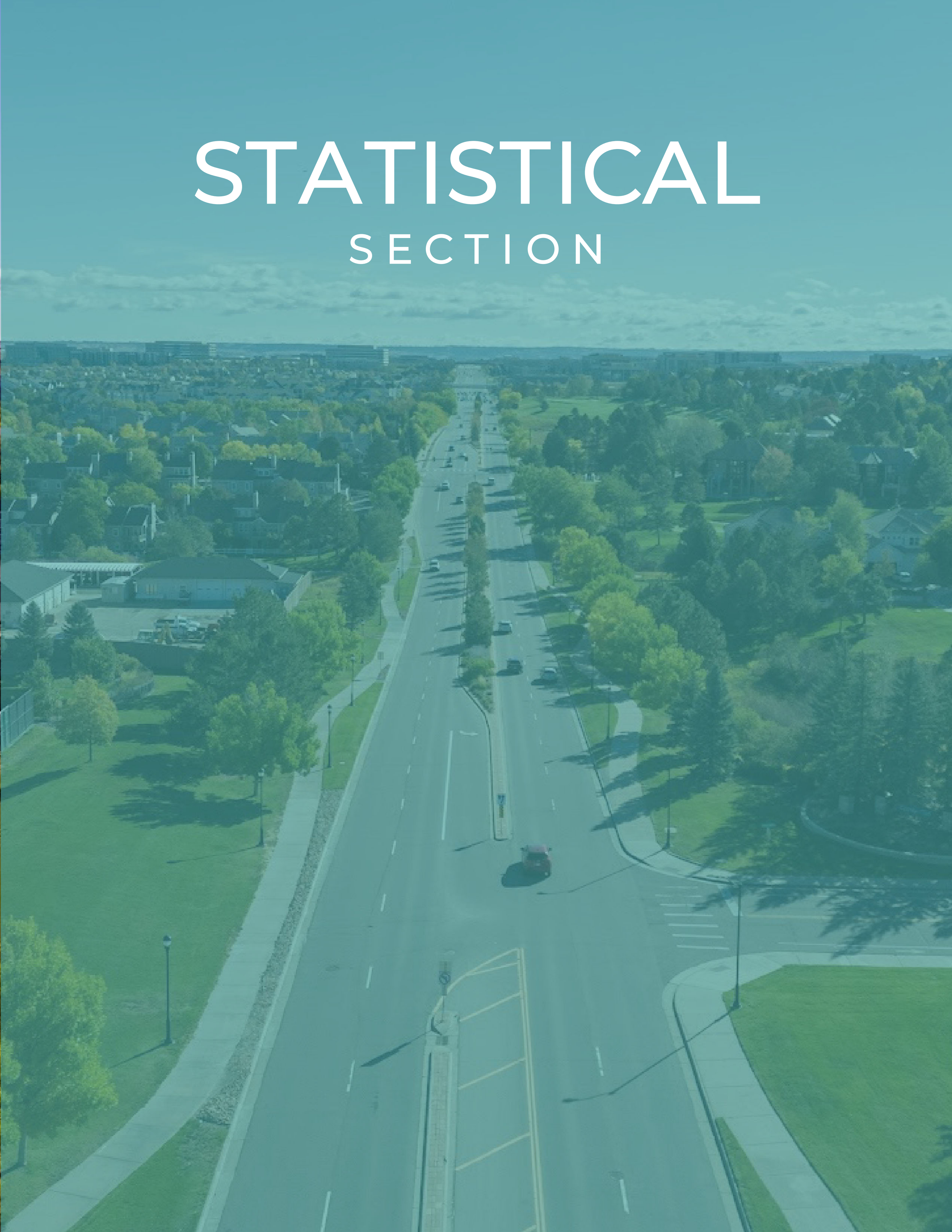
IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)		$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)		$ -	$ -	$ -

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL
SECTION



THIS PAGE LEFT BLANK INTENTIONALLY

Statistical Section

This part of the City's annual comprehensive financial report (ACFR) 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.

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.

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 taxpayers or property tax levies and collections are not included.

Debt Capacity

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

Demographic and Economic Information

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

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.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in fiscal year 2003; therefore, schedules presenting government-wide information include information beginning in that year.

TABLE 1

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

	Fiscal Year									
	2016	**2017**	**2018**	**2019 (2)**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Governmental activities										
Net investment in capital assets	$ 102,243,231	$ 108,531,579	$ 111,992,008	$ 120,572,452	$ 140,647,955	$ 145,232,645	$ 144,254,915	$ 160,044,784	$ 121,413,253	$ 180,166,285
Restricted	4,762,302	5,416,090	5,852,393	15,365,807	6,392,901	7,816,276	11,083,260	10,299,175	67,729,349	8,992,304
Unrestricted	13,011,264	7,287,522	7,798,676	13,719,165	13,688,093	20,969,941	39,602,739	45,562,234	56,012,741	64,601,520
Total governmental activities net position	120,016,797	121,235,191	125,643,077	149,657,424	160,728,949	174,018,862	194,940,914	215,906,193	245,155,343	253,760,109
Total primary government net position (1)	$ 120,016,797	$ 121,235,191	$ 125,643,077	$ 149,657,424	$ 160,728,949	$ 174,018,862	$ 194,940,914	$ 215,906,193	$ 245,155,343	$ 253,760,109

(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 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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	$ 16,173,154	$ 17,071,135	$ 16,212,205	$ 12,856,050	$ 10,214,431	$ 11,375,639	$ 14,938,838	$ 17,566,233	$ 15,835,926	$ 16,566,835
Municipal court	259,849	323,935	374,079	293,408	312,221	296,674	226,058	320,879	381,639	478,398
Community development	1,260,292	1,313,003	1,250,637	936,466	1,166,136	1,777,995	1,136,047	1,773,069	1,785,404	2,115,464
Public works	8,436,353	8,406,828	10,028,083	10,395,092	10,418,266	11,359,384	14,435,353	14,539,487	16,248,353	21,404,605
Arts and cultural services	3,239,157	4,138,733	4,080,168	3,421,829	2,535,888	2,935,663	2,843,509	4,537,788	4,836,817	5,460,168
Police	7,091,270	7,752,422	7,350,747	8,092,467	8,842,924	8,821,749	8,538,025	10,529,171	11,308,119	13,521,991
Interest on long-term debt	777,775	586,505	446,040	358,185	297,241	259,634	213,533	164,376	1,923,744	1,868,343
Interest on leases	-	-	-	-	-	-	137,447	137,173	127,893	100,590
Interest on SBITA								95,560	146,072	205,246
Total governmental activities expenses	37,237,850	39,592,561	39,741,959	36,353,496	33,787,104	36,826,738	42,468,810	49,663,736	52,593,967	61,721,640
Total primary government expenses (1)	$ 37,237,850	$ 39,592,561	$ 39,741,959	$ 36,353,496	$ 33,787,104	$ 36,826,738	$ 42,468,810	$ 49,663,736	$ 52,593,967	$ 61,721,640
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 179,424	$ 176,438	$ 527,238	$ 228,916	$ 174,152	$ 179,049	$ 164,717	$ 234,271	$ 202,422	$ 254,219
Municipal court	680,688	636,085	565,302	54,044	37,305	38,319	39,177	36,716	49,116	46,759
Community development	1,156,256	832,431	1,321,541	1,215,296	1,364,480	1,493,204	1,580,425	1,293,144	1,907,992	1,692,486
Public works	736	499	21,247	150,570	213,624	385,934	539,577	699,969	551,439	573,355
Arts and cultural services	996,884	1,562,983	1,253,940	1,537,972	360,031	368,504	1,251,215	1,586,785	1,836,959	1,747,104
Police	4,453	4,679	7,965	630,875	421,484	848,037	372,779	483,272	429,429	410,252
Operating grants and contributions	5,050,314	5,000,361	5,574,101	5,918,552	6,619,538	10,437,077	11,165,358	7,435,821	7,985,101	8,619,454
Capital grants and contributions	3,453,329	4,166,060	4,732,802	20,427,224	12,238,449	6,406,050	100,177	7,957,511	20,185,707	5,483,550
Total governmental activities program revenues	11,522,084	12,379,536	14,004,136	30,163,449	21,429,064	20,156,174	15,213,425	19,727,489	33,148,165	18,827,179
Total primary government revenues (1)	$ 11,522,084	$ 12,379,536	$ 14,004,136	$ 30,163,449	$ 21,429,064	$ 20,156,174	$ 15,213,425	$ 19,727,489	$ 33,148,165	$ 18,827,179
Net (expense) revenue										
Governmental activities	$ (25,715,766)	$ (27,213,025)	$ (25,737,823)	$ (6,190,048)	$ (12,358,041)	$ (16,670,564)	$ (27,255,384)	$ (29,936,247)	$ (19,445,802)	$ (42,894,461)
Total primary government net (expense) revenue (1)	$ (25,715,766)	$ (27,213,025)	$ (25,737,823)	$ (6,190,048)	$ (12,358,041)	$ (16,670,564)	$ (27,255,384)	$ (29,936,247)	$ (19,445,802)	$ (42,894,461)
General revenues										
Sales taxes and Use tax - Retail	$ 24,649,096	$ 24,920,993	$ 25,649,105	$ 25,536,584	$ 19,726,510	$ 25,682,661	$ 42,181,930	$ 43,128,930	$ 38,934,024	$ 40,687,504
Use taxes - Building materials	791,702	414,263	935,963	770,496	1,320,568	1,299,531	1,727,013	1,528,324	1,656,976	1,815,783
Lodging taxes	1,048,252	1,092,192	1,823,741	1,736,799	672,449	1,145,417	1,575,329	1,694,999	1,743,578	1,655,808
Admission taxes	411,421	363,474	375,613	337,637	176,402	254,286	339,902	227,820	407,653	351,891
Franchise fees	1,041,604	1,069,729	1,071,791	1,078,819	1,048,271	1,137,127	1,302,889	1,254,826	1,236,050	1,287,817
Cigarette taxes	197,519	175,349	169,197	153,456	171,392	134,946	91,582	139,633	103,958	96,716
Investment earnings	140,767	234,364	400,134	431,565	149,251	10,489	671,563	2,627,841	4,332,656	5,112,349
Lease Revenue	-	-	-	-	-	-	45,190	40,462	50,125	92,045
SBITA Gain on Agreement Renewal	-	-	-	-	-	-	-	-	120,511	-
Lease Gain on Agreement Renewal	-	-	-	-	-	-	-	-	-	144
Miscellaneous	707,051	161,055	278,910	159,039	164,723	296,020	242,037	258,691	370,180	399,169
Total governmental activities general revenues	28,987,412	28,431,419	30,704,454	30,204,395	23,429,566	29,960,477	48,177,435	50,901,526	48,955,711	51,499,227
Total primary government general revenues (1)	$ 28,987,412	$ 28,431,419	$ 30,704,454	$ 30,204,395	$ 23,429,566	$ 29,960,477	$ 48,177,435	$ 50,901,526	$ 48,955,711	$ 51,499,227
Change in net position										
Governmental activities	$ 3,271,646	$ 1,218,394	$ 4,966,631	$ 24,014,347	$ 11,071,525	$ 13,289,913	$ 20,922,051	$ 20,965,279	$ 29,509,909	$ 8,604,766
Total primary government change in net position (1)	$ 3,271,646	$ 1,218,394	$ 4,966,631	$ 24,014,347	$ 11,071,525	$ 13,289,913	$ 20,922,051	$ 20,965,279	$ 29,509,909	$ 8,604,766

(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									
	2016	**2017**	**2018 (1)**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
General Fund										
Non-spendable	$ 514,737	$ 406,279	$ 167,676	$ 162,809	$ 151,718	$ 71,015	$ 270,208	$ 44,418	$ 250,267	$ 64,945
Restricted	7,844,007	8,343,148	2,631,785	11,908,748	2,826,718	3,500,112	5,737,420	10,299,175	67,729,349	45,076,093
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	11,966,918	6,913,804	9,291,989	13,558,108	12,523,975	20,214,429	14,278,327	18,806,075	16,509,224	21,931,018
Unassigned	4,398,000	4,545,000	4,822,000	4,978,000	6,451,000	5,821,300	26,649,553	28,222,689	40,267,596	40,820,023
Total General Fund	$ 24,723,662	$ 20,208,231	$ 16,913,450	$ 30,607,666	$ 21,953,411	$ 29,606,856	$ 46,935,508	$ 57,372,357	$ 124,756,436	$ 107,892,079
All other governmental funds										
Non-spendable	$ 53,659	$ 110,727	$ 81,303	$ 106,025	$ 21,215	$ 86,811	$ 116,668	$ 158,351	$ 151,981	$ 441,220
Restricted	2,429,178	3,053,775	3,220,608	3,457,059	3,566,183	4,316,164	5,345,840	-	-	845
Committed	-	-	105	206,486	146,219	225,267	800,638	697,856	570,172	265,068
Assigned	-	-	8,775	-	-	-	-	-	-	-
Unassigned, reported in:								-	-	-
Special revenue funds	(53,659)	(110,727)	(127,578)	-	-	-	-	-	-	23,533
Capital projects fund	-	-	-	-	-	-	-	-	-	(240,724)
Total all other governmental funds	$ 2,429,178	$ 3,053,775	$ 3,183,213	$ 3,769,570	$ 3,733,617	$ 4,628,242	$ 6,263,146	$ 856,207	$ 722,153	$ 489,942
Total governmental funds										
Non-spendable	$ 568,396	$ 517,006	$ 248,979	$ 268,834	$ 172,933	$ 157,826	$ 386,876	$ 202,769	$ 402,248	$ 506,165
Restricted	10,273,185	11,396,923	5,852,393	15,365,807	6,392,901	7,816,276	11,083,260	10,299,175	67,729,349	45,076,938
Committed	-	-	105	206,486	146,219	225,267	800,638	697,856	570,172	265,068
Assigned	11,966,918	6,913,804	9,300,764	13,558,108	12,523,975	20,214,429	14,278,327	18,806,075	16,509,224	21,931,018
Unassigned	4,344,341	4,434,273	4,694,422	4,978,000	6,451,000	5,821,300	26,649,553	28,222,689	40,267,596	40,602,832
Total governmental funds	$ 27,152,840	$ 23,262,006	$ 20,096,663	$ 34,377,236	$ 25,687,028	$ 34,235,098	$ 53,198,654	$ 58,228,564	$ 125,478,589	$ 108,382,021

(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									
	2016	2017	2018	2019	2020	2021	2022	2023 (1)	2024	2025
Revenues										
Taxes	$ 26,900,471	$ 26,790,921	$ 28,784,422	$ 28,381,516	$ 21,895,929	$ 28,381,895	$ 45,824,175	$ 46,580,073	$ 42,742,229	$ 44,510,988
Franchise Fees	1,041,604	1,069,729	1,071,791	1,078,819	1,048,271	1,137,127	1,302,889	1,254,826	1,236,050	1,287,817
Intergovernmental	15,301,133	14,291,208	10,572,636	25,845,262	7,411,211	11,252,919	10,446,205	5,917,751	7,242,449	7,778,248
Licenses, Fees and Charges	1,134,976	869,837	1,350,836	1,435,736	1,599,964	1,948,433	2,188,240	2,163,812	2,636,091	2,438,433
Fines and Forfeitures	680,688	636,085	565,302	672,181	436,363	371,622	393,404	490,057	444,172	410,946
Net Investment Income	140,767	234,364	400,134	431,565	149,251	10,488	664,997	2,623,389	2,940,061	3,117,952
Held in Trust - Interest Income - Certificates of Participation	-	-	-	-	-	-	-	-	1,390,448	1,989,681
Tenant Rental Income	179,424	176,438	250,519	228,919	174,152	179,050	164,717	110,002	111,440	117,883
Arts and Cultural Event Fees	1,519,316	2,128,189	1,922,982	2,216,130	1,248,891	2,353,958	2,039,737	2,510,942	2,713,523	2,754,581
Lone Tree Urban Renewal Authority	-	-	-	-	-	-	-	-	-	28,170
Capital	-	-	-	-	-	-	-	2,221,388	5,466,661	4,519,022
Other	839,181	285,663	452,654	307,314	359,538	588,503	382,912	334,888	453,604	531,486
Total Revenues	47,737,560	46,482,434	45,371,276	60,597,442	34,323,570	46,223,995	63,407,276	64,207,128	67,376,727	69,485,207
Expenditures										
General Government	4,932,276	5,493,850	5,591,215	5,647,331	4,575,637	4,529,647	5,051,387	6,164,911	6,794,829	7,140,845
Municipal Court	226,495	270,686	302,995	309,063	299,755	294,898	309,076	331,450	393,480	467,100
Community Development	1,181,680	1,115,634	1,018,069	1,000,326	1,098,689	1,143,417	1,305,370	1,682,956	1,759,051	2,028,888
Police	6,918,837	7,176,874	7,523,559	8,216,629	8,603,650	8,506,326	9,395,393	10,369,949	11,603,082	12,975,522
Public Works	4,325,451	4,112,818	4,841,201	4,737,463	5,278,695	5,570,247	6,876,849	7,050,761	9,161,047	9,840,368
Arts and Cultural Services	2,451,342	3,111,466	2,958,530	3,000,630	1,866,950	2,392,480	2,900,385	4,041,604	4,434,948	4,874,811
Urban Renewal Authority Service	-	-	-	-	-	-	-	-	-	3,791
Park and Recreation	-	-	-	-	-	-	-	104,398	106,031	104,363
Sharebacks	-	-	-	-	-	-	-	10,023,120	8,637,666	8,794,427
Debt Service										
Certificates of Participation Interest	-	-	-	-	-	-	-	-	1,617,394	2,392,500
Certificates of Participation Principal	-	-	-	-	-	-	-	-	2,345,000	1,565,000
Bond Principal	1,755,000	1,890,000	2,030,000	492,600	422,500	340,100	233,300	118,300	-	-
Bond Interest	805,432	447,661	581,850	2,180,000	2,285,000	2,435,000	2,620,000	2,810,000	-	-
Paying Agent Fees	400	800	1,200	1,000	800	800	800	800	-	-
Cost of Issuance	-	158,935	-	-	-	-	-	-	-	-
Capital Outlay and Other	22,162,335	26,495,277	23,688,000	20,731,828	18,582,104	12,463,010	15,758,238	16,478,968	9,286,672	37,464,535
Total Expenditures	44,759,248	50,274,001	48,536,619	46,316,869	43,013,779	37,675,925	44,450,798	59,177,217	56,139,200	87,652,150
Excess of Revenues Over (Under) Expenditures	2,978,312	(3,791,567)	(3,165,343)	14,280,573	(8,690,209)	8,548,070	18,956,478	5,029,911	11,237,528	(18,166,943)
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	-	-	-	-	-	-	-	-
Certificates of Participation - Issuance	-	-	-	-	-	-	-	-	50,195,000	-
Certificates of Participation - Premium	-	-	-	-	-	-	-	-	6,274,409	-
Certificates of Participation - Cost of Issuance	-	-	-	-	-	-	-	-	(456,911)	-
Transfers In	1,263,381	983,277	1,741,098	1,720,549	489,327	1,663,425	1,503,097	20,307,829	5,407,382	33,738,778
Transfers Out	(1,263,381)	(983,277)	(1,741,098)	(1,720,549)	(489,327)	(1,663,425)	(1,503,097)	(20,307,829)	(5,407,382)	(33,738,778)
Lease Inception	-	-	-	-	-	-	7,078	-	-	214,786
SBITA Inception	-	-	-	-	-	-	-	-	-	855,590
Total Other Financing Sources (Uses)	-	(99,267)	-	-	-	-	7,078	-	56,012,498	1,070,376
Net Change in Fund Balances	$ 2,978,312	$ (3,890,835)	$ (3,165,343)	$ 14,280,574	$ (8,690,209)	$ 8,548,070	$ 18,963,556	$ 5,029,911	$ 67,250,026	$ (17,096,567)
Debt Service as a % of Noncapital Expenditures	7.0%	5.9%	6.4%	8.0%	14.6%	9.6%	7.1%	7.7%	12.3%	7.2%

(1) The City created a Capital Projects Fund in 2023. As a result, revenues related to capital projects were moved out of Intergovernmental into a separate line item. Additionally, Sharebacks and Park and Recreation were moved out of Capital Outlay into separate expenditures line items.

TABLE 5

CITY OF LONE TREE

SALES TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

Fiscal Year	City Direct Rate (1) (2)	Douglas County	State of Colorado	Regional Transportation District	Scientific and Cultural Facilities District	Total Sales Tax Rate
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%
2022	2.8125%	1.00%	2.90%	1.00%	0.10%	7.8125%
2023	2.5000%	1.00%	2.90%	1.00%	0.10%	7.5000%
2024	2.5000%	1.00%	2.90%	1.00%	0.10%	7.5000%
2025	2.5000%	1.00%	2.90%	1.00%	0.10%	7.5000%

(1) Pursuant to election results from November 2021, a sales tax increase of 1% was effective as of January 1, 2022.

(2) Effective December 1, 2023 the City's Direct Rate decreased by 0.3125% due to the final payment of the City's outstanding revenue bonds.

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 2025

Industry	Tax Liability	Percentage of Total
Retail	$ 37,427,281	91.99%
Services	1,926,916	4.73%
Government	1,813	0.01%
Finance, insurance and real estate	143,981	0.35%
Transportation and utilities	1,187,514	2.92%
Total	$ 40,687,505	100.00%

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

Source: City Sales Tax Department

TABLE 7

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

Fiscal Year	Sales Tax Revenue Collections
2016	24,649,096
2017	24,920,993
2018	25,649,105
2019	25,536,584
2020	19,726,510
2021	25,682,661
2022	42,181,930
2023	43,128,930
2024	38,934,024
2025	40,687,505

TABLE 8

CITY OF LONE TREE

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

	Collection			Assessed Value			Actual
Levy Year (1)	**Year**	**Residential**	**Commercial**	**Other**	**Personal**	**Total**	**Value (2)**
2015	2016	188,966,170	379,839,260	18,558,910	64,355,840	651,720,180	3,783,743,011
2016	2017	195,142,240	376,546,220	16,546,590	63,227,760	651,462,810	3,840,344,430
2017	2018	205,189,400	427,144,090	22,154,660	62,070,460	716,558,610	4,432,701,543
2018	2019	241,702,730	490,445,000	17,314,590	67,813,980	817,276,300	5,195,739,181
2019	2020	245,996,550	490,611,300	14,807,010	65,541,430	816,956,290	5,249,030,422
2020	2021	267,517,020	530,192,300	14,193,440	60,030,370	871,933,130	5,687,392,940
2021	2022	261,156,120	550,801,440	18,557,240	68,639,510	899,154,310	5,799,198,128
2022	2023	338,824,830	603,420,320	26,104,500	84,271,770	1,052,621,420	7,397,230,837
2023	2024	348,933,490	599,991,210	28,703,140	88,011,370	1,065,639,210	7,545,128,013
2024	2025	343,706,320	576,987,140	36,566,180	85,420,380	1,042,680,020	7,844,767,722

(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)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	0.473	0.453	0.479	0.451	0.478	0.479	0.5	0.425	0.430	0.450
Douglas County	19.274	19.774	19.774	19.274	19.274	18.524	18.524	19.774	18.726	19.774
Douglas County Library District	4.016	4.021	4.008	4.023	4.012	4.021	4.008	3.513	4.000	3.519
Douglas County School District No. Re 1	45.564	30.942	36.896	35.785	35.450	35.743	36.136	40.730	40.324	39.752
Douglas County School District No. Re 1 Bonds	0.000	0.000	8.054	8.054	8.054	8.054	6.700	5.204	5.204	5.776
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	39.000	40.000	40.000	40.000	40.000	40.000	41.137	33.097	33.097	33.097
Lone Tree Business Improvement District	17.500	17.500	17.500	17.500	17.500	17.500	17.500	17.500	17.500	17.500
Lone Tree Urban Renewal Authority	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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	48.000	48.000	49.000	49.000	49.000	49.368	50.000	50.000	50.000
Rampart Range Metropolitan District No. 7	46.000	48.000	48.000	49.000	49.000	49.000	49.368	50.000	50.000	50.000
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	9.250	9.250	9.250	9.250	9.250	9.319	9.288	9.250	9.290	12.250
South Suburban Park and Recreation District	8.643	8.496	8.364	8.365	8.385	8.396	8.426	8.320	8.286	8.800
Southeast Public Improvement Metro District	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.865	2.000	2.000
Southgate Sanitation District	0.510	0.465	0.465	0.445	0.465	0.463	0.465	0.428	0.445	0.465
Southgate Water District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Urban Drainage & Flood Control District	0.559	0.500	0.726	0.900	0.900	0.900	0.900	0.900	0.900	0.900
Urban Drainage & Flood South Platte	0.061	0.057	0.094	0.097	0.100	0.100	0.100	0.100	0.100	0.100
	245.237	235.845	249.997	250.531	250.255	249.886	250.807	247.493	246.689	250.770

(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

	Governmental Activities						
Fiscal Year	**Certificates of Participation (1)**	**Sales and Use Tax Revenue Bonds (2) (3)**	**Lease Liabilities**	**Subscription-Based Information Technology Arrangements (SBITAs)**	**Total Primary Government**	**Percentage of Personal Income**	**Per Capita**
2016	-	16,763,889	-	-	16,763,889	1.57%	1,248
2017	-	15,506,168	-	-	15,506,168	1.44%	1,119
2018	-	13,223,326	-	-	13,223,326	1.17%	945
2019	-	10,790,484	-	-	10,790,484	0.86%	719
2020	-	8,263,023	-	-	8,263,023	0.64%	551
2021	-	5,632,386	-	-	5,632,386	0.43%	375
2022	-	2,878,133	-	-	2,878,133	0.19%	192
2023	-	-	270,099	115,141	385,240	0.02%	26
2024	53,774,473	-	205,373	-	53,979,846	3.18%	3,599
2025	51,691,837	-	324,758	667,067	52,683,662	2.80%	3,293

(1) In 2024, the City issued Certificates of Participation for the design and construction of a Justice Center, Public Works Facility and High Note Regional Park, as well as capital improvements to the Municipal Building.

(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. These were paid off in 2023.

(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.These were paid off in 2023.

TABLE 11

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

	2016	2017 (1)	2018	2019	2020	2021	2022	2023 (2)	2024	2025
Debt limit	$ 31,000,000	$ 27,880,000	$ 27,880,000	$ 27,880,000	$ 27,880,000	$ 27,880,000	$ 27,880,000	$ -	$ -	$ -
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	$ -	$ -	$ -
Legal debt margin (1)	$ 3,120,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total net debt applicable to the limit as a percentage of debt limit	89.94%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%

(1) 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.

(2) The City paid off this debt in full on December 1, 2023, resulting in the City having no outstanding debt and no authorized, but unissued indebtedness as of December 31, 2023.

TABLE 12

CITY OF LONE TREE

GENERAL OBLIGATION DEBT - DIRECT AND OVERLAPPING GOVERNMENTS

As of December 31, 2025

	Outstanding General Obligation Debt	Other Long-Term Debt Instruments	Percent Applicable to City*	City's Share of Debt
Direct:				
City of Lone Tree	$ -	$ 52,683,662	100.00%	$ 52,683,662
Overlapping:				
Douglas County School District No. Re 1	500,320,000	-	9.15%	45,779,280
South Suburban Park and Recreation District	31,910,000	-	23.09%	7,368,019
Rampart Range Metropolitan District No. 1	186,164,000	-	100%	186,164,000
Total overlapping debt				239,311,299
Total direct and overlapping debt				$ 291,994,961

* 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
Lone Tree Business Improvement District
Lone Tree Urban Renewal Authority
Park Meadows Business Improvement District
Park Meadows Metropolitan District
Rampart Range Metropolitan District No. 2
Rampart Range Metropolitan District No. 7
Regional Transportation District
Southeast Public Improvement Metropolitan District
Southgate Sanitation District
Southgate Water District
South Metro Fire Rescue District
Urban Drainage and Flood Control District
Urban Drainage and Flood South Platte

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

TABLE 13

CITY OF LONE TREE

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	Estimated Population	Personal Income	Per Capita Personal Income [1]	Douglas County Unemployment Rate
2016	13,431	1,066,730,313	79,423	2.80%
2017	13,860	1,078,793,100	77,835	2.60%
2018	14,000	1,133,272,000	80,948	3.40%
2019	15,000	1,250,640,000	83,376	2.80%
2020	15,000	1,300,665,000	86,711	6.30%
2021	15,000	1,313,670,000	87,578	5.20%
2022	15,000	1,487,730,000	99,182	2.30%
2023	15,000	1,633,080,000	108,872	3.00%
2024	15,000	1,695,135,000	113,009	4.30%
2025	16,000	1,883,184,000	117,699	3.20%

[1] Bureau of Economic Analysis, Washington D.C. (13-22 adjusted finals)

Sources: Douglas County Department of Finance / U.S. Bureau of Labor Statistics

TABLE 14

CITY OF LONE TREE

PRINCIPAL EMPLOYERS (1)

Current Year and Ten Years Ago

	2025		2015	
Employer	**Employees**	**Rank**	**Employees**	**Rank**
Douglas County School District	8,149	1	5,563	1
Charles Schwab	4,000	2	2,400	2
Lockheed Martin Corporation	2,250	3		
DISH Network	2,000	4		
Douglas County Government	1,628	5	1,146	7
HCA HealthONE Sky Ridge	1,600	6	1,220	5
Kiewit Companies	1,400	7		
AdventHealth Parker	1,300	8	1,110	8
Kaiser Permanente	1,200	9		
VISA	1,100	10		
Western Union			1,210	6
Echostar Communications			2,010	3
CH2M Hill			1,660	4
Specialized Loan Servicing			940	10
Information Handling Services			980	9

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

Source: Douglas County Department of Finance

TABLE 15

CITY OF LONE TREE

FULL-TIME EQUIVALENT CITY GOVERNMENT

EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Full-Time Equivalent Employees (2)

Function/Program (1)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	19.75	23.38	22.38	22.50	22.50	22.63	23.88	26.00	27.00	27.00
Municipal Court	2.50	2.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50
Community Development	7.00	8.00	8.00	8.00	10.00	10.00	10.00	14.00	15.00	16.00
Arts & Cultural	20.50	21.50	22.25	22.25	23.00	22.00	22.00	22.00	22.00	24.00
Police	58.50	60.00	59.50	62.50	62.50	64.25	66.25	70.25	74.50	79.00
Public Works	1.00	1.00	6.00	9.00	11.00	11.00	10.00	12.00	14.00	15.00
Total	109.25	116.38	121.13	127.25	132.00	132.88	135.13	147.25	155.50	164.50

(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 16

CITY OF LONE TREE

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program (1)	2016	2017	2018	2019	2020 (2)	2021	2022	2023	2024	2025
Municipal Court										
Number of court cases	2,307	1,913	1,748	1,432	887	917	919	1,646	1,512	1,453
Community Development										
Building permits issued	770	750	720	806	711	726	700	852	1,129	991
Building inspections conducted	5,329	5,720	4,691	4,279	4,169	4,721	4,869	5,429	10,246	11,186
Public Works										
Streets overlayed (miles)	8.25	7.90	14.97	7.43	-	10.91	9.40	10.30	11.80	13.90
Public Safety										
Accidents	1,255	1,160	1,058	846	520	650	692	681	901	939
Citations issued	5,115	4,135	4,674	4,497	2,143	1,188	2,299	3,430	2,746	2,834

(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 17

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

Function/Program (1)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Works										
Streets (miles)	160.76	160.76	160.76	161.1	161.1	161.1	161.1	168.75	172.93	174.75
Traffic signals	48	49	50	53	54	56	56	61	62	62
Public Safety										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	23	21	21	21	21	21	24	29	31	29
Capital Outlay										
Storm drainage (miles)	43.12	43.12	43.36	43.36	43.36	43.36	43.36	46.90	54.60	50.9

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

Source: Various City departments