

City of Lone Tree 2012 Annual Budget



CITY OF LONE TREE



CITY OF LONE TREE

Mission

“ TO SURPASS EXPECTATIONS ”



CITY OF LONE TREE

TABLE OF CONTENTS

City’s Mission	1
Table of Contents	2
Introduction	
City Manager’s Budget Message.....	3
List of Officials	5
Organizational Chart	6
Facts	8
Budget Process and Overview	10
Budgeting for Outcomes	
Economic Vibrancy	15
Safe Community.....	19
Multimodal Transportation.....	24
Enriched Community.....	28
Attractive and Sustainable Environment	33
Municipal Stewardship.....	37
Capital Investment in the Future	41
Fund Summaries	
Accountant’s Compilation Report	45
Summary – All Funds.....	46
General Fund	48
Special Revenue Fund – RidgeGate	54
Special Revenue Fund – Arts Center.....	56
Debt Service Fund – Arts & Cultural Facilities.....	58
Debt Service Fund – Park & Recreation Improvements.....	59
Budget Message	
Budget Message	60
Schedules and Statistical Tables	
Debt Service Schedules	67
Estimated Base Rentals	69
Statistics – Employees by Function/Program	70
Statistics – Operating Indicators by Function/Program	71
Statistics – Capital Asset Statistics by Function/Program	72



CITY OF LONE TREE

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To the Citizens of Lone Tree and other interested parties:

I am pleased to present the 2012 City Budget. This Budget is the result of many hours of work by City staff and City Council who jointly participated in the budget process. The Budget was adopted by the City Council by Resolution No. 11-24 on December 20, 2011.

During the 2012 budget process, the City implemented the Budgeting for Outcomes (BFO) methodology. BFO has been identified over the past several years as an effective budgeting tool and several municipalities in the state and nationally have implemented it as part of their budgeting process. BFO presents the budget document in a way that is more relatable to citizens and clearly defines the City’s objectives. There are several advantages with BFO in comparison to traditional cost based budgeting including:

- Improves transparency and accountability
- Focuses on results and priorities rather than costs
- Fosters better communication and collaboration between various City departments

Desired Outcomes

As the first step in implementing BFO, City Council met on several occasions to determine Outcomes (i.e. priorities) and assigned a vision statement to each. Below are the seven outcomes and each related vision statement for the 2012 Budget:

Outcome	Vision Statement
Economic Vibrancy	A diverse, dynamic and prosperous local economy that sustains our community
Safe Community	A community that feels and is safe and secure anytime, anywhere
Multimodal Transportation	A comprehensive transportation network that provides reliable options to move people and goods to their destinations
Enriched Community	A community that promotes a culture of social belonging and healthy lifestyles
Attractive and Sustainable Environment	A distinctive and well-designed community that respects and preserves our natural resources
Municipal Stewardship	A responsive, professionally managed and collaborative government that provides services with excellence, integrity and care
Capital Investment in the Future	A proactive and forward-thinking government that addresses multi-generational needs through strategic investments

Budget Highlights

The City's 2012 Budget reflects Council's objective to develop a fiscally responsible budget – a budget built on conservative revenue projections, necessary as well as discretionary expenditure levels, and required and reasonable reserves and designations. Highlights of the City Budget include:

- Total budgeted revenues for all City funds are \$32.3 million.
- Taxes make up approximately 70% of total revenues. The primary source of this revenue is sales and use tax. The City does not assess a mill levy for the collection of property taxes.
- Sales and use tax is projected to increase by 3% in 2012. The increase considers the continued improvements and recovery of the economy as well as anticipated new City vendors.
- Total budgeted expenditures for 2012 for all City funds are \$38.1 million. Budgeted expenditures are projected to be paid from projected 2012 revenues received as well as prior years' accumulated fund balances.
- The Budget sustains all ongoing City services.
- Park and recreation projects for 2012 include Taos tennis courts and trail as well as the East/West Bluffs trail connection.
- Capital improvement projects for 2012 include continued overlay of City streets, improvements to Park Meadows Drive and County Line Road.
- The 2012 Budget includes the first full year of operational revenue and expenditures for the Lone Tree Arts Center.
- A 20% working reserve has been established and included in the 2012 Budget in order to set aside funds for unanticipated revenue shortfalls and unanticipated expenditures.

The *Budget Overview* section provides more detailed information on the Budget process and development while the *Budget Assumptions* details information about revenues and expenditures that make up the 2012 Budget.

Finally, I would like to acknowledge City staff for their hard work, dedication and innovation and thank the Mayor and City Council for their direction, leadership and commitment. This Budget is truly reflective of a group effort taking into account the premise of BFO.

The Council and I welcome any questions or comments concerning the 2012 Budget and budget process.

Sincerely,



Jack W. L. Hidahl
City Manager

PRINCIPAL OFFICIALS OF THE CITY OF LONE TREE, COLORADO
December 31, 2011

CITY COUNCIL

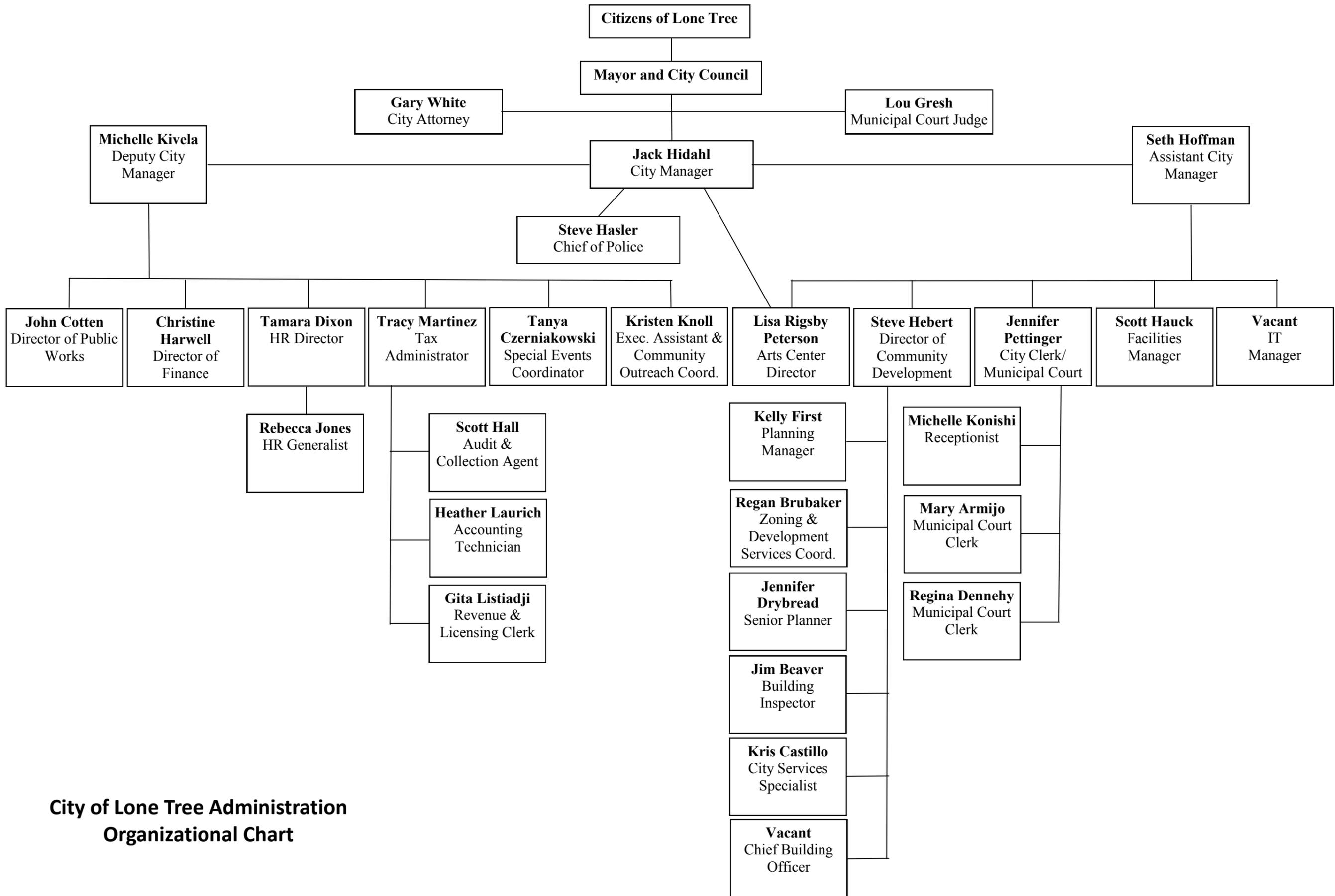
Mayor..... James D. Gunning, At-Large
Mayor Pro-Tem..... Sharon Van Ramshorst, District 2
Council Member Harold Anderson, District 1
Council Member Jacqueline Millet, District 1
Council Member Susan Squyer, District 2

MUNICIPAL JUDGE Louis Gresh

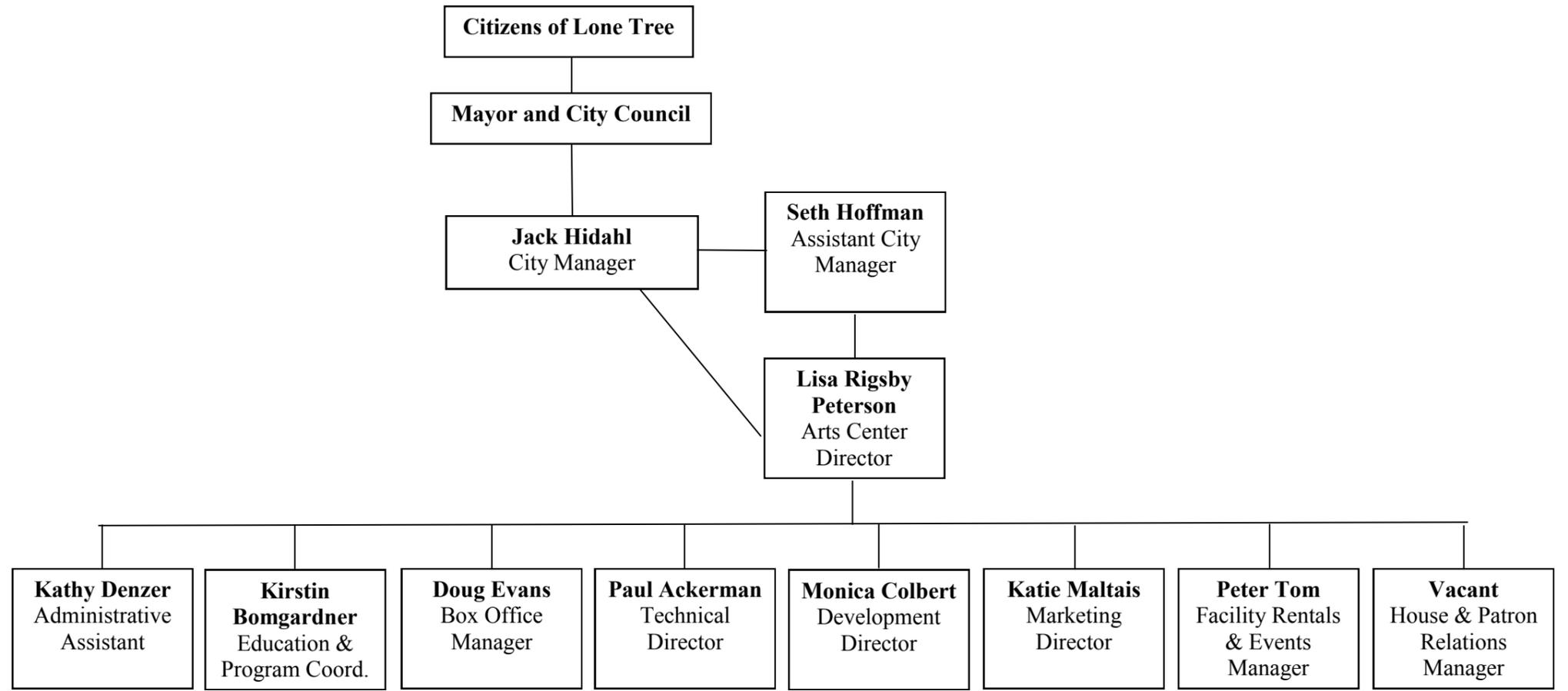
CITY OFFICIALS

City Manager Jack Hidahl
Deputy City Manager..... Michelle Kivela
Assistant City Manager..... Seth Hoffman
City Attorney Gary White
Finance..... Christine Harwell, Director
Public Works..... John Cotten, Director
Community Development..... Steve Hebert, Director
Police..... Steve Hasler, Chief
City Clerk..... Jennifer Pettinger





**City of Lone Tree Administration
Organizational Chart**



**Lone Tree Arts Center
Organizational Chart**

LONE TREE FACTS

Overview

- ❖ Incorporated in November 1995
- ❖ Became a Colorado Home Rule City on May 5, 1998
- ❖ Council-Manager form of government where Council sets the City policy and the Manager is responsible for City operations
- ❖ Council is made up of five Council members, including the City Mayor, elected in non-partisan elections. Each member serves a staggered, four-year term and represents one of the two districts within the City except for the Mayor, who serves as an at-large member
- ❖ Provides full range of services including public safety, construction and maintenance of streets and other public infrastructure, planning and building permit and inspections, arts and cultural activities and municipal court services

Location

- ❖ Located in the southern Denver metropolitan area at the junction of C-470/E-470 and I-25
- ❖ Comprises approximately 6,100 acres or 9.6 square miles
- ❖ Located in northern Douglas County

General Population

- ❖ Population estimated at 11,046
- ❖ Average household income exceeds \$90,000
- ❖ 97% of the City's residents would recommend living in Lone Tree

Economy

- ❖ Home to the Park Meadows Retail Resort, Colorado's only retail resort with over 185 unique retailers and restaurants including American Girl, Nordstrom and a Microsoft Store
- ❖ 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 home offerings
- ❖ Lone Tree Entertainment District is your place for fun including a movie theater, miniature golf, bowling, indoor skydiving and numerous restaurants
- ❖ Sky Ridge Medical Center opened in the City in 2003 and is a state of the art regional medical facility located on 42 acres
- ❖ The City sales tax rate of 1.8125% is among the lowest in Colorado

Parks, Recreation and Culture

- ❖ Extensive trail system and numerous parks including the Bluffs Regional Park and Prairie Sky Park
- ❖ Lone Tree golf club and tennis center and park which includes a championship Arnold Palmer-designed 18-hole public course, 2 championship/teaching tennis courts with terraced seating, 4 court tennis complex with lighted courts and a pavilion with picnic tables and children's playground
- ❖ Cook Creek pool which features a 4600 square feet outdoor leisure pool, 23 foot tower slide, zero depth entry, basketball and lesson area and interactive water feature
- ❖ Lone Tree Arts Center featuring a 500 seat main stage theater with orchestra and balcony seating, adaptable 150-225 seat event hall for intimate performances and events and a 300-350 seat outdoor terrace theater
- ❖ Each summer the City features free summer concerts at Sweetwater Park as well as free outdoor movie nights with food and fun activities at Prairie Sky Park
- ❖ Annual Independence Day celebration at Sweetwater Park features music, trampolines, climbing walls, face painters, caricature, inflatables, clowns, petting zoo, fireworks and much more

2011 Honors & Awards

- ❖ Lone Tree tennis center and park named "Outstanding Facility" by the United States Tennis Association. This award program was established to stimulate high standards in tennis facilities and to recognize those facilities whose efforts make such a positive statement about the vitality of the game
- ❖ Public Works Department LED light signal replacement awarded the American Public Works Association (APWA) Colorado Sector award
- ❖ Two productions presented by the Lone Tree Arts Center received 8 Denver Post Ovation Awards for outstanding achievement in Colorado theatre. Both the Creede Repertory Theatre's production of Unnecessary Farce and the Arvada Center's production of Ragtime were nominated for multiple awards: Ragtime won Ovation Awards for Best Director of a Musical (Rod Lansberry) and Best Year by an Actress (Megan Van De Hey), and Unnecessary Farce won the award for Best Supporting Actress (Caitlin Wise)
- ❖ For the last 5 years, the City has been awarded the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports

Budget Process and Overview

The City Budget

The City of Lone Tree provides various services to approximately 11,000 citizens. Municipal services for the City are financed through a variety of taxes, fees, intergovernmental revenues, charges for services and fines. In order for the City to provide the services needed as well as efficiently allocate the revenues that support the services, annually the City adopts a budget.

Guidance for the budget process comes from many sources. The State Constitution and the City Charter provide the basic legal requirements and time lines for the process while Council goals and constituent input provide the policy direction to respond to community needs.

Budget Process

The fiscal year of the City is the calendar year and the budget process for the City encompasses the majority of the year.

The intent of the budget process is more than just a financial presentation of revenues and expenditures; instead, the most important piece of the process is to formulate a sound operational plan to serve the residents of the City. The timeline for adoption of the budget is designed to meet Charter and State mandates as well as allow active and early participation by City staff and City Council. Additionally, City policies guide preparation and long-range planning during the budget process.

Starting in February, Council evaluates the City's outcomes from the previous year and discusses if changes are needed to those outcomes. Final outcomes are determined by the end of March. Next, City staff begins preliminary discussions and revenue projections in April to determine what revenues are available for the selected outcomes. From May through August, the Results Team (consisting of City management, department directors and finance) hold meetings and collect information, and a draft budget is compiled. In September, Council work sessions are held and a public draft of the budget is available on October 15th of each year. On the third Tuesday of November a budget public hearing is held and on the third Tuesday of December each year, the budget is adopted by Council.

Total Budget Summary

The 2012 Budget has been prepared with no tax rate increases. The rate for sales and use tax for general operations remains at 1.5%. The total sales and use tax rate for the City is 1.8125% of which .125% is pledged to bond repayment related to park and recreation improvements and .1875% is pledged to bond repayment related to the construction of the Lone Tree Arts Center. The City's comparative low sales tax rate makes it attractive for consumers to visit and shop in

the City. The following table compares the City's sales tax rate with other communities around the state:

Municipality	Total Local Sales Tax Rate
Lone Tree	1.8125%
Greenwood Village	3.0%
Centennial	2.5%
Parker	3.0%
Castle Rock	4.0%
Denver	3.62%
Lakewood	3.0%
Broomfield	4.15%
Boulder	3.41%
Colorado Springs	2.5%

The total budget appropriation for all City funds for 2012 is \$38.1 million. The net operating budget which represents the funds needed for operating day-to-day services, excluding debt service and capital projects, increased by 12.3% in 2012 from 2011 due mainly to the budget reflecting the first full year of operations for the Lone Tree Arts Center as well as having a full year of personnel positions including the Human Resource Director, Facilities Manager and anticipating hiring a full time IT Manager in 2012. The following table compares the 2010 actual expenditures with 2011 estimated and 2012 budgeted amounts for net operations, capital improvements and debt service:

Total Budget (in hundred thousands)

	2010 Actual	2011 Estimated	% Change	2012 Budget	% Change
Operating	13,859	16,806	21.2%	18,885	12.3%
Debt	2,254	2,252	0%	2,314	2.7%
Capital	21,722	19,178	(11.7)%	16,852	(12.1)%
Total	37,835	38,236	1.0%	38,051	(.4)%

2012 Revenue Outlook

The 2012 Budget includes a wide variety of funding sources, some with restrictions that limit what the funds can be used for. This section provides an overview of some of the key revenue sources which make up the overall budget. For additional information regarding 2012 projected revenue, refer to pages 48-49 and 61-62.

Taxes make up approximately 69.5% of the total revenue for the City. Each tax type is described below:

- **Sales Tax and Use Tax on Retail**
Sales and use tax on retail make up approximately 64% of total revenues. The Budget assumes a 3% increase in sales tax revenue and a 2% increase in use tax revenue in 2012 based on the anticipated improvements in the economy as well as the addition of new retailers.
- **Use Tax – Building Materials**
The Budget assumes an increase in 2012 for this revenue source, primarily due to additional residential build-out estimates as well as the construction of new retailers.
- **Lodging Tax**
Lodging tax, which is charged on the renting and leasing of lodging accommodations is anticipated to increase 7.7% in 2012. This increase anticipates one new hotel opening in the City during 2012.
- **Admissions Tax**
Based on historical trends, admissions tax is anticipated to increase by 2% in 2012.

Franchise fees account for 2.9% of the total revenue for the City. Franchise fees include both fees charged on electric and gas utilities as well as on cable TV. These fees directly correlate to the number of homes in the City. Franchise fees are estimated to increase by approximately 2% in 2012 due to utility cost increases as well as additional homes anticipated to be built.

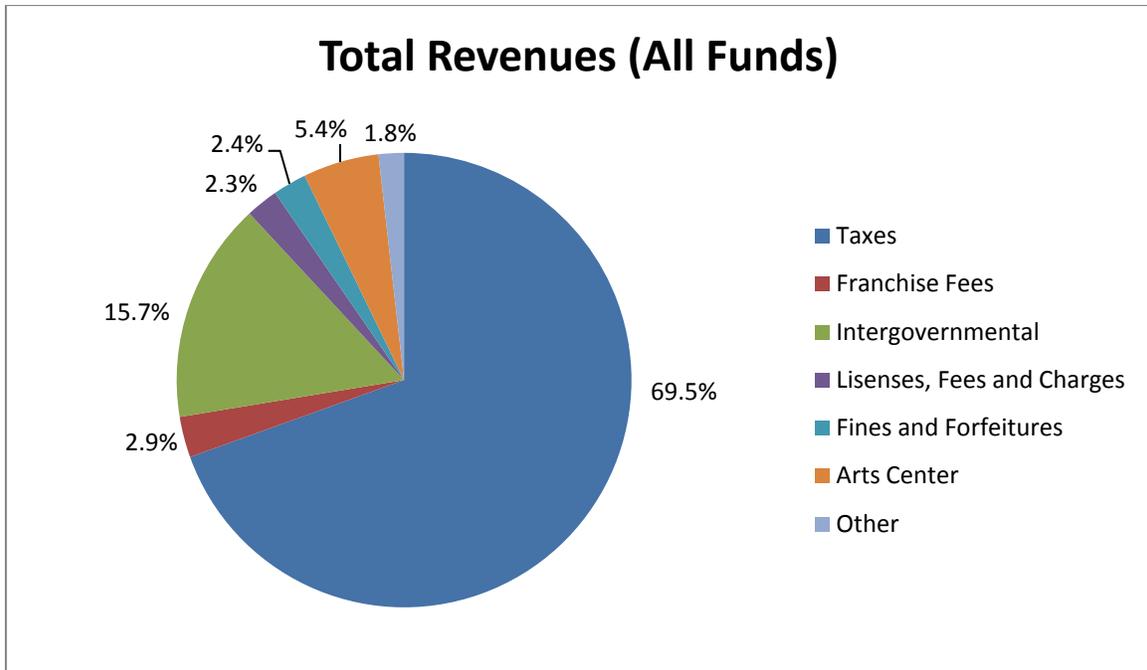
Intergovernmental revenue is the City's second largest revenue source consisting of 15.7% of the total budgeted revenues. Items in this category are made up of various sharebacks with the State and County for road and transportation improvements as well as funding from other governmental entities for capital improvements within the City.

Licenses, fees and charges make up 2.3% of the total budgeted revenues including items such as building permit fees, engineering fees as well as business and liquor license fees. These revenues are anticipated to remain constant for 2012.

Fine and forfeitures, which are comprised of court fees and vehicle and other violation fines are anticipated to comprise 2.4% of total revenues in 2012. This revenue source is anticipated to increase approximately 2% in 2012.

Arts Center revenues make up approximately 5.4% of total City revenues for 2012. This revenue source is made up of all revenues received and collected by the Lone Tree Arts Center including ticket sales, handling fees, rental fees, concession and catering fees, donations and grants.

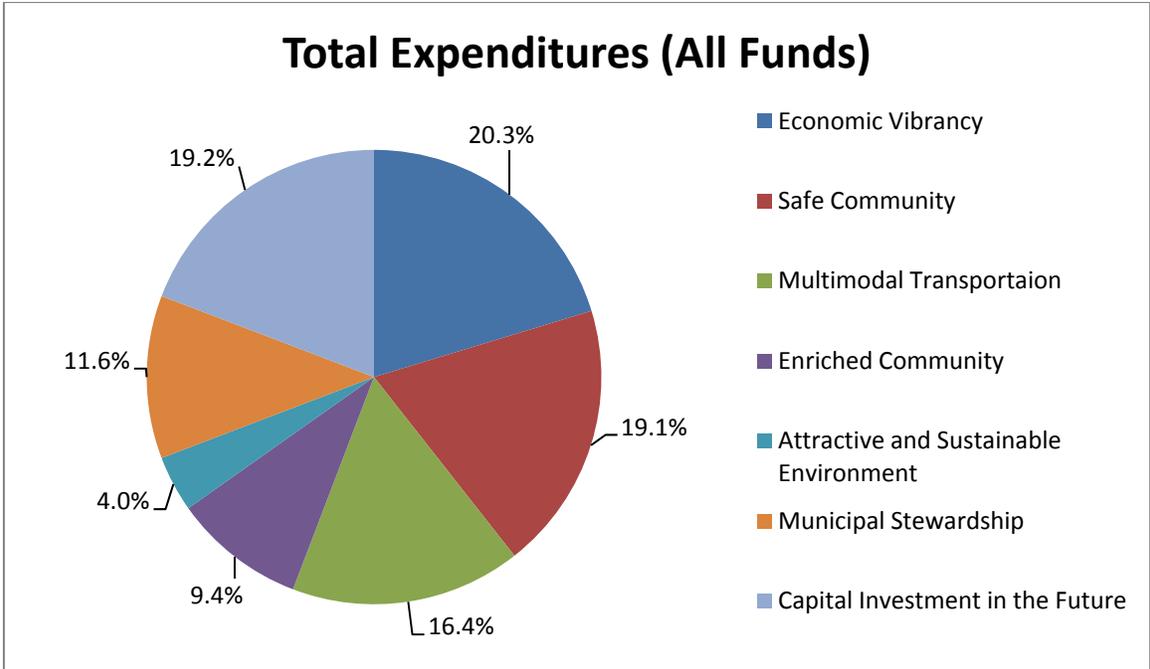
Additionally, other items such as investment earnings, tenant revenue at City Hall as well as various other revenue sources make up remainder 2012 budgeted revenue totaling approximately 1.8% of the total revenues.



2012 Expenditure Outlook

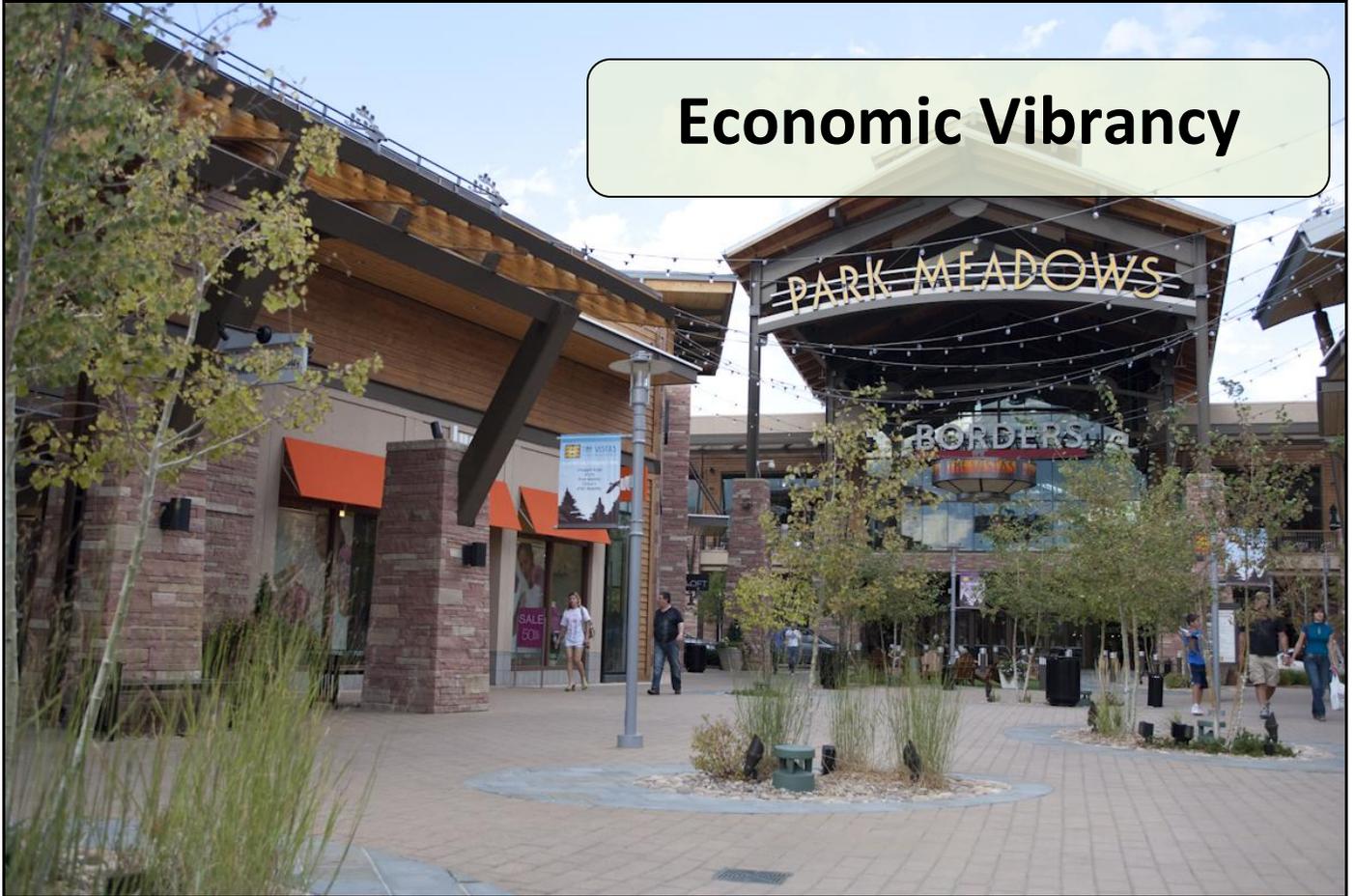
The 2012 Budget evaluates available resources and allocates revenues to City priorities. The objective is to fund services and programs that are the most likely to achieve the seven outcomes indentified by Council. For 2012, the percent breakdown between the seven outcomes is as follows:

- Economic Vibrancy – 20.3%
- Safe Community – 19.1%
- Multimodal Transportation – 16.4%
- Enriched Community – 9.4%
- Attractive and Sustainable Environment – 4.0%
- Municipal Stewardship – 11.6%
- Capital Investment in the Future – 19.2%



For detailed information on what comprises the above items, refer to pages 15-44.

Economic Vibrancy



A diverse, dynamic and prosperous local economy that sustains our community



Economic Vibrancy

A diverse, dynamic and prosperous local economy that sustains our community

Overview

The City has worked diligently to attract and expand local and national businesses through partnerships with the Metro Denver Economic Development Corporation, local chambers of commerce and the Southeast Business Partnership, to name a few. Capital outlay enhancements including landscape, road, and signage improvements provide infrastructure that is essential to the success of the local economy and is a top priority for the City. Additionally, City staff offer a streamlined approach to internal Building Department procedures ensuring that the economic vibrancy of the City isn't delayed by bureaucratic processes.

2011 Outcomes & Accomplishments

- Purchased ad space in AAA's EnCompass magazine and had four different promotional ads, highlighting the City, published quarterly in 2011.
- Garnered widespread regional media coverage for the opening and operations of the Lone Tree Arts Center.
- Completed the update to the City's Sign Code. The new standards were implemented through a program of business outreach, education and phased enforcement. The changes will assure that signage in the community remains an effective tool for businesses while maintaining the City's aesthetic standards.
- Continued to raise its national economic development profile in a variety of ways, including planning and hosting the Metro Denver Economic Development Council's 2011 Site Selection Conference, International Council of Shopping Centers and Accelerate Colorado. This participation has yielded substantial results and has put the City on the radar for an increasing number of corporate relocations.
- Completed negotiations for the voluntary annexation of a 25-acre parcel owned by Kaiser Permanente on Park Meadows Drive.

2012 Goals & Highlights

- Finance Department will be implementing an online business tax filing and payment portal for the filing of monthly, quarterly, and annual tax returns.
- Provide unique meeting and business services to area companies and meeting groups in order to make the Lone Tree Arts Center a meeting venue of choice.
- Work with the Denver Regional Council of Governments (DRCOG) to amend the City's urban center designation as part of the region's Metro Vision Plan.

- Improvements to be completed on the Kimmer Drive and Park Meadows Drive intersection as well as to the Entertainment District. These will include a proposed revision to the intersection of Park Meadows Drive and Kimmer Drive to a 4-leg intersection with traffic signal and other miscellaneous access improvements.
- Conclude the annexation of the Kaiser Permanente property.
- Present a recommendation on whether to move forward on the Colorado Swim Center.
- Work with the Lone Tree Chamber of Commerce to continue to improve the City's tourism efforts.
- Collaborate with the City of Centennial and the City of Greenwood Village to implement the City's first survey of local businesses.

Funding Sources

- Tax revenues
- County contributions

ECONOMIC VIBRANCY

2012 ADOPTED

Dues and memberships		
SEBP (Southeast Business Partnership)	\$	25,000
Economic development		
Business development		80,000
Lone Tree Chamber of Commerce		15,500
Metro Denver ECO Development		10,000
South Denver Metro Chamber		2,000
Marketing/Public relations		71,000
Taste of Lone Tree		5,000
LTAC Community Usage Grant		10,000
Liberty Dash Sponsorship		1,000
Miscellaneous		5,500
Capital outlay		
Kimmer/Park Meadows Dr. intersection and Entertainment District improvements		1,000,000
Park Meadows Dr. traffic improvements		1,000,000
Landscaping and signage at Park Meadows Center Dr. & County Line		400,000
Retail retention agreement		75,000
Reimbursement for Heritage Hills public improvement purchases		-
Reimbursement of sales taxes to PMBID		4,820,129
Reimbursement of property taxes to PMBID for PMMD		182,000
TOTAL ECONOMIC VIBRANCY	\$	7,702,129
PERCENT OF TOTAL EXPENDITURES		20.3%

Safe Community



**A community that feels and is
safe and secure anytime,
anywhere**



Safe Community

A community that feels and is safe and secure anytime, anywhere

Overview

The City is dedicated to protecting, defending, and serving the residents of, and visitors to, Lone Tree. A commitment to maintaining a safe community can be seen through the City's support of human and social services and the implementation of local laws backed by the Police Department and municipal court. Furthermore, pedestrian lighting along major roadways and throughout residential streets offers a network of safe routes around the City. The Building Department monitors the correct interpretation of the International Code Council's building codes to remain current and assure safe buildings and sound construction techniques.

2011 Outcomes & Accomplishments

- Neighborhood Partnership Program expanded by facilitating Police Department-wide training on customer service creating Police Department's motto of Community, Integrity & Service. Additionally, officers were all assigned various areas and HOAs to participate in.
- Fully integrated the latest IGA with Parker Police Department in the areas of evidence storage, crime scene processing, crime analysis and animal control assistance.
- Quality Control program was instituted in an effort to solicit citizen feedback and ensure quality customer service. This program included items such as follow up on call backs to evaluate officers' performance as well as monitoring officer report quality, completion and service to the community.
- Instituted a partnership with Lexipol which is a nation-wide model policy management program. This allows the Police Department to have access to a nation-wide database of best practice policies and provides an ongoing review of police training, case law, and other aspects of police department liability management.
- Re-allocated space within the Police Department with the transition of evidence to Parker. This allowed for the expansion and creation of a patrol briefing room thus allowing expansion of the patrol workspace and functionality.
- Successfully graduated approximately 90% of Police Department supervisory and command staff through the International Association of Chiefs of Police Leadership in Policing course. This state-funded program has become a model program throughout the nation for police leadership.
- Continued the City's DARE program in two elementary schools and graduated one more officer as a certified DARE instructor.
- Created a recruit program allowing non-certified applicants to apply for police officer positions. The City then sponsored them through the Basic Police Academy to become

POST certified peace officers. This program allows for a greater pool of applicants to be considered and alleviates the gap caused by attrition.

- Joined in the county-wide patterned crimes unit consisting of Detectives from Douglas County, Parker, Castle Rock and Lone Tree. This resource allows for an enhanced capability to investigate regional crime patterns throughout Lone Tree, Parker, Castle Rock and Douglas County.
- Successfully brought to prosecution several high-profile felony court cases that occurred within the City.
- Participated in a metro-wide emergency preparedness exercise in September at Park Meadows Mall. This regional exercise involved over 80 agencies and took over a year and a half to plan. This exercise tested the capabilities of First Responders to a “Mumbai-style” terrorist attack on several different locations within the metro area including the Park Meadows Mall located within the City.
- Added pedestrian lighting to the south side of Lincoln Avenue from Yosemite Street to the westerly City limits.
- Adopted the 2009 version of the International Code Council’s building codes to remain current in assuring safe buildings, sound construction techniques and energy conservation.
- Issued 688 building permits for a variety of new construction and renovation projects, including permits for 30 new businesses, 100 new homes and hundreds of property upgrades and energy efficient improvements.

2012 Goals & Highlights

- Expand the Police Department’s fleet replacement program to include detective vehicles which are now six years old.
- Increase the effectiveness of the Police Department’s Field Training Program by purchasing software to better track and document new officers’ progress and abilities during their Field Training time and evaluation.
- Continue to actively market the Police Department to new recruits and potential candidates to continue our efforts to recruit and retain the best, most qualified officers.
- Continue to look at partnership efforts within the community and with surrounding agencies in order to better serve the needs of the community.
- Continue to look at methods of communication between the police and the community to encourage more community interaction.
- Implement a new elevator and escalator inspection program to provide services to building owners that assure public health and safety.

Funding Sources

- Tax revenues
- Fines and forfeitures
- Licenses, fees and charges
- Park Meadows Metropolitan District contributions
- Grants

SAFE COMMUNITY

2012 ADOPTED

Community support		
Women's crisis center	\$	8,000
Arapahoe/Douglas mental health		8,000
Community education programs		2,200
Municipal court		
Municipal Judge		33,500
Legal		36,000
Administration		125,412
Office supplies and software		12,700
Victims assistance		20,000
Community development		
Building Division		391,150
Public works		
Street lighting		335,000
Capital outlay		
Park Meadows Dr. regional pond upgrade		65,000
Pedestrian lights		12,000
Police department		
Salaries and benefits		4,685,000
Office and administration		284,800
Uniforms and equipment		70,000
Vehicles and equipment		456,600
General equipment		43,700
Dispatch		439,000
Training		102,650
General Community Outreach		
Community Relations		
Fingerprint kit and kid ID		-
Community education		6,000
Neighborhood watch and safety		3,000
Business watch		500
Printing and newsletters		1,000
Volunteer supplies		2,500
Volunteer appreciation		500
Community and Police Partnership (CAPP) meetings		1,000
Citizens police academy		3,000
JPA for school		400
DARE		3,500
Miscellaneous - comm relations		500
Code Enforcement		
Animal Impound Fees		5,900
Coyote tracking		2,500
Animal pick up fees		1,000
General		
Organizational memberships		5,500
Crime analysis service		11,385
Crime scene services		23,575
Evidence processing and storage		57,040
South Metro Task Force matching funds		3,500
Arap/Douglas Haz-mat Mutual Aide Agreement		2,000
JAC - Juvenile Assessment Center		5,500

TOTAL SAFE COMMUNITY	\$	7,270,512
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PERCENT OF TOTAL EXPENDITURES	19.1%
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Multimodal Transportation



A comprehensive transportation network that provides reliable options to move people and goods to their destinations



Multimodal Transportation

A comprehensive transportation network that provides reliable options to move people and goods to their destinations

Overview

The City's continued investment to improve the transportation network throughout the City can be highlighted in several recent large projects including the Sunningdale Boulevard traffic calming improvements near the Lone Tree Golf Club and the RidgeGate Parkway/Mainstreet connection that provides direct access to the Town of Parker and eastern Douglas County. The Public Works Department oversees the City's snow removal needs and offers roadway inspection, maintenance, and repair in addition to traffic signal operations. These operations maintain the necessary flow of people, products and services to ensure a vibrant community.

2011 Outcomes & Accomplishments

- Continued the concrete pavement improvements on Lincoln Avenue east of I-25. This involved the removal and replacement of numerous concrete panels or partial panels that were cracked or displaced.
- Reconstruction of Parkway Drive from Acres Green Drive to Ed Bozarth Way commenced with an expected completion date of April 2012. The reconstruction included the narrowing of the roadway and raised medians.
- Several residential streets and a portion of Lincoln Avenue were overlaid with asphalt to increase their expected lifetime.
- Public Works Department represented the City on numerous technical committees and served as liaison to CDOT, DRCOG, Douglas County, Park Meadows Metropolitan District and other agencies.
- Many of the capital improvements were accomplished through collaboration with other governmental entities and Districts who provided funding necessary to complete these projects.

2012 Goals & Highlights

- Replace the traffic signal at County Line Road and Park Meadows Center Drive to upgrade control features and conform to the City's signal standards.
- Partner with Douglas County, Arapahoe County, and the City of Centennial to complete a transportation study of the County Line Road corridor from Inverness Park to Yosemite Street. This study will result in recommendations for future road improvements.

- Final phase of the RidgeGate Parkway extension improvements will be completed and include the installation of a traffic signal at the intersection of RidgeGate Parkway and Peoria Street.
- Continued traffic signal energy and maintenance is budgeted to allow routine maintenance checklists to be performed on each of the 42 traffic signals maintained by the City.
- Complete yearly street overlay to maintain high standards of street conditions as well as prevent the need for future reconstruction of streets due to continued maintenance. Streets to be overlaid in 2012 include portions of Lincoln Avenue, streets within Fairways 39 subdivision, Ridgeview subdivision, Cypress Greens subdivision and Ptarmigan Trail.
- Participate in the Douglas County Transit Solutions Local Coordinating Council to promote and enhance mobility for all Douglas County residents.

Funding Sources

- Tax revenues
- County sharebacks
- Motor vehicle registration fees
- County contributions
- Park Meadows Metropolitan District contributions
- Licenses, fees and charges

MULTIMODAL TRANSPORTATION

2012 ADOPTED

Dues and memberships		
Transit Alliance	\$	500
South I-25 Urban Corridor TMA		40,529
Public works		
Public Works Department		490,000
Street maintenance		600,000
Traffic signal energy cost and maintenance		140,000
Signal timing		6,000
Snow removal		730,000
Engineering		600,000
Materials and equipment		10,000
Signage and striping		80,000
Accident repairs		20,000
Public Works Facility operations and equipment		35,000
Software and support		16,000
Miscellaneous		3,000
Capital outlay		
Overlay/reconstruction projects		1,170,000
Traffic signalization		440,000
Traffic and other improvements - joint projects w/ County & PMMD		-
Concrete panel replacement		240,000
Park Meadows Dr./Parkway Dr. remove and replacement		500,000
Transportation study		25,000
County Line improvements		650,000
C-470 Coalition - Douglas County		100,000
Traffic circle improvements		20,000
RidgeGate extension - engineering and construction		330,000

TOTAL MULTIMODAL TRANSPORTATION	\$	6,246,029
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PERCENT OF TOTAL EXPENDITURES	16.4%
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Enriched Community



A community that promotes a culture of social belonging and healthy lifestyles



Enriched Community

A community that promotes a culture of social belonging and healthy lifestyles

Overview

Exciting cultural, community and recreational amenities offer visitors and residents of Lone Tree countless opportunities for fun. Community support of the arts and recreation ensure that these services will be enjoyed for many generations. There is a sense of belonging in the City and it is easily felt during the numerous summer events that include outdoor movies and concerts, Arbor Day festivities, an Independence Day celebration, charitable runs and more. The Lone Tree Arts Center offers regional musical performances, drama, dance and art to patrons in a beautiful, state of the art, yet intimate setting.

2011 Outcomes & Accomplishments

- City Council and staff hosted an appreciation reception to thank the many volunteers who helped make the City a better place to live. Approximately 100 volunteers were recognized at the event.
- Created a Volunteer Policy to provide the City with standardized guidelines and procedures for the recruitment, induction and management of volunteers. The City values the importance of providing opportunities for meaningful and effective participation for volunteers in local government operations.
- Hosted two HOA Summits in 2011, in March and September. Close to 20 HOA representatives attended each meeting and received information regarding new development projects, a new neighborhood policing partnership, the Arts Center, an overview of the City's participation in a state-wide emergency preparedness exercise and a presentation on a potential public-private partnership regional swim center.
- Staff and volunteers concluded a very successful summer event season. There were five free pool days at Cook Creek for City residents and several special tennis events throughout the summer. The Independence Day celebration saw a large crowd as well as the two outdoor concerts at Sweetwater Park. Two outdoor movie nights at Prairie Sky Park delighted children and expanded to include a special performance by Safari Sally and Games2You mobile gaming center. The Wag'n Romp dog event held at Cook Creek Pool concluded the outdoor event season with its largest participation numbers to date. Our furry friends enjoyed free treats, swimming and fun competitions.
- Arts Center announced a full season of programming, including partnerships with distinguished arts groups such as Creede Repertory Theatre, the Arvada Center, Stories on Stage, and Opera Colorado. Season programming featured Broadway performers, national touring acts and regional groups.

- Arts Center created and sold season subscriptions and single tickets in a variety of packages. Attendance at the Arts Center from September through December topped 20,000.
- Celebrated the grand opening of the Arts Center through a series of public and invited events, including a ribbon cutting ceremony, public open houses, and a Grand Opening Gala featuring Broadway star Brian Stokes Mitchell.
- Arts Center hosted several youth arts groups and local schools in performances ranging from Hello, Dolly to a joint concert with an Air Force band.
- Arts Center hosted 76 rehearsals, meetings and workshops, including the C-470 Transportation Summit, Douglas County Partnership of Governments, Colorado Creative Industries, Medtronic, and the University of Phoenix.

2012 Goals & Highlights

- Partake in the state-wide “Weigh and Win Program”, which is a free community program that helps people incorporate healthy eating and active living habits into their daily lifestyle. Weigh and Win incentivizes participants through online coaching, emails, kiosks, and cash rewards.
- Partnering with South Suburban Parks and Recreation, the City will develop the Taos Open Space, which will include two unlighted tennis courts, a pedestrian bridge connecting to the Willow Creek Trail, a trail connector and landscaping. Martin/Martin Engineering has been retained to manage the project engineering, SIP submittal process and construction.
- The Lone Tree Arts Center will continue to develop programs for children and families, including creation of arts programs that integrate STEM (Science, Technology, Engineering and Math) skills.
- Create and program a summer concert series for the Terrace Theater at the Lone Tree Arts Center.
- Present first-class professional performing arts events with partners such as the Arvada Center and other major cultural institutions at the Lone Tree Arts Center.
- Increase subscription and single ticket buyers with the announcement of the 2012-13 season for the Lone Tree Arts Center.
- Strengthen ties to youth groups and local schools by serving not only as a host venue at the Lone Tree Arts Center but also as a learning center for young performers.
- Increase and diversify the number and type of programs at the Lone Tree Arts Center to attract audiences from throughout the south metro area.

Funding Sources

- Tax revenues
- Conservation trust funds
- Arts Center ticket and subscription sales
- Arts Center handling and rental fees
- Individual, corporate and foundation contributions
- Grants

ENRICHED COMMUNITY

2012 ADOPTED

Annual events		
Symphony Orchestra Concert	\$	44,000
Summer Events		34,000
Independence Day		75,000
Liberty Dash		-
Duathlon		16,900
Appreciation event and commission dinners		6,500
Holiday lighting		38,000
Special events intern		3,000
Schweiger Ranch fall event		2,000
Miscellaneous		2,000
Community support		
Heart Across Miles		10,000
South Suburban Park Foundation		7,500
Wildlife experience annual charity event		2,500
Leadership Douglas County		2,000
Douglas County Task Force		8,000
Youth Commission		5,000
City boards and commissions / miscellaneous		3,000
Arts Center ribbon cutting event		-
Arts Center rental for civic engagement		4,000
Miscellaneous		3,000
Arts and cultural events		173,250
Communications and newsletter		55,000
Special Events Coordinator		55,798
Youth initiatives		18,000
Housing Partnership		30,000
Arts Center operations		
Administration		139,282
Programming		1,218,302
Marketing		401,978
Education		108,149
Facilities		180,500
Development		186,547
One-time start up		-
Contingency		200,000
Parks and recreation		
Joint recreational projects with South Suburban		365,500
Recreational activities and support		33,500
Public works		
Street amenities		5,000
Capital outlay		
Schweiger Ranch preservation		75,000
Schweiger Ranch preservation Ridgeway		75,000

TOTAL ENRICHED COMMUNITY	\$	3,587,206
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PERCENT OF TOTAL EXPENDITURES	9.4%
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Attractive & Sustainable Environment



**A distinctive and well-
designed community that
respects and preserves our
natural resources**



Attractive & Sustainable Environment

A distinctive and well-designed community that represents and preserves our natural resources

Overview

The City continually demonstrates its commitment to sustainability through subsidizing the household hazardous waste curbside pickup program, providing residential recycling for homes in Lone Tree and water conservation support. Noxious weed management and drainage maintenance provided by the Public Works Department help to beautify the community and recent amendments to the Zoning Code helped identify key aesthetic and quality criteria for future land development.

2011 Outcomes & Accomplishments

- Phase 4 of the Zoning Code amendments were reviewed by the Planning Commission and approved by City Council after community input. The amendments make the code more user-friendly, internally consistent and more reflective of the City's values relative to the aesthetics and quality of land development.
- Sustainability Program continued to support the City's residential recycling efforts and water conservation efforts. The City also helped 22 small businesses convert their inefficient lighting systems to more energy efficient lights, resulting in a combined annual savings of nearly \$18,000 for those businesses.
- Denver Water and the City worked closely together to manage the impacts of construction of a 10-million gallon water reservoir that will benefit area residents and businesses.
- Processed 31 land use applications, maintaining a review time of 3 months or less for site improvement plans. Projects included approval of 177 new single-family home sites, 21 new townhome sites and two apartment projects in RidgeGate. Other major projects include the Denver Water storage reservoir, a 103-room hotel and the Taos tennis courts.

2012 Goals & Highlights

- Continue the multi-phase update of the Zoning Code, including amendments to property maintenance and nuisance elements and the Use by Special Review process.
- Continue to work with RidgeGate to develop and refine Sub-Area Plans and facilitate new development, including potential changes to signage and multi-family parking standards.

- Maintain landscape maintenance throughout the City including areas around the Civic Center, the Lone Tree Parkway fountain, and right-of-way mowing.
- Noxious weed control program will continue in 2012 including removal of Russian Olive trees on public and private property throughout the City. This year's program is to focus on Russian Olive trees located within residents' properties.
- Continue the street and sidewalk sweeping program, as part of the Clean Air Act and EPA Phase II stormwater permitting, which minimizes the amount of sediment that becomes airborne or is carried into the local streams and creeks by runoff.
- A new contract for mutt mitt maintenance was negotiated for 2012 to ensure acceptable levels of maintenance are provided for these stations.

Funding Sources

- Tax revenues
- Licenses, fees and charges

ATTRACTIVE AND SUSTAINABLE ENVIRONMENT

2012 ADOPTED

Dues and memberships		
Douglas County Water Resource Authority	\$	10,000
Centennial airport/community noise roundtable		250
Regional Air Quality Council		600
Community support		
Household Hazardous Waste Program		10,000
Tree City/Arbor Day		22,000
Community development		
Planning Division		398,485
Code Enforcement Division		69,184
Public Works		
Landscaping maintenance		85,000
Fence maintenance		20,000
Street & sidewalk sweeping		45,000
Drainage maintenance		50,000
Restroom maintenance		8,000
Noxious weeds control		20,000
EPA Phase 2 Drainage		105,000
Happy Canyon Creek Study - Urban Drainage		-
Trash and recycling service		533,800
Mutt mitts contract		20,000
Habitat control		2,500
Capital outlay		
Monumentation and signage		50,000
Sustainability program		15,000
Landscape improvements		70,000

TOTAL ATTRACTIVE AND SUSTAINABLE ENVIRONMENT	\$	1,534,819
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PERCENT OF TOTAL EXPENDITURES	4.0%
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Municipal Stewardship



A responsive, professionally managed and collaborative government that provides services with excellence, integrity and care



Municipal Stewardship

A responsive, professionally managed and collaborative government that provides services with excellence, integrity and care

Overview

The City continues to exhibit a professionally managed and collaborative government through dozens of partnerships with local county, municipal and state agencies. These partnerships are integral to project management, cost-sharing, and regional leverage regarding many of the City's functions. The City's Finance Department and the Human Resources Department have recently implemented new strategies to enhance financial stability and internal efficiency.

2011 Outcomes & Accomplishments

- Electronic plan review was introduced and offered as an option for building permit review.
- Undertook a review of the City's personnel management system for employees. The result is the implementation of a pay-for-performance and outcomes-based personnel system with a new employee appraisal instrument.
- Hired the first full time Human Resources Director.
- Hired a full-time Facility Manager and began implementing its first formal preventative maintenance program for the Lone Tree Arts Center, Municipal Building and other City facilities.
- Established weekly "HR Dialogue" messages to supervisors to enhance their management ability and skill.

2012 Goals & Highlights

- Continue to cooperate with neighboring jurisdictions in Douglas County and the southeast metro area to share information and ideas related to growth and development, changing demographics, water conservation and oil and gas exploration.
- Implementation of a time and attendance system for City employees that will enhance the integrity of the City's timekeeping practices. Provide training and ongoing communication to ensure a successful transition.
- To promote excellence, develop and provide in-house leadership training to all supervisors and managers, including Crucial Conversations.
- Provide consistent feedback to supervisors and managers regarding their use of the new Pay for Performance evaluation form to ensure all employees are achieving performance goals.

- Continued use of the geographic information system (GIS) to help manage facilities and improvements throughout the City.
- Complete small expansion within the City's Municipal Building to improve efficiency of internal staff functions.
- Hire a new Information Technology Manager and continue to develop the City's partnership with the Town of Parker for supplemental IT services.
- Conduct the third City-wide citizen survey which provides residents an opportunity to rate the quality of life in the City, community amenities, service delivery and satisfaction with local government, including an emphasis on parks and recreation. The 2012 survey will again be conducted by National Research Center Inc. (NRC) providing consistency to compare results from the 2009 survey.

Funding Sources

- Tax revenues

MUNICIPAL STEWARDSHIP

2012 ADOPTED

City Council expenditures	\$	43,500
City Council stipend		56,700
City Clerk Office - salaries and benefits		130,562
City Clerk - elections		20,000
City Clerk - publications		20,000
City Administration - salaries and benefits		876,735
Dues and memberships		
Metro Mayor's Caucus		680
DRCOG		5,400
CML		4,544
Greater Metro Telecommunications Consortium		1,000
Government Finance Officer's Association		190
National League of Cities		809
Miscellaneous		898
Finance - salaries and benefits		251,219
Finance - consulting		465,000
Administration and overhead costs Ridgeway		85,000
Human Resources		227,287
Payroll service		3,700
Information Technology		20,000
Website maintenance		11,600
Legal - general		644,100
Legal - special		125,000
Audit		18,735
Consulting		70,000
Sales tax audits		20,000
Insurance		395,000
City Office		452,252
Civic Center maintenance & utilities		57,000
Annual events		
Employee appreciation events		5,500
Citizen survey		25,000
Miscellaneous		22,000
Public works		
Geographic Information System (GIS)		160,000
Website mapper		5,000
Capital outlay		
Financial package software and hardware		25,000
County Line road reimbursement - SEMSWA		70,000
City Office building		100,000

TOTAL MUNICIPAL STEWARDSHIP	\$	4,419,411
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PERCENT OF TOTAL EXPENDITURES	11.6%
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Capital Investment in the Future



A proactive and forward-thinking government that addresses multi-generational needs through strategic investments



Capital Investment in the Future

A proactive and forward-thinking government that addresses multi-generational needs through strategic investments

Overview

The City places a strong emphasis on making sound investments for the future that enhance amenities and improve the quality of life for residents and visitors. The grand opening of the new Lone Tree Arts Center in 2011 along with the planned expansion of the East-West Trail and the Taos Open Space are the most recent examples of the City's dedication to addressing the changing needs of the community. Additionally, the City plans to evaluate and refine existing policies related to the growing elderly population within its boundaries.

2011 Outcomes & Accomplishments

- Completed construction of the Lone Tree Arts Center with staff occupancy and operations beginning July 1, 2011. The \$23 million project was on time and on budget. Hired technical, marketing, facilities and front-of-house staff.

2012 Goals & Highlights

- Evaluate new and refine existing policies related to the needs and desires of a growing elderly population, including housing and transportation issues.
- The City is working with Douglas County, Rampart Range Metro District, and Coventry Development to construct the East-West (E-W) Regional Trail through the City (just the portion west of I-25 at this point). Construction of the E-W Trail from the Bluffs Park to the RidgeGate Interchange started in the fall of 2011. The project includes a trail connector between the Bluffs Park and the Highpoint Council Circle and Willow Creek Trail. A second trail connector will go from the E-W Trail to RidgeGate Parkway. The trail connectors will be constructed at the same time as the E-W Trail.

The entire portion from the Bluffs Park to RidgeGate Parkway/Interchange is approximately 2.67 miles, while the trail connector to the Willow Creek Trail is .36 miles. This crusher fines trail will be for multi-use, such as walking/running, hiking, horseback riding, and mountain biking. Crusher fines, or soft surface trails, provide a user-friendly, all-season surface for all types and ages of visitors.

The project is a true partnership project between the City, Douglas County and Rampart Range Metro District. Douglas County will be financially responsible for all planning and design work of the trails and will be responsible for the bidding process and construction

contract administration. The City will finance the construction costs of the entire length of trail with Douglas County reimbursing the City for part of the costs. The trail will be constructed on an easement from Rampart Range Metro District, which will also be sharing in the cost of the trail connector to RidgeGate Parkway. Douglas County will provide maintenance of the trail.

Funding Sources

- Tax revenues
- Bond proceeds

CAPITAL INVESTMENT IN THE FUTURE

	2012 ADOPTED	
Bond Interest Arts Center	\$	544,181
Bond Interest Parks and Recreation		464,400
Bond Principal Arts Center		785,000
Bond Principal Parks and Recreation		515,000
Paying agent fees Arts Center		500
Paying agent fees Parks and Recreation		500
Contingency Arts Center debt		2,319
Contingency Parks and Recreation debt		2,100
Park and recreation		
Park and recreation improvements (spent from bond proceeds)		567,912
Arts center construction		
Arts and cultural facilities improvements		-
Capital outlay		
City Office building - capital leases		4,346,325
City Office building - letter of credit fees and remarketing fees		63,400
TOTAL CAPITAL INVESTMENT IN THE FUTURE	\$	7,291,637
PERCENT OF TOTAL EXPENDITURES		19.2%



Accountant's Compilation Report

Honorable Mayor and Members of the City Council
City of Lone Tree
Douglas County, Colorado

We have compiled the accompanying forecasted budget of revenues, expenditures and fund balances of the City of Lone Tree for the General Fund, Special Revenue Fund – RidgeGate, Special Revenue Fund – Arts Center, Debt Service Fund – Arts and Cultural Facilities and Debt Service Fund – Park and Recreation Improvements for the year ending December 31, 2012, including the forecasted estimate of comparative information for the year ending December 31, 2011, in accordance with attestation standards established by the American Institute of Certified Public Accountants. A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not audited or reviewed the forecast and, accordingly, do not express an opinion or any other form of assurance about whether the accompanying budget of revenues, expenditures and fund balances or assumptions are in accordance with attestation standards generally accepted in the United States of America. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management is responsible for the preparation and fair presentation of the forecast in accordance with attestation standards generally accepted in the United States of America, and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the forecast.

The actual historical information for the year 2010 is presented for comparative purposes only. Such information is taken from the audit report of the City for the year ended December 31, 2010, as prepared by Wagner Barnes, PC, dated June 28, 2011, wherein an unqualified opinion was expressed.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the forecast, they might influence the user's conclusions about the City's results of operations for the forecasted periods. Accordingly, this forecast is not designed for those who are not informed about such matters.

We are not independent with respect to the City of Lone Tree.

Greenwood Village, Colorado
January 24, 2012

**CITY OF LONE TREE
SUMMARY
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED**

	2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
BEGINNING FUND BALANCES	\$ 26,537,293	\$ 17,832,107	\$ 11,484,134
REVENUE			
TAXES	20,074,537	21,356,000	22,407,300
FRANCHISE FEES	873,573	912,000	933,300
INTERGOVERNMENTAL	5,353,901	6,014,425	5,057,391
LICENSES, FEES AND CHARGES	750,829	755,000	753,200
FINES AND FORFEITURES	892,255	751,000	766,300
ARTS CENTER	-	864,837	1,762,878
OTHER	1,184,904	1,235,157	578,828
Total revenue	<u>29,129,999</u>	<u>31,888,419</u>	<u>32,259,197</u>
TRANSFERS IN			
General Fund	-	548,153	55,457
Special Revenue Fund - RidgeGate	-	-	165,000
Special Revenue Fund - Arts Center	-	572,648	671,880
Total transfers in	<u>-</u>	<u>1,120,801</u>	<u>892,337</u>
Total funds available	<u>55,667,292</u>	<u>50,841,327</u>	<u>44,635,668</u>
EXPENDITURES			
GENERAL GOVERNMENT	3,820,181	4,678,767	4,984,938
MUNICIPAL COURT	300,165	217,196	227,612
COMMUNITY DEVELOPMENT	985,132	1,074,939	1,158,819
POLICE DEPARTMENT	5,392,037	5,814,744	6,221,550
PUBLIC WORKS	3,162,908	3,566,401	3,824,300
ARTS AND CULTURAL	9,290,447	11,093,541	2,434,758
PARKS AND RECREATION	158,231	116,707	966,912
CAPITAL OUTLAY	12,472,453	9,422,266	15,918,854
DEBT SERVICE	2,253,631	2,251,831	2,314,000
Total expenditures	<u>37,835,185</u>	<u>38,236,392</u>	<u>38,051,743</u>
TRANSFERS OUT			
General Fund	-	572,648	836,880
Special Revenue Fund - RidgeGate	-	-	55,457
Debt Service Fund - Arts and Cultural Facilities	-	548,153	-
Total transfers out	<u>-</u>	<u>1,120,801</u>	<u>892,337</u>
Total expenditures and transfers out requiring appropriation	<u>37,835,185</u>	<u>39,357,194</u>	<u>38,944,080</u>
ENDING FUND BALANCES	<u>\$ 17,832,107</u>	<u>\$ 11,484,134</u>	<u>\$ 5,691,587</u>

**CITY OF LONE TREE
SUMMARY
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED**

2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
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FUNDS RESERVED FOR:

Emergency reserves (TABOR)	644,000	712,000	726,000
Emergency maintenance and repair	52,601	52,601	52,601
Prepaid items	238,977	227,500	227,500
Emergency disaster management	-	93,433	88,944
RidgeGate Parkway Extension	90,351	-	-
Arts Center donations	40,001	-	-
Bond proceeds - Arts and Cultural Facilities	7,819,442	-	-
Bond proceeds - Park and Recreation Improvements	1,073,380	973,330	646,995
Debt Service - Arts and Cultural Facilities	548,153	199,069	396,169
Debt Service - Park and Recreation Improvements	485,009	520,909	559,309

FUNDS DESIGNATED FOR:

Working reserve	3,000,000	3,331,000	2,912,000
Capital reserve	318,000	850,000	75,000
Subsequent year's expenditures in excess of revenue	-	4,518,733	-

UNDESIGNATED AND UNRESERVED FUNDS

	3,522,193	5,559	7,069
	<u>\$ 17,832,107</u>	<u>\$ 11,484,134</u>	<u>\$ 5,691,587</u>

**CITY OF LONE TREE
GENERAL FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED**

REVENUE DETAIL

	2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
BEGINNING FUND BALANCE	\$ 25,754,403	\$ 16,912,664	\$ 10,711,555
REVENUE			
TAXES			
Sales tax	15,443,439	16,256,000	16,750,000
Use tax-retail	212,850	195,000	176,000
Use tax - building materials	113,569	145,000	170,000
Lodging tax	467,976	530,000	541,000
Admissions tax	353,922	366,000	373,000
TOTAL TAXES	<u>16,591,756</u>	<u>17,492,000</u>	<u>18,010,000</u>
FRANCHISE FEES			
Electric and gas	632,888	655,000	668,000
Cable TV	157,138	162,000	165,000
TOTAL FRANCHISE FEES	<u>790,026</u>	<u>817,000</u>	<u>833,000</u>
INTERGOVERNMENTAL			
Highway Users Tax (HUTF)	212,552	250,877	266,316
Conservation Trust Fund (Lottery)	43,209	50,000	51,000
Cigarette tax	205,449	207,000	207,000
County Road & Bridge shareback	1,039,763	1,033,747	984,077
Douglas County Shareback - transportation	-	1,832,000	1,952,000
Motor vehicle registration fees	34,554	35,000	36,000
Regional improvements contribution - RRMDs	84,609	84,884	87,237
Reimbursable costs	1,642,813	2,469,294	1,179,577
Grants	16,430	10,000	10,000
TOTAL INTERGOVERNMENTAL	<u>3,279,379</u>	<u>5,972,802</u>	<u>4,773,207</u>

**CITY OF LONE TREE
GENERAL FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED**

REVENUE DETAIL - Continued

	2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
REVENUE (Continued)			
LICENSES, FEES AND CHARGES			
Sales and use tax and business license fees	22,210	20,000	20,000
Liquor license fees	18,902	15,000	15,000
Building permit fees	244,651	285,000	300,000
Planning and zoning fees	20,135	22,000	22,000
Engineering fees	45,938	46,000	46,000
Other	37,292	22,000	22,000
TOTAL LICENSE, FEES AND CHARGES	389,128	410,000	425,000
FINES AND FORFEITURES			
Court fees	62,380	82,000	84,000
Vehicle and other code violation fines	774,016	615,000	627,300
Victims assistance surcharge	55,859	54,000	55,000
TOTAL FINES AND FORFEITURES	892,255	751,000	766,300
OTHER			
Net investment income	174,290	33,000	14,000
Miscellaneous	507,061	130,000	158,500
Arts and cultural events	71,263	12,000	12,000
Arts Center donations	40,000	250,000	-
Police Department fees and other charges	13,211	30,000	24,000
Tenant rental income	357,534	312,578	359,053
OTHER	1,163,359	767,578	567,553
Total revenue	23,105,903	26,210,380	25,375,060
TRANSFERS IN			
Special Revenue Fund - RidgeGate	-	-	55,457
Debt Service Fund - Arts and Cultural Facilities	-	548,153	-
Total transfers in	-	548,153	55,457
Total funds available	\$ 48,860,306	\$ 43,671,197	\$ 36,142,072

**CITY OF LONE TREE
GENERAL FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED**

EXPENDITURE DETAIL

2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
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EXPENDITURES

GENERAL GOVERNMENT

City Council expenditures	\$ 27,891	\$ 38,000	\$ 43,500
City Council stipend	52,778	53,300	56,700
City Clerk Office - salaries and benefits	129,556	129,214	130,562
City Clerk - elections	6,209	-	20,000
City Clerk - publications	5,634	20,000	20,000
City Administration - salaries and benefits	592,226	670,526	783,370
Dues and memberships	94,101	88,000	90,400
Finance - salaries and benefits	165,385	234,485	251,219
Finance - consulting	389,931	415,000	415,000
Human Resources	119,642	180,034	227,287
Payroll service	2,371	2,600	3,700
Information Technology	31,477	50,000	20,000
Website maintenance	10,815	11,225	11,600
Legal - general	445,640	552,000	569,100
Legal - special	34,503	162,000	125,000
Audit	12,969	12,937	13,735
Consulting	21,750	46,397	45,000
Sales tax audits	17,962	15,000	20,000
Insurance	263,640	301,700	316,000
City Office	400,466	439,984	452,252
Civic Center maintenance & utilities	49,309	55,000	57,000
Annual events	168,156	217,954	248,900
Arts and cultural events	186,223	147,276	173,250
Community support	55,259	68,568	71,000
Youth initiatives	18,000	18,000	18,000
Community education programs	851	1,200	2,200
Citizen survey	-	-	25,000
Housing Partnership	30,000	30,000	30,000
Communications and newsletter	50,984	55,000	55,000
Tree City	13,919	26,451	-
Economic development	101,912	160,100	200,000
Miscellaneous	15,979	20,000	20,000
Contingency	-	-	-

TOTAL GENERAL GOVERNMENT	3,515,538	4,221,951	4,514,775
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**CITY OF LONE TREE
GENERAL FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED**

EXPENDITURE DETAIL - Continued

	2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
EXPENDITURES (Continued)			
MUNICIPAL COURT			
Municipal Judge	32,184	32,000	33,500
Legal	130,125	36,666	36,000
Administration	117,532	122,414	125,412
Office supplies and software	6,182	6,116	12,700
Victims assistance	14,142	20,000	20,000
TOTAL MUNICIPAL COURT	300,165	217,196	227,612
COMMUNITY DEVELOPMENT			
Salaries and benefits	468,951	478,902	494,245
Contract services	355	-	1,500
Field supplies	5,362	4,430	4,530
Planning Commission	732	3,000	3,440
Building permit and inspection	-	-	-
Document scanning	1,344	4,000	4,000
Plan review and other inspections	33,321	30,000	38,160
Elevator inspections	21,296	21,298	43,450
Engineering	78,462	70,000	70,000
Miscellaneous	5,396	6,780	7,800
TOTAL COMMUNITY DEVELOPMENT	615,219	618,410	667,125
POLICE DEPARTMENT			
Salaries and benefits	3,549,652	3,694,398	3,851,416
Office and administration	261,279	243,973	232,742
Uniforms and equipment	26,787	49,461	57,205
Vehicles and equipment	295,840	373,620	373,140
General equipment	20,422	28,438	35,712
Dispatch	273,288	328,356	358,757
Training	63,723	67,292	83,887
Community outreach and miscellaneous	31,405	67,455	114,246
TOTAL POLICE DEPARTMENT	4,522,396	4,852,993	5,107,105

**CITY OF LONE TREE
GENERAL FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED**

EXPENDITURE DETAIL - Continued

	2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
EXPENDITURES (Continued)			
PUBLIC WORKS			
Public Works Department	426,922	480,000	490,000
Street lighting	269,802	285,000	285,000
Street maintenance	497,859	560,000	600,000
Drainage maintenance	32,138	50,000	50,000
Street & sidewalk sweeping	26,100	45,000	45,000
Traffic signal energy cost and maintenance	184,678	160,000	140,000
Signal timing	-	-	6,000
Snow removal	445,747	520,000	600,000
Landscaping maintenance	67,854	75,000	85,000
Trash and recycling service	458,537	448,201	533,800
Engineering	234,628	300,000	300,000
Fence maintenance	13,901	15,000	20,000
Geographic Information System (GIS)	142,984	160,000	160,000
Website mapper	7,900	5,225	5,000
Materials and equipment	48	10,000	10,000
EPA Phase 2 Drainage	93,390	100,000	105,000
Noxious weeds control	32,896	20,000	20,000
Signage and striping	17,907	60,000	80,000
Accident repairs	-	20,000	20,000
Public Works Facility operations and equipment	29,660	50,000	35,000
Software and support	11,359	16,000	16,000
Street amenities	-	5,000	5,000
Restroom maintenance	6,451	8,000	8,000
Mutt mitts contract	-	-	20,000
Habitat control	-	975	2,500
Miscellaneous	-	3,000	3,000
TOTAL PUBLIC WORKS	3,000,761	3,396,401	3,644,300
ARTS AND CULTURAL FACILITIES			
Salaries and benefits	92,532	-	-
Cultural Arts Foundation	30,000	-	-
Marketing, organizational costs and website development	15,081	30,302	-
Arts and cultural facilities improvements	9,152,834	9,625,754	-
TOTAL ARTS AND CULTURAL FACILITIES	9,290,447	9,656,056	-
PARKS AND RECREATION			
Recreational activities and support	20,970	13,749	33,500
Joint recreational projects with South Suburban	40,634	2,908	365,500
Park and recreation improvements (spent from bond proceeds)	96,627	100,050	567,912
TOTAL PARKS AND RECREATION	158,231	116,707	966,912

**CITY OF LONE TREE
GENERAL FUND
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED**

EXPENDITURE DETAIL - Continued

	2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
EXPENDITURES (Continued)			
CAPITAL OUTLAY			
Financial package software and hardware	-	13,825	25,000
Sustainability program	21,795	84,000	15,000
Median and right-of-way improvements	-	-	-
Overlay/reconstruction projects	1,010,594	830,000	1,170,000
Traffic signalization	73,368	50,000	440,000
Traffic and other improvements - joint projects w/ County & PMMD	52,709	4,465	-
Pedestrian lights	83,533	300,000	12,000
Public message board sign	25,300	-	-
Monumentation and signage	-	20,000	50,000
City Office building	28,188	33,500	100,000
City Office building - capital leases	1,876,308	1,880,000	4,346,325
City Office building - letter of credit fees and remarketing fees	98,570	87,000	63,400
Lincoln Avenue improvements	1,118,205	-	-
Concrete panel replacement	182,332	218,000	240,000
Park Meadows Dr./Parkway Dr. remove and replacement	522,043	450,000	500,000
Sunningdale Improvements - construction	419,657	-	-
Sunningdale Improvements - landscape improvements	95,531	-	-
Kimmer/Park Meadows Dr. intersection and Entertainment District improvements	-	-	1,000,000
Park Meadows Dr. traffic improvements	-	-	1,000,000
Park Meadows Dr. regional pond upgrade	-	-	65,000
Landscaping and signage at Park Meadows Center Dr. & County Line	-	-	400,000
Feasibility study cost for tunnels	5,745	-	-
Transportation study	-	-	25,000
Landscape improvements	-	-	70,000
County Line improvements	-	-	650,000
County Line road reimbursement - SEMSWA	-	-	70,000
C-470 Coalition - Douglas County	-	-	100,000
Schweiger Ranch preservation	75,000	-	75,000
Public improvement purchases - deferred rebates	17,168	-	-
Reimbursement for Heritage Hills public improvement purchases	272,672	272,672	-
Retail retention agreement	-	75,000	75,000
Reimbursement of sales taxes to PMBID	4,381,311	4,804,061	4,820,129
Reimbursement of property taxes to PMBID for PMMD	184,856	184,757	182,000
TOTAL CAPITAL OUTLAY	10,544,885	9,307,280	15,493,854
Total expenditures	31,947,642	32,386,994	30,621,683
TRANSFERS OUT			
Special Revenue Fund - Arts Center	-	572,648	671,880
Special Revenue Fund - RidgeGate	-	-	165,000
Debt Service Fund - Arts and Cultural Facilities	-	-	-
Debt Service Fund - Park and Recreation Improvements	-	-	-
Total transfers out	-	572,648	836,880
Total expenditures and transfers out requiring appropriation	31,947,642	32,959,642	31,458,563
ENDING FUND BALANCE	\$ 16,912,664	\$ 10,711,555	\$ 4,683,508

**CITY OF LONE TREE
SPECIAL REVENUE FUND - RIDGEGATE
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED**

	2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
BEGINNING FUND BALANCE	\$ (130,910)	\$ (113,719)	\$ 52,601
REVENUE			
Sales tax	677,184	844,000	877,000
Use tax-retail	303,754	345,000	352,000
Use tax - building materials	130,724	190,000	590,000
Lodging tax	-	-	30,000
Franchise fees - electric and gas	78,697	90,000	95,000
Franchise fees - cable	4,850	5,000	5,300
Highway Users Tax (HUTF)	56,603	41,623	44,184
Building permit fees	309,773	260,000	224,000
Planning and zoning fees	8,915	15,000	20,000
Engineering fees	43,013	70,000	84,200
Schweiger Ranch grants and contributions	75,000	-	75,000
Net investment income	680	60	75
Developer advance	-	462,719	-
Reimbursable costs	1,942,919	-	165,000
Other	18,991	3,000	10,000
Total revenue	3,651,103	2,326,402	2,571,759
TRANSFERS IN			
General Fund	-	-	165,000
Total transfers in	-	-	165,000
Total funds available	\$ 3,520,193	\$ 2,212,683	\$ 2,789,360

**CITY OF LONE TREE
SPECIAL REVENUE FUND - RIDGEGATE
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED**

2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
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EXPENDITURES

City Administration - salaries and benefits	\$ 99,029	\$ 119,185	\$ 149,163
Legal	10,403	20,000	75,000
Finance - consulting	49,923	50,000	50,000
Administration and overhead costs	81,042	82,000	85,000
Insurance	59,448	68,600	79,000
Audit	4,798	5,031	5,000
Engineering	233,098	300,000	300,000
Community Development	136,815	156,529	191,694
Consulting	-	-	25,000
Police Department	869,641	961,751	1,114,445
Street lighting	53,112	50,000	50,000
Snow removal	109,035	120,000	130,000
Schweiger Ranch Preservation	75,000	-	75,000
RidgeGate extension - engineering and construction	1,852,568	83,986	330,000
Happy Canyon Creek Study - Urban Drainage	-	31,000	-
Traffic circle improvements	-	-	20,000
Miscellaneous	-	112,000	2,000
Total expenditures	3,633,912	2,160,082	2,681,302

TRANSFERS OUT

General Fund	-	-	55,457
Total transfers out	-	-	55,457

Total expenditures and transfers out requiring appropriation	3,633,912	2,160,082	2,736,759
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ENDING FUND BALANCE

	\$ (113,719)	\$ 52,601	\$ 52,601
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**CITY OF LONE TREE
SPECIAL REVENUE FUND - ARTS CENTER
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED**

	2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
BEGINNING FUND BALANCE	\$ -	\$ -	\$ -
REVENUE			
LONE TREE ARTS CENTER			
Operating			
Single ticket sales	-	459,357	811,250
Subscription sales	-	93,231	214,500
Handling fees	-	26,226	57,318
Rental fees	-	26,250	64,250
Concessions and catering	-	23,428	110,685
Miscellaneous	-	13,900	15,000
Education	-	1,000	109,875
Non-Operating			
Individual, corporate and foundation contributions	-	45,050	200,000
Government grants	-	60,000	68,000
Special events	-	116,395	112,000
TOTAL LONE TREE ARTS CENTER	-	864,837	1,762,878
Total revenue	-	864,837	1,762,878
TRANSFERS IN			
General Fund	-	572,648	671,880
Total transfers in	-	572,648	671,880
Total funds available	\$ -	\$ 1,437,485	\$ 2,434,758

**CITY OF LONE TREE
SPECIAL REVENUE FUND - ARTS CENTER
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED**

2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
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EXPENDITURES

LONE TREE ARTS CENTER

Administration	-	41,896	139,282
Programming	-	616,346	1,218,302
Marketing	-	299,024	401,978
Education	-	19,497	108,149
Facilities	-	77,169	180,500
Development	-	141,345	186,547
One-time start up	-	242,209	-
Contingency	-	-	200,000
TOTAL LONE TREE ARTS CENTER	-	1,437,485	2,434,758

Total expenditures

	-	1,437,485	2,434,758
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TRANSFERS OUT

Total transfers out

	-	-	-
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Total expenditures and transfers out requiring appropriation

	-	1,437,485	2,434,758
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ENDING FUND BALANCE

	\$ -	\$ -	\$ -
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CITY OF LONE TREE
DEBT SERVICE FUND - ARTS AND CULTURAL FACILITIES
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED

	2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
BEGINNING FUND BALANCE	\$ 418,976	\$ 548,153	\$ 199,069
REVENUE			
Sales tax	1,394,220	1,461,000	1,495,000
Use tax - retail	16,364	16,000	16,300
Use tax - building materials	11,538	14,000	17,500
Net investment income	986	1,000	300
Total revenue	<u>1,423,108</u>	<u>1,492,000</u>	<u>1,529,100</u>
TRANSFERS IN			
General Fund	-	-	-
Total transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>1,842,084</u>	<u>2,040,153</u>	<u>1,728,169</u>
EXPENDITURES			
Bond interest	583,731	562,431	544,181
Bond principal	710,000	730,000	785,000
Paying agent fees	200	500	500
Contingency	-	-	2,319
Total expenditures	<u>1,293,931</u>	<u>1,292,931</u>	<u>1,332,000</u>
TRANSFERS OUT			
General Fund	-	548,153	-
Total transfers out	<u>-</u>	<u>548,153</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>1,293,931</u>	<u>1,841,084</u>	<u>1,332,000</u>
ENDING FUND BALANCE	<u>\$ 548,153</u>	<u>\$ 199,069</u>	<u>\$ 396,169</u>

CITY OF LONE TREE
DEBT SERVICE FUND - PARK AND RECREATION IMPROVEMENTS
FORECASTED 2012 BUDGET AS ADOPTED
WITH 2010 ACTUALS AND 2011 ESTIMATED

	2010 ACTUAL	2011 ESTIMATED	2012 ADOPTED
BEGINNING FUND BALANCE	\$ 494,824	\$ 485,009	\$ 520,909
REVENUE			
Sales tax	930,378	974,000	997,000
Use tax - retail	10,920	11,000	11,200
Use tax - building materials	7,699	9,000	11,300
Net investment income	888	800	900
Total revenue	<u>949,885</u>	<u>994,800</u>	<u>1,020,400</u>
TRANSFERS IN			
General Fund	-	-	-
Total transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total funds available	<u>1,444,709</u>	<u>1,479,809</u>	<u>1,541,309</u>
EXPENDITURES			
Bond interest	499,500	483,400	464,400
Bond principal	460,000	475,000	515,000
Paying agent fees	200	500	500
Contingency	-	-	2,100
Total expenditures	<u>959,700</u>	<u>958,900</u>	<u>982,000</u>
TRANSFERS OUT			
Total transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and transfers out requiring appropriation	<u>959,700</u>	<u>958,900</u>	<u>982,000</u>
ENDING FUND BALANCE	<u>\$ 485,009</u>	<u>\$ 520,909</u>	<u>\$ 559,309</u>

CITY OF LONE TREE

2012 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Services Provided

On November 7, 1995, a majority of the qualified voters at a general election voted to incorporate the City of Lone Tree (the City). Following incorporation, on May 5, 1998, a majority of the qualified voters adopted a Home Rule Charter thereby granting the City all powers accorded to cities by the laws of the State of Colorado. The City provides numerous services to its residents including general government, municipal court, community development and building regulation, public safety, public works, arts and cultural and capital improvements.

In 2000, RidgeGate, formerly known as Rampart Range, was annexed into the City by voter approval. The annexation agreement with the developers of RidgeGate require accounting for revenue and expenditures related to the RidgeGate development in a separate Special Revenue Fund.

Starting with the 2011 fiscal year, the City has elected to account for all revenue and expenditures related to the Lone Tree Arts Center in a separate Special Revenue Fund. The Lone Tree Arts Center's first full year of operations is reflected in 2012.

In addition to the General Fund and two Special Revenue Funds described above, the City also has two separate Debt Service Funds. The Debt Service Funds segregate monies related to the sales tax increases that were approved by City voters on May 6, 2008. Pursuant to that election, City voters authorized the issuance of indebtedness in an amount not to exceed \$18.5 million by increasing the rate of sales and use tax levied by the City by .1875 percent to be used to finance the cost of cultural facilities. Additionally, City voters authorized indebtedness in an amount not to exceed \$12.5 million by increasing the rate of sales and use tax levied by the City by .125 percent to be used to finance various park and recreational improvements. The increase in the sales and use tax rate for both initiatives commenced on July 1, 2008.

The City's Budget is prepared using the modified accrual basis of accounting. The City's Budget does not include any component units, such as the Entertainment Business Improvement District, the Lone Tree Building Authority or the Park Meadows Business Improvement District. A separate budget has been prepared for any such units.

Currently, the majority of the services related to legal, finance and public works are contracted by the City. City Council has determined it to be economically prudent to outsource these services rather than incur the payroll, benefit costs and related liabilities associated with maintaining permanent city employees.

The Budget is in accordance with the TABOR Amendment limitations that were modified by the citizens at elections held in November 1999 and May 2008. Emergency reserves, required under TABOR, have been provided for.

CITY OF LONE TREE

2012 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues

Taxes

The primary sources of revenue for the City are sales and use tax. The City assesses a 1.8125% sales or use tax on all taxable retail transactions and a 1.8125% use tax on building construction materials (1.5% base tax, .1875% for cultural facilities, and .125% for park and recreational improvements). 2012 sales and use tax revenue is estimated for 2012 using historical trends, current economic conditions, as well as projections based on expected new retail openings in the City.

In addition to sales and use taxes, the City also collects lodging and accommodations tax and an admission and event tax which were approved by election in November 1998. Lodging and admissions tax is a tax assessed on guest lodging in hotels and motels located within the City limits at a rate of 6.0% to be charged on renting or leasing lodging accommodations for a period of sixty consecutive days or less since February 2001. In November 2001, the City initiated a 4.0% admissions and event tax to be charged on each taxable transaction, as defined by City Ordinance. These taxes are estimated to increase by 2% in 2012 based on historical trends.

Franchise Fees

Franchise fees are revenues derived from fees levied on companies in exchange for the right to use public right of way and otherwise operate as a franchise. Franchise fees for the City are generated from a negotiated franchise license with Xcel Energy for gas and electric service in the City as well as cable franchise fees with Comcast and Qwest.

The electric and gas franchise fee is based on 3.0% of gross revenue collected from customers in the City. Fees are estimated based on historical trends and new building permits issued in the prior year. The cable franchise fee with Comcast is at the rate of 1.5% for cable service provided to City residents, not including residents within the RidgeGate development. A Century Link franchise fee of 5.0% is collected for cable service provided to City residents within the RidgeGate development boundaries and was initiated in May 2005. Franchise fees are estimated to increase by 2% in 2012 due to utility cost increases as well as anticipated residential development.

Intergovernmental Revenue

Intergovernmental revenue, which is the second largest revenue source for the City consists of various sources of revenue that are received by the City from the State or County including the Highway Users Tax (HUTF), Cigarette tax, County sharebacks for road and bridge as well as transportation and conservation trust funds. These revenues are budgeted each year based on set factors and formulas and are somewhat stable for the City unless legislature is revised. The HUTF is a state tax shared locally based on gas tax, various vehicle registration, title and license fees. Cigarette tax is a tax assessed by

CITY OF LONE TREE

2012 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Revenues - (continued)

the state government and a percentage of the tax is allocated to the City based on sales tax receipts as a percentage of state sales tax receipts. The County Road and Bridge Shareback is based on the County mill levy of 4.493 which is assessed against the City's assessed value for the purpose of maintaining roads and bridges. The County Shareback for Transportation, effective as of January 1, 2011, provides that 75% of 0.4% of gross sales and use tax (building materials) generated within the City's boundaries (with the exception of the Park Meadows Mall) is to be reimbursed to the City by the County for transportation projects. This agreement will be in effect until December 31, 2030. Finally the Conservation Trust Funds are lottery revenues from the State that are allocated to municipalities based on population estimates.

In addition to the State and County revenue items above, the City also partners with other governmental entities including the Park Meadows Metropolitan District, Rampart Range Metropolitan District and Douglas County for capital projects and shared maintenance costs. These amounts are reflected under reimbursable costs for amounts received for City contracted projects and services.

Licenses, Fees and Charges

Licenses, fees and charges consist of various fees including business license, liquor license, building permit, planning and zoning and engineering fees. Many of these fees are based on residential and commercial development within the City and are estimated based on permit information as well as information received from developers within the City.

Fines and Forfeitures

Fines and forfeiture revenue include court fees as well as vehicle and other code violation fines including Red Light ticket revenue. 2012 amounts reflect a slight increase; however these revenue sources have declined over the last couple of years due to an increase of citizenry compliance with traffic and other laws.

Lone Tree Arts Center

The revenues listed in the Special Revenue Fund – Arts Center are associated with the operations of the Lone Tree Arts Center and include various ticket sales, handling fees, rental fees, concessions and catering revenue as well as various estimated contributions and grants. 2012 reflects a full year of Lone Tree Arts Center operations.

Other

Various other revenue sources are anticipated to be received by the City including interest income, fees collected from Arts and Cultural events, as well as tenant rental income received by parties leasing space in the City Hall.

CITY OF LONE TREE

2012 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures

Though the City has implemented the Budgeting for Outcomes (BFO) process in 2012, the Budget has also been presented in this report based on generally accepted accounting principles requirements.

General Government

Expenditures in this area include City Council stipends as well as Council costs for travel, seminars and training, and other related expenditures. City Clerk expenditures include costs for public elections and legal publication costs including ordinances and hearings, as well as salaries and benefits costs for the City Clerk. City Administration expenditures include certain personnel costs including the City Manager's office, facilities management, events coordination as well as a full time IT manager beginning in 2012. Internal Finance costs include sales and use tax collections and compliance as well as accounts receivable, accounts payable and payroll processing. Contracted Finance for the City represents the outsourced function which includes compilation of the City's monthly and annual financial reports, budget process, establishing financial policies, and other financial projects. Human resources include a full time HR personnel as well as various trainings for City staff, recruitment costs and wellness programs. City office and Civic Center costs consist of expenditures including supplies, equipment and furniture, IT hardware and software, phone service, as well as other expenditures related to the specific City facility. Also, legal, insurance and economic development costs are reflected under General Government.

Additionally, other City programs are reflected under General Government including Community Support which consists of various contributions to local groups and other community related events. Annual events include summer concerts, the Independence Day celebration, holiday lighting and Arbor Day. Arts and Cultural events include various events including the City's Arts Exhibition, photography show, Children's programming and the Lone Tree Symphony Orchestra.

2012 estimates for General Government have been determined based on historical costs, anticipated cost increases related to salary and benefits as well as known contract price changes.

Municipal Court

Municipal court expenditures are based on the City's creation of a municipal court in 2002. Costs in this area consist of judge fees, legal fees, court clerks salaries and benefits as well as office supplies and software. Municipal Court expenditures are estimated to increase slightly in 2012 due mainly for a software upgrade.

CITY OF LONE TREE

2012 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures – Continued

Community Development

Community Development includes planning services, costs incurred related to the City's Planning Commission, as well as other miscellaneous costs. Community Development also includes building permit and inspection, code enforcement and engineering. The anticipated increase in 2012 is mainly due to additional planning and inspection costs anticipated with planned residential and commercial developments in 2012. It should be noted that a majority of these costs are offset with building permit fees as well as licenses, fees and other charges.

Police Department

The 2012 Budget includes payroll and related benefit expenditures for forty-seven (47) sworn officers and five (5) civilian employees. 2012 salaries and benefits includes two "overhire" positions which are non-post employees, who the City sponsors through a Police Academy for five months. When that training is complete, these officers go right into the field training program which lasts approximately four months. With turnover being common in police departments, this program allows the City to be proactive in filling open slots and having new officers trained and ready to go mitigating higher costs with traditional hiring in the open market. The 2012 Budget also includes costs related to the contract with the Town of Parker to provide dispatch services, crime scene and analysis services as well as evidence processing and storage.

Public Works

The Public Works Department oversees street lighting, street maintenance, landscape maintenance, snow removal, drainage maintenance including EPA Phase 2 compliance, street and sidewalk sweeping, engineering, noxious weeds control and maintains the Geographic Information System (GIS). Additionally, solid waste pickup as well as recycling is provided to all single-family residents in the City.

Arts and Cultural

Arts and cultural expenditures for 2012 include the first full year of operations for the Lone Tree Arts Center including costs associated with programming, marketing, education and development for the Center, as well as administration and facilities costs.

Parks and Recreation

Parks and recreations services for the City are provided by the South Suburban Parks and Recreation District (SSPRD). The 2012 Budget includes a cooperative participation project with SSPRD for the Taos tennis courts and trails project as well as the East/West Trail project which will be paid for by the City with remaining bond proceeds and funds contributed by Douglas County and Rampart Range Metropolitan District. Additionally, the City funds and organizes several events annually including day events at Cook Creek pool for City residents, tennis events at the tennis and park facility at the golf course as well as the Wag'n'Romp dog event.

CITY OF LONE TREE

2012 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Expenditures – Continued

Capital Outlay

To the extent funds are available and the need is established, the 2012 Budget provides for capital outlay costs including street construction and overlay, landscape improvements, traffic signalization improvements, and various street reconstruction projects including Parkway Drive, Park Meadows Drive and County Line Road. City office building includes various additions and modifications to the City Hall as well as the estimated lease payments and certain associated costs related to the certificates of participation (COPs) issued by the Lone Tree Building Authority in January 2007. The 2012 Budget anticipates early redemption of the COPs during 2012. Reimbursement of sales taxes to PMBID includes the portion of sales taxes to be reimbursed to the Park Meadows Business Improvement District associated with the annexation of Park Meadows Mall.

Debt Service

Principal and interest payments are provided based on the debt amortization schedule from the Series 2008A Sales and Use Tax Revenue Bonds (Recreation Projects) as well as the Series 2009 Sales and Use Tax Revenue Bonds (Cultural Facilities Projects). The City's current debt service schedules are attached.

Debt and Leases

On November 19, 2008, the City issued \$11,000,000 in Sales and Use Tax Revenue Bonds for park and recreational improvements. The Series 2008A Bonds are due annually in various amounts beginning December 1, 2008 through December 1, 2023, with interest rates from 3.50% to 5.25%, payable semiannually on June 1 and December 1. The Series 2008A Bonds maturing on or before December 1, 2018 are not subject to redemption prior to maturity. The Series 2008A Bonds maturing on and after December 1, 2019 are subject to redemption prior to maturity at the option of the City with no redemption premium. The principal and interest on the Series 2008A Bonds is payable solely from and secured by an irrevocable pledge of the 2008A pledged revenues which primarily consist of the revenues derived from the City's recreation sales and use tax imposed at a rate equal to .125%.

On August 11, 2009, the City issued \$16,880,000 in Sales and Use Tax Revenue Bonds for cultural facilities projects. The Series 2009 Bonds are due annually in various amounts beginning December 1, 2009 through December 1, 2023, with interest rates from 2.50% to 4.25%, payable semiannually on June 1 and December 1. The Series 2009 Bonds maturing on or before December 1, 2019 are not subject to redemption prior to maturity. The Series 2009 Bonds maturing on and after December 1, 2020 are subject to redemption prior to maturity at the option of the City with no redemption premium. The principal and interest on the Series 2009 Bonds is payable solely from and secured by an irrevocable pledge of the 2009 pledged revenues which primarily consist of the revenues

CITY OF LONE TREE

2012 BUDGET

SUMMARY OF SIGNIFICANT ASSUMPTIONS

Debt and Leases – (Continued)

derived from the City's cultural facilities sales and use tax imposed at a rate equal to .1875%.

The City entered into a Lease Purchase Agreement with the Lone Tree Building Authority in January 2007 in which the City will lease a certain building purchased by the Lone Tree Building Authority to be used as City Hall. The Lone Tree Building Authority issued certificates of participation (COPs) for the purchase of the City Hall. The City will be responsible for the scheduled lease payments due under the certificates of participation.

Debt service schedules as well as scheduled lease payments related to the COPs are attached.

Reserve Funds

The City has provided for an emergency reserve equal to at least 3% of the fiscal year spending for 2011, defined under TABOR. Additionally, the City has provided for emergency maintenance and repair reserves in 2012 as defined per the RidgeGate Annexation and Development Agreement, and an emergency disaster management reserve pursuant to an intergovernmental agreement with Douglas County estimated at .02% of the City's assessed value. Pursuant to bond restrictions, reserves are also set aside for remaining bond proceeds related to park and recreation bonds issued in 2008 as well as revenue received from the sales tax increases approved in 2008 by City voters which are pledged for payment of interest and principal payments on the 2008A and 2009 Bonds.

In addition to the funds reserved by the City pursuant to laws or other regulations outlined above, the City also has designated 20% of its operating costs as a working reserve to account for unanticipated revenue shortfalls, unanticipated expenditures as well as to ensure stable tax rates for the City.

This information is an integral part of the accompanying forecasted budget.

**CITY OF LONE TREE
DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2011**

**\$11,000,000 Sales and Use Tax Revenue Bonds
Recreation Projects
Series 2008A, Dated November 19, 2008
Interest Rate Varying from 3.50% to 5.25%
Interest Payable June 1 and December 1
Principal Due December 1**

	Principal		Interest		Total
2012	\$ 515,000	\$	464,400	\$	979,400
2013	555,000		443,800		998,800
2014	600,000		420,213		1,020,213
2015	645,000		394,713		1,039,713
2016	695,000		365,687		1,060,687
2017	750,000		332,675		1,082,675
2018	805,000		295,175		1,100,175
2019	870,000		254,925		1,124,925
2020	940,000		209,250		1,149,250
2021	1,005,000		162,250		1,167,250
2022	1,080,000		112,000		1,192,000
2023	1,160,000		58,000		1,218,000
	\$ 9,620,000	\$	3,513,088	\$	13,133,088

**CITY OF LONE TREE
DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2011**

**\$16,880,000 Sales and Use Tax Revenue Bonds
Cultural Facilities Projects
Series 2009, Dated August 11, 2009
Interest Rate Varying from 2.50% to 4.25%
Interest Payable June 1 and December 1
Principal Due December 1**

	Principal		Interest		Total
2012	\$ 785,000	\$	544,181	\$	1,329,181
2013	845,000		524,556		1,369,556
2014	915,000		499,206		1,414,206
2015	985,000		471,756		1,456,756
2016	1,060,000		439,744		1,499,744
2017	1,140,000		403,044		1,543,044
2018	1,225,000		363,481		1,588,481
2019	1,325,000		314,481		1,639,481
2020	1,425,000		261,481		1,686,481
2021	1,535,000		204,481		1,739,481
2022	1,645,000		143,081		1,788,081
2023	1,770,000		75,228		1,845,228
	\$ 14,655,000	\$	4,244,720	\$	18,899,720

**CITY OF LONE TREE
ESTIMATED BASE RENTALS SCHEDULE
December 31, 2011**

**\$9,230,000 Taxable Adjustable
Rate Certificates of Participation
Series 2007, Dated January 1, 2007
Monthly Rate Mode Assumed
Principal and Interest Due Monthly**

	Principal	Interest	Total
2012	\$ 875,000	\$ 236,325	\$ 1,111,325
2013	940,000	186,013	1,126,013
2014	1,005,000	131,963	1,136,963
2015	1,070,000	74,175	1,144,175
2016	220,000	12,650	232,650
	\$ 4,110,000	\$ 641,125	\$ 4,751,125

Note: Assumes no redemptions, other than mandatory sinking fund redemptions, prior to maturity. Assumes the COPS will remain in variable rate mode to maturity at an average interest rate of 5.75%.

**CITY OF LONE TREE
FULL-TIME EQUIVALENT CITY
EMPLOYEES BY FUNCTION/PROGRAM
2011 Estimated and 2012 Projected**

<u>Function/Program</u>	<u>Full-Time Equivalent Employees</u>	
	<u>2011</u>	<u>2012</u>
General Government		
City Manager's Office	4.00	4.00
Human Resources	2.00	2.00
Events Coordinator	1.50	1.50
Facilities Manager	1.00	1.00
IT Manager	-	1.00
City Clerk	2.00	2.00
Finance (1)	4.00	4.00
Municipal Court		
Court Clerk	2.00	2.00
Community Development		
Planning	2.75	3.00
Code Enforcement	1.00	1.00
Building	2.00	2.00
Arts & Cultural		
Administration	2.00	2.00
Programming	9.75	9.75
Marketing	2.75	2.75
Education	0.25	0.25
Development	0.50	0.50
Police		
Chief	1.00	1.00
Commander	3.00	3.00
Detective	4.00	4.00
Sergeant	9.00	10.00
Community Resource	1.00	1.00
Patrol	29.00	28.00
Police Service Coordinator	1.00	1.00
Executive Assistant	1.00	1.00
Records Tech	3.00	3.00
Total	<u>89.500</u>	<u>90.750</u>

(1) Includes sales tax collection and compliance, accounts payable, payroll and cash receipt collection.

Note: The City outsources Public Works, legal and the majority of its finance and accounting services.

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

Function/Program	2007	2008	2009	2010	2011
Municipal court					
Number of court cases	1,427	2,260	2,159	1,918	2,114
Community development					
Building permits issued	723	634	536	701	700
Building inspections conducted	5,031	4,257	2,750	4,513	4,196
Public works					
Streets overlayed (miles)	4.06	12.52	11.61	10.48	9.71
Public safety					
Accidents	1,095	1,033	970	878	1,008
Citations issued	4,860	7,879	5,619	6,107	4,812

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

Function/Program	2007	2008	2009	2010	2011
Public works					
Streets (miles)	130.40	130.40	147.00	148.37	148.37
Traffic signals	33	35	40	42	42
Public safety					
Stations	2	2	2	2	2
Patrol units	15	16	22	24	24
Capital outlay					
Storm drainage (miles)	38.25	38.25	38.25	38.25	38.25