



CITY OF LONE TREE

PARK MEADOWS

2020

BUDGET

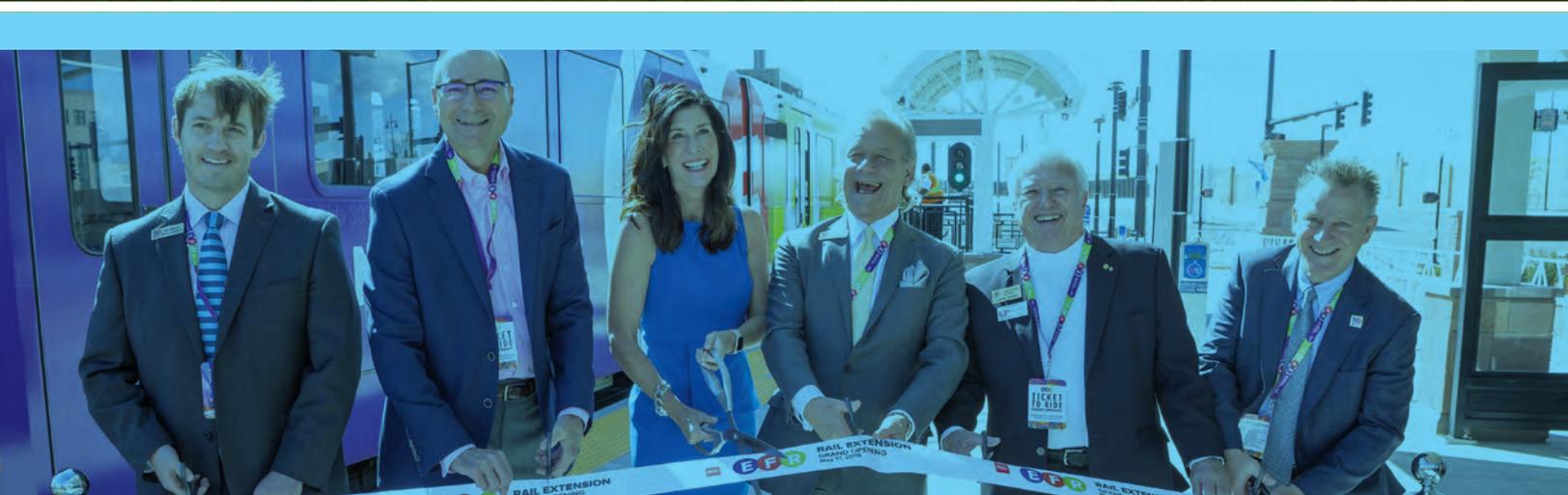


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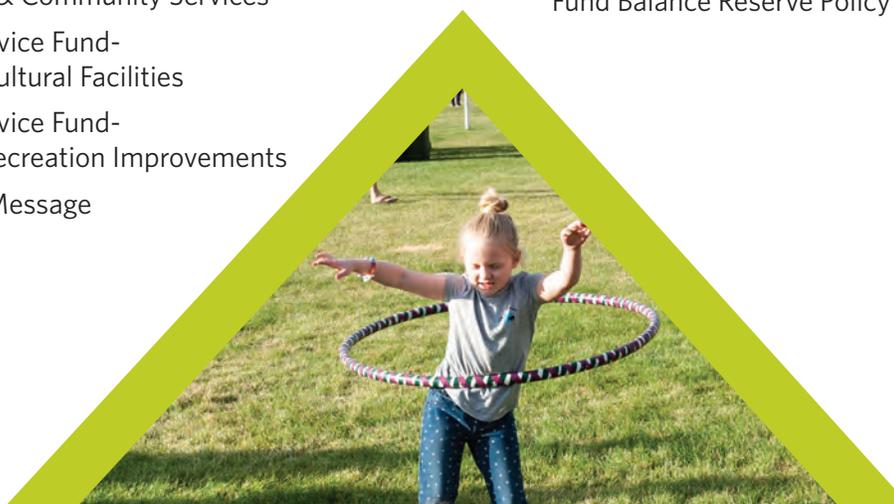
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Using the Budget Document

Each year, the City Manager and staff prepare an annual budget that serves as the funding plan for the policies, goals and service levels as determined by City Council. This document is a comprehensive decision-making tool that provides detail for the 2019 estimated budget and the 2020 adopted budget.

The City of Lone Tree prepares a modified programs-based budget. The Fund Summaries and Budget Message are found on pages 21-57, which provide fund summary information, revenue details, as well as program budgets that identify activities and financial detail for each department based on generally accepted accounting principles.

In developing the budget, the City staff focuses on the Community Vision Statement which states: *Lone Tree is a premier Colorado community connected by great neighborhoods, vibrant public spaces, a beautiful natural environment and thriving businesses.* Additionally, the organizational mission states: *We will achieve Lone Tree's community vision by doing things the best way, not just the expected way.*

Along with the vision and mission statements, the City Manager committed to six big ideas. These six big ideas serve as the cornerstone of the strategic plan. In order to achieve the vision and mission, the City will be a national model for:

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

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

The City utilizes a decentralized "bottom up" approach in the development of the annual budget. Each department is responsible for developing the financial data and narratives that are to be incorporated into the budget document. Guidelines and instructions are established by the Finance Department in cooperation with the City Manager's Office and City Council's policy direction. The Finance Department coordinates and compiles all the budget information from the departments into the final budget document that is presented by the City Manager to City Council.

There are five main sections to this document including: Introduction & Overview; Financial Structure, Policy & Process; Financial Summaries; Capital & Debt; and Departmental Information.

Using the Budget Document

THE FIVE MAIN SECTIONS OF THIS DOCUMENT

1 INTRODUCTION & OVERVIEW

This section provides general information about the City including budget highlights from the City Manager, a list of Principal Officials, Lone Tree Facts and a snapshot of the City's total budget, including revenues and expenditures for all funds. Additionally, there is a summary of the City's priorities for 2020 based in part on identified short-term factors influencing decision making.

2 FINANCIAL STRUCTURE, POLICY & PROCESS

This section provides the citywide organizational chart, a description of the four City Funds and their structure and how they relate to each department. Additionally, a discussion is presented on the basis of budgeting, the City's financial policies and the budget process.

3 FINANCIAL SUMMARIES

This section provides supporting detail for the revenues and expenditures for all funds requiring appropriation. Additionally, the Budget Message provides detailed information about the City and each fund, as well as information on each revenue type, department expenditure information, capital expenditure information, debt and leases, compensation, benefits and staffing, and reserve funds.

4 CAPITAL & DEBT

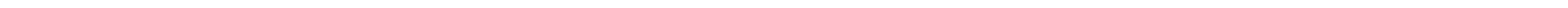
This section outlines the City's capital expenditures and discusses the difference between routine and one-time capital expenditures. Additionally, the Capital Expenditures budget, which can be found on page 59, provides further details. Additionally, the City's debt instruments are discussed and the debt schedules are presented.

5 DEPARTMENTAL INFORMATION

This section provides employee counts by function/program, department descriptions, unit goals and objectives.



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INTRODUCTION & OVERVIEW



Introduction & Overview

CITY MANAGER'S BUDGET HIGHLIGHTS

To the Citizens of Lone Tree and other Interested Parties:

I am pleased to present the City of Lone Tree's 2020 budget. The City Council and City Staff have worked diligently for several months in order to develop a plan that is fiscally cautious but allows the City to continue the promises made in our Vision, Mission and our six Big Ideas. It is a plan that will help us achieve our vision of Lone Tree as a premier Colorado community connected by great neighborhoods, vibrant public spaces, a beautiful natural environment, and thriving businesses. It will serve as both a policy document and a financial instrument that focuses on our work toward that vision. As we go into 2020 and celebrate the 25th anniversary of the City, it is a great time to reflect back on all that has been accomplished in the past, but also the exciting things to come over the next 25 years.

The budget was formally adopted by the City Council by Resolution No. 19-43 on December 3, 2019.

BUDGET HIGHLIGHTS

This balanced budget reflects the City Council's objective to continue to provide a high level of service to our community, commit time and investment in planning for the future, maintain or upgrade the City's existing core infrastructure, capture maximum value out of previous investments, maintain operating reserves, and contribute to the City's capital reserve.

HIGHLIGHTS INCLUDE:

- Total budgeted revenues for all City funds are approximately \$44.8 million.
- Taxes make up approximately 63.7% of total revenues. The primary source of this revenue is sales tax.
- During 2019, year-over-year sales tax collections are estimated to end the year flat compared with 2018 collections based on year-to-date actuals. Sales tax projections for 2020 are calculated conservatively to show a slight increase of 0.2%. The projections are based on 2019 trends, new retail/restaurants, along with known store closings for 2020.

- The City does not assess a mill levy for the collection of property taxes.
- Increases in other tax areas include lodging tax as a result of a new hotel that opened in late 2019 and increased construction use tax as a result of new development around the Sky Ridge light rail station.
- Total budgeted expenditures for 2020 for all City funds are approximately \$52.4 million. Budgeted expenditures are projected to be paid from projected 2020 revenues received as well as prior years' accumulated fund balances.
- The 2020 operating budget maintains the same high-quality level of service as 2019 for core services such as snow removal, trash removal and street maintenance.
- The 2020 budget includes two new positions in the Community Development Department, Planner II and Electrical Inspector, which are a result of preparing for future development; one at the Lone Tree Arts Center, Events and Rental Assistant, to help balance workloads and ensure high quality customer service; a part-time civilian position in the Police Department, as an extra-duty contract coordinator; and a placeholder for a School Resource Officer.
- The 2020 Police Department budget for salaries and benefits reflects significant changes to the compensation program for sworn officers in order to remain competitive with neighboring jurisdictions with the goal of officer retention.
- The City will celebrate its 25th Anniversary of the City's founding in 2020, so the budget reflects funding for events throughout the year to celebrate this milestone with our residents.
- Several investments will be made to start planning for development east of I-25, including:
 - A Regional Park Master Plan which is a partnership with South Suburban Park and Recreation District
 - A long-term facility needs study, and
 - A zoning code update

- Leveraging partnerships is still a key component for the City to be able to fund large capital projects, and we are excited for that continued support in 2020. Capital improvement projects in 2020 include:
 - RidgeGate Parkway Widening
 - Park Meadows Drive Regional Drainage Pond Improvements
 - RidgeGate Crosswalk/Pedestrian Improvements
 - Annual street overlay and traffic signals
 - Adaptive Traffic Signals on the Yosemite corridor
- A 25% working reserve has been included in the 2020 budget. This reserve is set aside for unanticipated revenue shortfalls or if unanticipated expenditures occur.
- Capital reserves have been established for capital replacement and new capital projects based on the City's 5-year capital plan. The 2020 budget reflects the concerted effort staff and City Council have made to begin increasing the City's capital reserve for known future significant projects by adding approximately \$1.7 million in 2020.

WHAT TO EXPECT IN 2020

The coming year will bring several exciting opportunities including:

- A major City investment in street overlay, traffic improvements, and road improvements and repairs.
- Lone Tree will continue as a national leader in its pursuit of Smart City solutions to use technology to help provide the highest-quality services through Link On Demand and the adaptive traffic signal project on the Yosemite corridor, which is a cross jurisdictional project with the cities of Centennial and Greenwood Village and a first of its kind partnership.
- Immense benefits from contracting for or partnering on a wide variety of City services, ranging from trash removal to snow plowing to police dispatch. Contracting these services is still financially prudent compared to what they would cost in staffing, and capital facilities and equipment.
- The Lone Tree Arts Center will continue its commitment to remarkable programming, as well as providing free City events and community impact programs.

HOW TO USE THIS DOCUMENT

The *Budget Summary* section provides a brief summary on the priorities for 2020, budgeted revenues, expenditures, and ending fund balances for each of the City's Funds, while the *Budget Message* section details information about services provided by the City; projected revenues and expenditures; and the City's current debt and reserve funds included in the 2020 budget. In addition, we have included in the capital section specific details on each of the City's larger capital projects.

I would like to acknowledge City Staff for their hard work, dedication and forward thinking and thank the Mayor and City Council for their strong public service commitment to the citizens of Lone Tree. The foundation they and their predecessors have laid has made Lone Tree what it is today, and their continued leadership promises to make 2020 a great year with many accomplishments. This budget is truly reflective of that remarkable group effort.

The City Council and I welcome any questions or comments concerning the 2020 budget and budget process.

Sincerely,



Seth Hoffman
City Manager

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Introduction & Overview LIST OF OFFICIALS

December 31, 2019

CITY COUNCIL

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



CITY OFFICIALS

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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Lone Tree
Colorado**

For the Fiscal Year Beginning

January 1, 2019

Christopher P. Morill

Executive Director

Introduction & Overview

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 City Manager is responsible for City operations.
- City Council is made up of five Council members, including the Mayor, elected in non-partisan elections. Each member serves a staggered four-year term and represents one of the two districts within the City except for the Mayor, who serves as an at-large member.
- The City provides a 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, financial management 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 6,162 acres or 9.6 square miles.
- Located in northern Douglas County.

GENERAL POPULATION

- Population estimated at 15,000 as of December 31, 2019 (with a daytime population estimated at 25,000).
- Median household income of \$115,000.
- Median Age - 39.

ECONOMY

- Lone Tree is located on the Southeast I-25 Corridor and within the boundaries of the Denver South Economic Development Partnership, which includes 42 million square feet of office space and employment of more than 300,000 people.
- The City is home to the Park Meadows Retail Resort, Colorado's only retail resort with over 200 unique retailers and restaurants including Amazon, American Girl, Apple Store, LL Bean, Nordstrom, Microsoft Store and Tesla.

- RidgeGate is a 3,500-acre master planned community located within the City and is home to the Lone Tree Recreation Center, the Lone Tree Arts Center as well as diverse retail, dining, office space and residential uses.
- Kiewit Infrastructure is building its new corporate campus at Sky Ridge Station, adjacent to the lightrail. This facility will employ up to 2,000 engineers and related positions, and the buildings will include a parking structure and 400,000 square feet of office space.



- In 2016, Charles Schwab became Douglas County's largest private sector employer with an estimated 4,500 employees.
- CU South Denver, CNA, Marriott Denver South, and multiple other new businesses were annexed into the City in 2017.
- The Lone Tree Entertainment District includes a movie theater, bowling alley, 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. In 2013, Sky Ridge began an estimated \$117 million expansion plan which added 90 beds, a women's center, a new medical office building, additional spine/ortho operating rooms and a parking structure. The expansion was completed with the opening of its children's emergency room in 2016.
- The City sales tax rate of 1.8125 percent is among the lowest in Colorado.
- Cook Creek pool features a 4,600 sq ft., outdoor leisure pool, 23-foot tower slide, zero depth entry, basketball and lesson area and interactive water feature.
- Lone Tree Arts Center includes a 500-seat main stage theater with orchestra and balcony seating, an adaptable 150-225 seat event hall for intimate performances and events, and a 300-350 seat outdoor terrace theater.
- The Annual Independence Day celebration at Sweetwater Park features music, trampolines, climbing walls, face painters, caricature, inflatables, fireworks and much more.

2019 HONORS AND AWARDS

- For the last 14 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.
- For the last five years, the City of Lone Tree has been the recipient of the Distinguished Budget Presentation Award for excellence in municipal budget reporting by the Government Finance Officers Association (GFOA). The award was first given for the City's 2015 budget, which was the first year the City applied for the award. This award represents a significant achievement by the City of Lone Tree and reflects the commitment of the City and staff to meet the highest principles of governmental budgeting.

PARKS, RECREATION AND CULTURE

- The City has an extensive trail system comprised of 34.5 miles in City limits.
- Lone Tree Golf Club and Tennis Center includes a championship Arnold Palmer-designed 18-hole public course, two championship/teaching tennis courts with terraced seating, four-court tennis complex with lighted courts and a pavilion with picnic tables and children's playground.



- The Lone Tree Arts Center was nominated for a Henry Award – Allen Noftal, Sound Design for BEEHIVE. The Henry Awards are presented by the Colorado Theatre Guild and are Colorado’s equivalent of Broadway’s Tony™ Awards.
- LTAC staff were selected to present a workshop session on sensory-friendly performances at the Kennedy Center Leadership Exchange in Arts and Disability Conference.
- Link On Demand, the City’s cutting edge on-demand transit service, has won numerous awards including the 2018 DRCOG Metro Vision Award, the 2019 Smart Cities Connect Smart 50 Award, METRO Magazine’s 2019 Metro Innovative Solutions Award, and the 2019 Colorado Association of Transit Agencies (CASTA) Special Innovation Award. These awards recognize excellence, innovation, collaboration and leadership in problem-solving among communities and their partners.
- For the last two years, the City has been awarded the CIRSA Safety Champion Award which recognizes entities who have implemented a unique safety program that focuses on innovative loss control initiatives with a proven track record that have resulted in a positive impact on the entity’s overall safety process. Additionally, this award recognizes municipalities who inspire a culture where safety is considered a value and an integral part of all operations.
- The Lone Tree Police Department has been awarded a Certificate of Accreditation by the Colorado Association of Chiefs of Police (CACP), which recognizes the City’s voluntary commitment to Colorado law enforcement excellence through compliance with CACP professional standards. CACP professional standards are intended to more clearly define the role and responsibilities of a Colorado Peace Officer and to enhance the quality of services provided. At a minimum, CACP professional standards incorporate a Professional Code of Ethics, professional standard requirements and a recognized body of knowledge. The accreditation lasts for a period of five years, with the Police Department receiving the award in 2008 for the first time. The Police Department maintained this accreditation during each additional renewal period in 2013 and 2018.
- The City, along with the architects, general contractor, and structural engineers, were awarded the 2019 American Architecture Award from The Chicago Athenaeum: Museum of Architecture and Design for the Lincoln Avenue Pedestrian Bridge. This award recognizes the best new buildings designed and constructed by American architects and abroad, and by international architects for buildings designed and built in the United States.



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The objectives of this budget are to preserve the current level of services while adjusting to changing revenue trends, but still making progress towards and implementing the City's strategic plans, specifically the "Big Ideas". The items discussed below reflect the short-term financial and operational factors that guided the development of the 2020 annual budget.

- Projected Revenue Streams
- Talent Management and Retention
- Planning for the Future
- Capital Improvements to Maintain Current Infrastructure
- Target Capital Reserve Amounts
- Maintaining Working Reserve Levels

The 2020 priorities share multiple similarities with the priorities of 2019, such as making investments in transportation, community safety, talent management and retention, and maintaining current infrastructure. With the completion of the Southeast Rail Extension in 2019, along with the RidgeGate Parkway Widening project finishing up in 2020, these projects prepare the way for development east of I-25. Additionally, the 2020 budget continues to focus on making sure the City provides an exceptional level of service to our businesses and residents, while also continuing to look and plan for our future growth. The 2020 priorities are going to be funded with general fund revenues received during the year as well as local partnerships.

The City's main priorities in the 2020 budget are:

- Maintain the same high level of service to our residents by providing exceptional customer service, trash removal at no charge and a variety of City-sponsored community events.
- Maintain or upgrade our existing core infrastructure, including street overlay, RidgeGate Parkway Widening, traffic signals, and RidgeGate pedestrian improvements.

- Continue investments in new technology to continue to be a national model, including Link On Demand and adaptive traffic signals.
- Continue rebuilding the City's capital reserve to be used in the future for large scale capital improvements.
- Focus on attracting and retaining talented staff through merit increases and updating the City's compensation program for police officers, corporals and sergeants to remain competitive in the market.

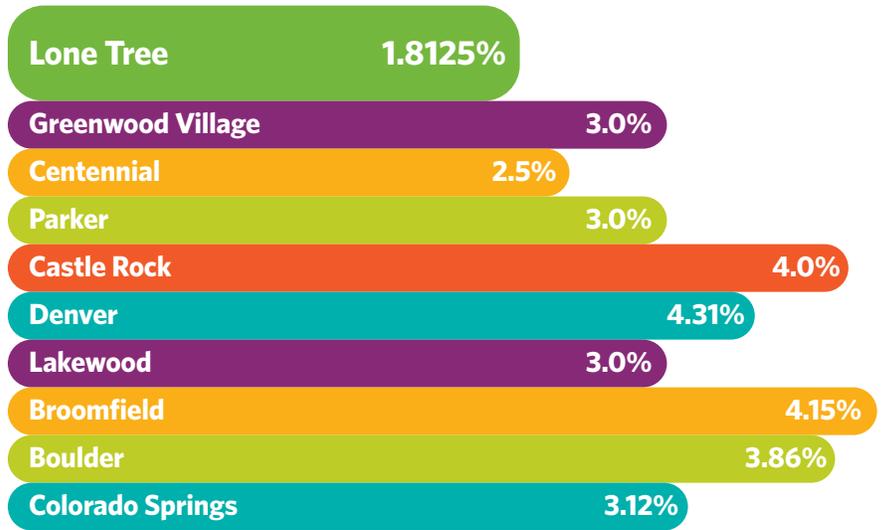
REVENUES

The 2020 budget has been prepared with no tax rate increases. Total budgeted revenues for all City funds are \$44,858,348. This is a decrease of 23 percent from 2019 estimated. This decrease is largely the result of lower intergovernmental revenue, primarily due to the timing of partner funds for the RidgeGate Parkway Widening project, as well as County Line Road Improvements. Additionally, the decrease in revenue is due to lower building permit fees. Though 2020 is still a strong year for development, 2019 was above average with several key new developments beginning around the Sky Ridge light rail station. Total taxes collected make up approximately 64 percent of total revenue. The primary source of the City's tax revenue is sales tax .

The rate for sales and use tax for general operations remains at 1.5 percent. The total sales and use tax rate for the City is 1.8125 percent of which .125 percent is pledged to bond repayment related to park and recreation improvements and .1875 percent is pledged to bond repayment related to the construction of the Lone Tree Arts Center. These sales and use tax increases which are pledged to the current City bonds will end December 1, 2023. The City's comparative low sales tax rate makes it attractive for consumers to visit and shop in the City.

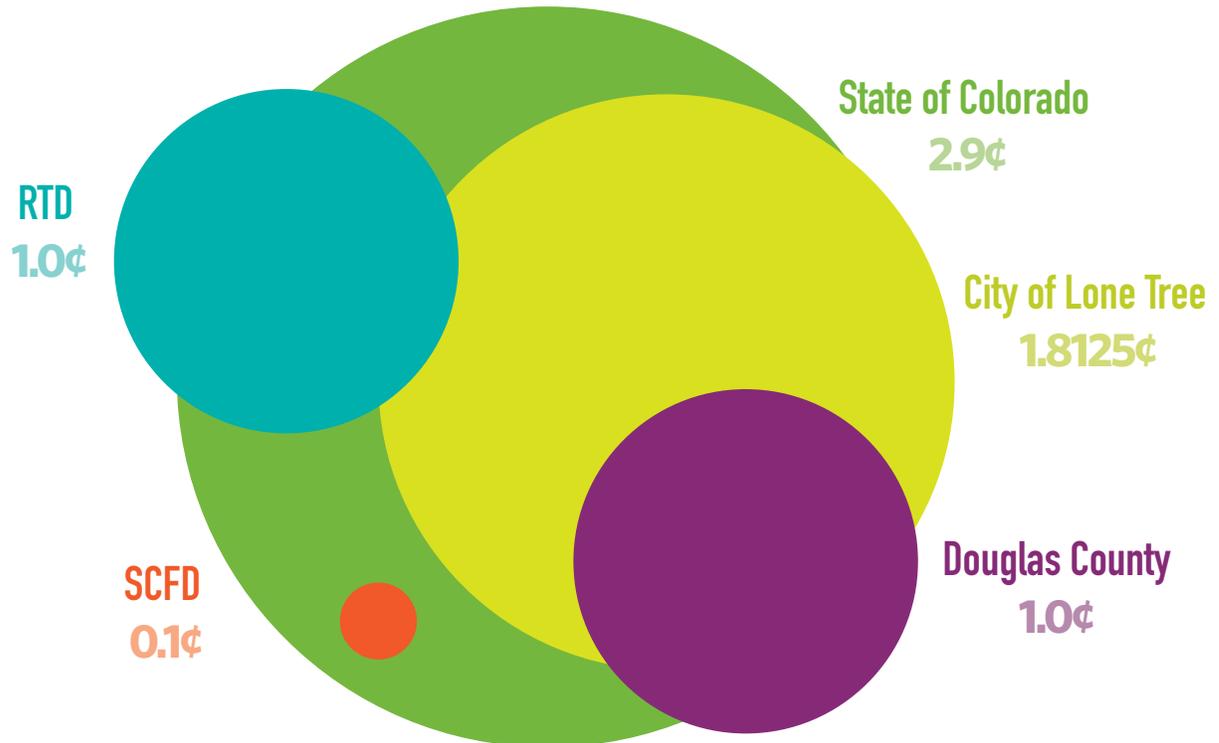
Budget Summary Local Sales Tax Rate

The following table compares the City's sales tax rate with other communities along the Front Range.



BUDGET SUMMARY Sales Tax Distribution

Total tax rate in Lone Tree is 6.8125%. For every dollar you spend on retail purchases, you pay 6.8 cents in sales tax. Only 1.8 cents of this comes back to the City.



EXPENDITURES

The total budgeted expenditures for all City funds for 2020 are \$52,454,665. The net operating budget, which represents the funds needed for operating day-to-day services, excluding debt service and capital projects, increased by 9.1 percent in 2020 from 2019 estimated. Included in this increase are operating costs associated with new Police Department vehicles, drainage maintenance, two new full-time employees in Community Development, specifically a Planner II and Electrical Inspector, as well as one new full-time employee at the Lone Tree Arts Center, Rental and Events Assistant. In the Police Department, a new part-time position was approved for administering the City's off-duty contracts due to the increased usage of this program with our business community. This position will be paid for with increased admin fees as part of the contracts. Additionally, there is a placeholder in the 2020 budget for a School Resource Officer if requested to be funded in a 50/50 partnership with the Douglas County School District.

Finally, in addition to annual merit and benefit increases for City staff, a review was completed of the Police Department pay structure which was revamped for 2020 to stay competitive with the market and to promote officer retention.

The 2020 capital outlay budget shows a slight increase from 2019 with some projects carrying over from 2019, others beginning and annual routine projects. The 2020 budget includes funding for capital projects including overlay, traffic signalization, Park Meadows Drive Regional Pond Upgrade, adaptive traffic signals and improvements at the Lone Tree Arts Center. The change in fund balance between 2019 and 2020 is primarily a result of lower revenue in the intergovernmental revenue area from the timing of partner funding for large capital projects.

The following table compares the 2018 actual, 2019 estimated and 2020 budgeted amounts for revenues, expenditures and fund balance.

TOTAL BUDGET	2018 Actual	2019 Estimated	2020 Adopted	Percent Change
Beginning Fund Balance	\$ 23,262,006	\$ 20,096,559	\$ 27,984,508	39.3%
Revenues	\$ 45,370,407	\$ 57,924,577	\$ 44,858,348	(22.6%)
Expenditures				
Operating	\$ 22,513,926	\$ 23,866,324	\$ 26,031,107	9.1%
Debt	\$ 2,613,051	\$ 2,673,400	\$ 2,715,700	1.6%
Capital	\$ 23,408,877	\$ 23,496,903	\$ 23,707,858	0.9%
Total	\$ 48,535,854	\$ 50,036,627	\$ 52,454,665	4.8%
Ending Fund Balance	\$ 20,096,559	\$ 27,984,508	\$ 20,388,190	(27.1%)

CHANGE IN ENDING FUND BALANCE	2019 Estimated Ending Fund Balance	2020 Adopted Ending Fund Balance	Change in Fund Balance	Percent Change
General Fund	\$24,436,900	\$16,495,284	(\$7,941,616)	(32.5%)
Cultural and Community Services Fund	\$ 118,800	\$ 130,091	\$ 11,291	9.5%
Arts and Cultural Facilities Debt Service Fund	\$ 1,597,084	\$ 1,584,129	(\$ 12,955)	(0.8%)
Park and Recreation Improvements Debt Service Fund	\$ 1,831,724	\$ 2,178,686	\$ 346,962	18.9%
Total	\$27,984,508	\$20,388,190	(\$7,596,318)	(27.1%)

In the General Fund, the percentage change from 2019 estimated to 2020 adopted is mainly the result of revenue that came in during 2019 for projects that are being completed in 2020 or as a result of certain capital expenditures crossing over from 2019 to 2020 due to timing of the construction. The Arts and Cultural Facilities Debt Service Fund shows a slight decrease from 2019

estimated to 2020 adopted mainly due to the transfer of excess funds to the General Fund to support capital projects completed at the Lone Tree Arts Center being higher than in 2019. The Park and Recreation Improvements Debt Service Fund shows an increase from 2019 estimated to 2020 adopted due to a transfer of excess funds to the General Fund not being completed in 2020.

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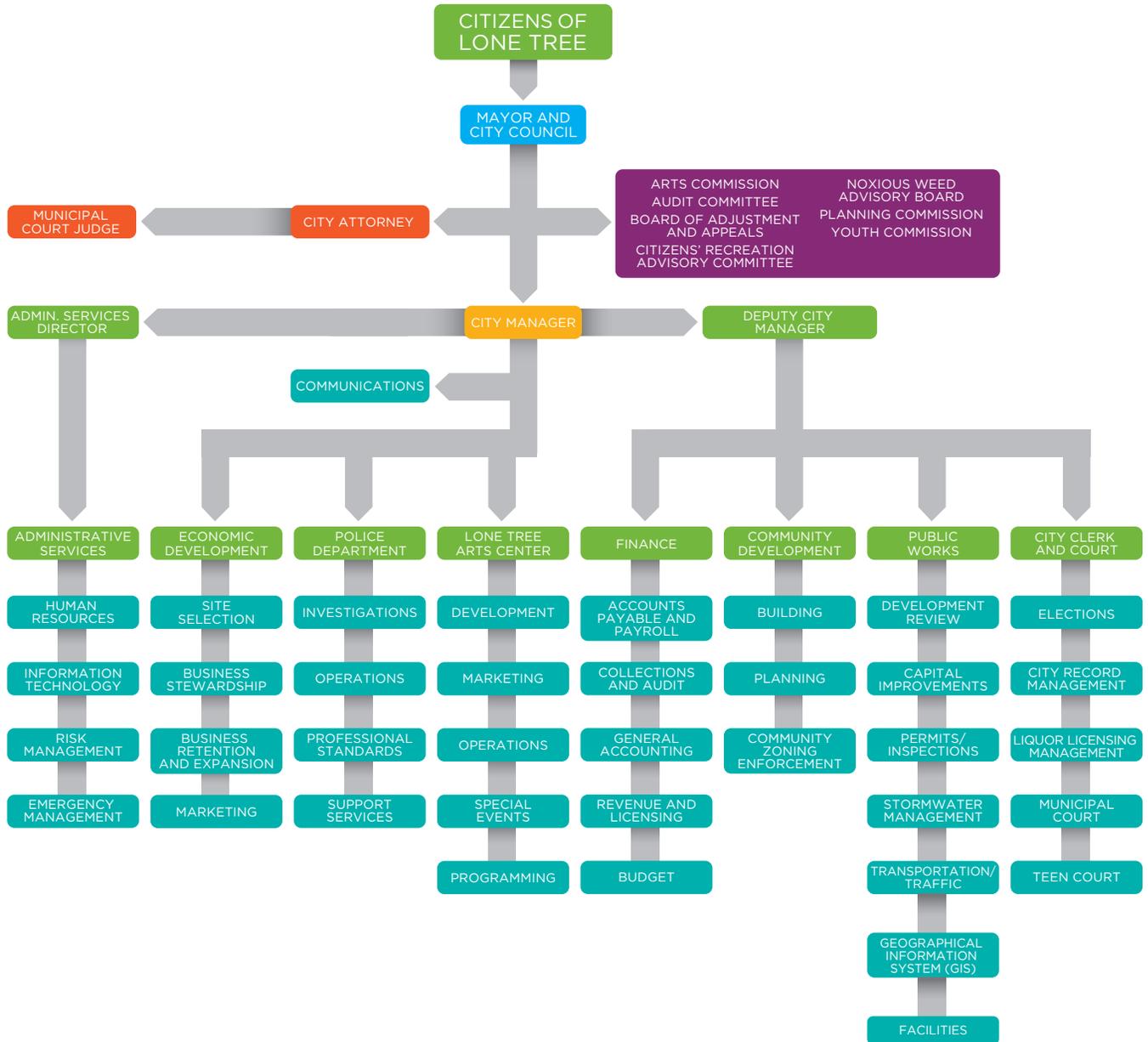
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FINANCIAL STRUCTURE, POLICY & PROCESS



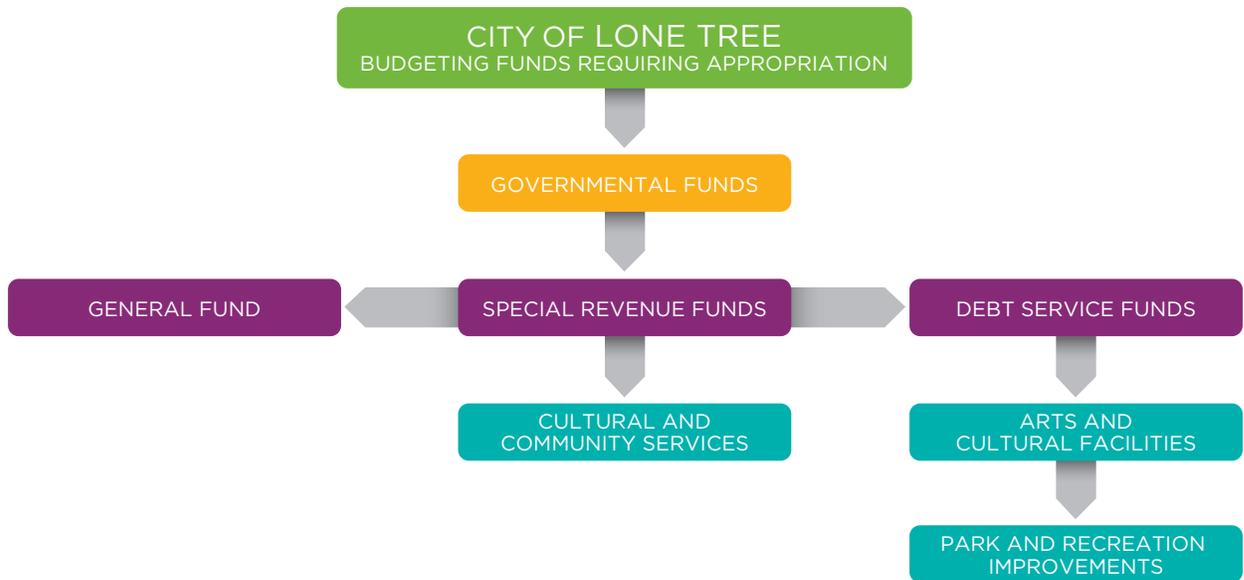
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Financial Structure, Policy & Process DEPARTMENTAL STRUCTURE



2

Financial Structure, Policy & Process BUDGET FUND STRUCTURE



MAJOR FUND DESCRIPTIONS

General Fund

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

Special Revenue Fund

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

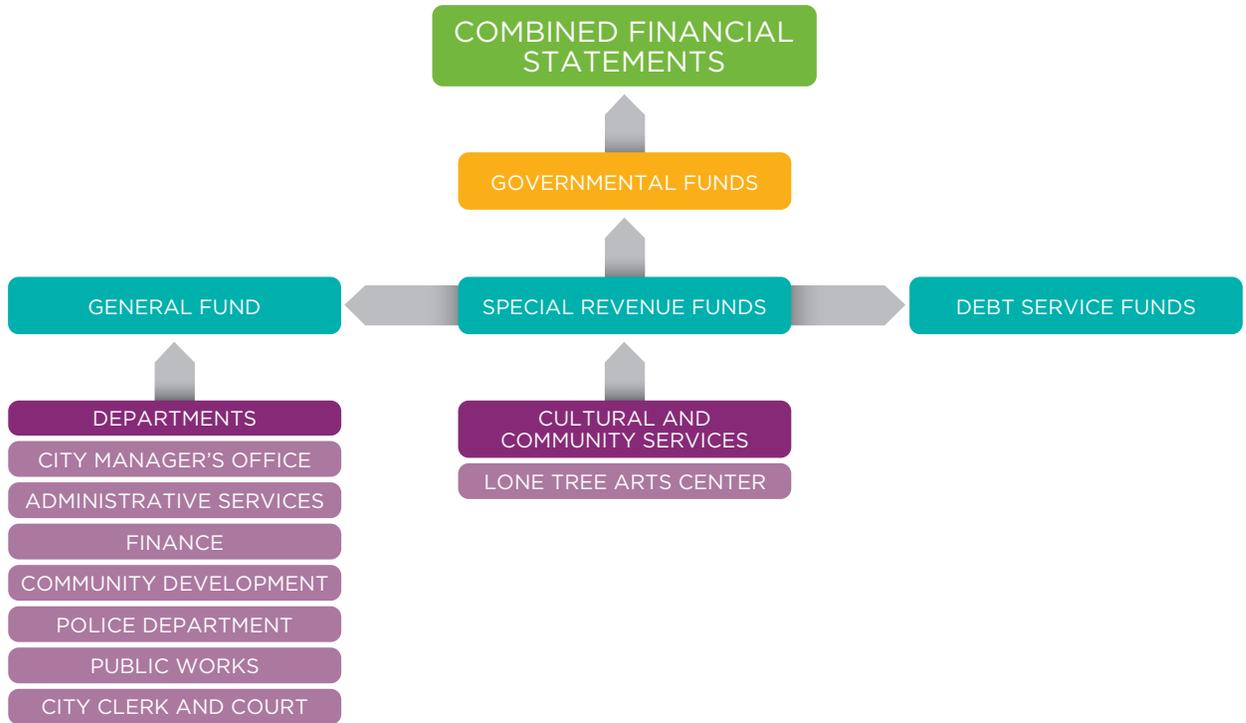
Debt Services Funds

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

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

2

Financial Structure, Policy & Process DEPARTMENT/FUND RELATIONSHIP



2

Financial Structure, Policy & Process ACCOUNTING, BUDGETING & FINANCIAL POLICIES

The City of Lone Tree, Colorado financial policies set forth the basic framework for the fiscal management of the City. These policies were developed within the parameters established by applicable provisions of the Colorado Revised Statutes and the City of Lone Tree City Charter. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

BASIS OF ACCOUNTING

The City's finances are accounted for in accordance with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB).

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Under accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the cash is received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Modified accrual accounting recognizes revenues when they become measurable and available. Measurable means that the dollar value of the revenue is known. Available means that it is collectible within the current period, or soon enough after the end of the current period to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within a reasonable period (typically within 60 days) following the end of the current fiscal period. The major sources of revenue susceptible to accrual are sales, use, lodging and admissions taxes, as well as partner contributions on capital projects. Additionally, payments for off-duty services and rental invoices from the Lone Tree Arts Center are susceptible to accrual. Generally revenue items not listed above are considered to be measurable and available only when cash is received by the City. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is due.

BASIS OF BUDGETING

Basis of budgeting refers to the methodology used to include revenues and expenditures in the budget. The City of Lone Tree budgets on a cash basis. The City does not budget for non-cash items such as depreciation and amortization. The revenues and expenditures are assumed to be collected or spent during the period appropriated. Using this assumption, the current year revenues are compared to expenditures to ensure that each fund has sufficient revenues to cover expenditures during the budget year, or that there are sufficient cash reserves in the fund to cover a revenue shortfall. The City's operating and capital budget, special revenue fund and all debt service funds are adopted on an annual basis (the fiscal year begins with the first day of January and ends on the last day of December) with all appropriations lapsing at fiscal year-end.

BASIS OF BUDGETING VS. BASIS OF ACCOUNTING

The basis of budgeting differs from the basis of accounting only by the assumptions that are made in regard to the timing of the recognition of revenues and expenditures. The budget assumes that all revenues and expenditures, as well as the associated cash, will be expended or received during the budget period. Conversely, the basis of accounting only recognizes revenues when they become both measurable and available, and expenditures when incurred. Cash is not necessarily received or expended at the same time. Additionally, compensated absences liabilities that are expected to be liquidated with expendable available financial resources are accrued as earned by employees with GAAP as opposed to being expended when paid on the budget basis.

BASIS OF PRESENTATION – FUND ACCOUNTING

The activities of the City are organized into separate funds that are designated for a specific purpose or set of purposes. Each fund is considered a separate accounting entity, so the operations of each fund are accounted for with a set of self-balancing accounts that comprise its revenues, expenses, assets, liabilities, and fund equity as appropriate.

The number and variety of funds used by the City promotes accountability but can also make municipal budgeting and finance complex. Therefore, understanding the fund structure is an important part of understanding the City's finances. The City of Lone Tree currently has four funds. Each of the City's funds are major funds and each fund is appropriated for annually.

BUDGET PHILOSOPHY

The budget is the long-range plan by which financial policy is implemented and controlled. The City Charter, Colorado Constitution, and Colorado State statutes provide the basic legal requirements and time lines for the City's budget process. Council goals, ordinances, and resolutions provide policy direction that respond to the needs and desires of the community.

The City considers the budget balanced when total expenditures are equal to total revenues. However, the budget is also balanced in situations where total expenditures are less than total revenues, which is technically a surplus. There are also instances when the City might plan to spend fund balances from previous years on one-time or non-routine expenditures, such as capital projects. The City considers the budget to be balanced in this case also, provided the funding from previous years is available, and a plan is in place to not build ongoing expenditures into this type of funding. For 2020, the City's budget is balanced with revenues and appropriated fund balances equaling expenditures, as well as beginning fund balance from capital reserves and other restricted funds.

Municipal services are funded through a variety of taxes, fees, charges for service, and intergovernmental assistance. Generally, the City:

- Utilizes conservative growth and revenue forecasts
- Appropriates the budget in accordance with the City Charter, the Colorado Constitution, and Colorado laws
- Adopts financial management policies that establish guidelines for financial plans
- Establishes budgets for all funds based on adopted policies and practices
- Organizes the budget so that revenues are related to expenditures, as much as possible
- Prepares a multi-year financial plan for capital improvements

- Manages the operating and capital budgets, with City Council approval
- Provides department directors with immediate access to revenue and expenditure information to assist their efforts in controlling annual expenditures against appropriations

BUDGET PROCESS & TIMELINE

The City of Lone Tree's 2020 Budget provides the framework for providing services and programs to its approximate 15,000 citizens based on the delivery of core services. Municipal services for the City are financed through a variety of taxes, fees, intergovernmental revenues, charges for services and fines. In order to provide the services needed as well as efficiently allocate the revenues that support the services, the City adopts an annual budget.

The fiscal year of the City is the calendar year and the budget process occurs throughout most of the year.

The intent of the budget process is more than just a financial presentation of revenues and expenditures; instead, the most important step in 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 the City 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.

In May, City Council holds a budget retreat to discuss policy decision for the year with City staff. From May through August, the Leadership Team (consisting of the City Manager's Office and department directors) and the Finance Department hold meetings and collect information, and a draft budget is compiled. In Mid-September, Council work sessions are held and a public draft of the budget is available on the City's website October 15th of each year. In November, a budget public hearing is held and in December the budget is adopted by City Council.

If during the year it is decided that a budget amendment is needed either due to budget transfers between funds, unanticipated revenues or revenues not assured at the time of budget adoption or revenues coming in lower than anticipated requiring revised appropriations pursuant to State Statute 29-1-109, the City will publish notice as required and conduct a public hearing and adopt a resolution for the budget amendment.

A chart showing the budget schedule is on the following page.

Budget Tasks	MONTH											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Council Retreat with City staff to discuss policy decision topics					●							
City staff collaborate on long-range planning, capital projects and goals for the budget year						●	●					
City staff collaborate and draft proposed Budget for City Council						●	●	●	●			
City Council work sessions with staff to review the Budget draft in detail									●			
Budget draft made available to the public on the City's website										●		
Budget public hearing											●	
Budget adoption												●
Budget booklet published and made available to the public	●											

PROCUREMENT PLANNING

All City purchases of goods or services are made in accordance with the State of Colorado Revised Statutes, Lone Tree City Charter and the City's Purchasing Guidelines.

FINANCIAL REPORTING

The City's accounting records are audited by an independent certified public accounting firm following the conclusion of each fiscal year in accordance with the City Charter and state law. The City Manager and Finance Director prepare a Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting principles (GAAP) as applicable to state and local governments established by the Governmental Accounting Standards Board (GASB) for governmental accounting and financial reporting principles. The CAFR shows the status of the City's finances on the basis of GAAP. The CAFR shows fund revenues and expenditures on both a GAAP basis and budget basis for comparison purposes.

FUND BALANCE POLICIES

A top priority of the City Council is to maintain the fiscal health of the City. Revenue projections are conservative and authorized expenditures are closely monitored. In stable economic times, the combination of these two strategies lead to revenue collections higher than actual expenditures. The accumulation of these fund balances protects the City from uncontrollable increases in expenditures or unforeseen reductions in revenue, or a combination of the two. It also allows for the prudent financing of capital construction and replacement projects. Fund balances provide for the temporary financing of unforeseen opportunities or needs of an emergency nature.

Within the governmental funds, fund balances are reported based on financial reporting standards that establish criteria for classifying fund balances into specifically defined classifications to make the nature and extent of constraints more useful and understandable. The classifications comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances can be classified as nonspendable, restricted, committed, assigned, or unassigned.

FUND BALANCE CLASSIFICATIONS

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

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, City Council. City Council will either pass an ordinance or resolution as the highest level of decision making dependent on the subject matter.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the City Council to be used for specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. The City's Working Reserve Policy as well as the Capital Reserve Policy are shown as assigned fund balance in the budget. See below for more information on these policies.

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

WORKING RESERVE POLICY

The City Council adopted a Working Reserve Policy or Unrestricted Fund Balance Policy in January 2012. This policy is included on page 99.

CAPITAL RESERVE POLICY

The City Council adopted a Capital Reserve Policy in December 2012 and amended this policy in December 2018. This policy is included on page 100.

DEBT MANAGEMENT POLICY

The City Council adopted a Debt Management Policy in July 2013. This policy is included on pages 101-103.

INVESTMENTS POLICY

The City Council adopted an Investments Policy in July 2013. This policy is included on pages 104-106.

BRICK FENCE REPLACEMENT RESERVE POLICY

The City Council adopted this reserve policy in December 2018. This policy is included on page 107.

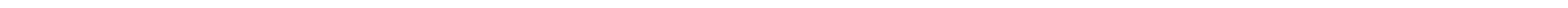
CULTURAL AND COMMUNITY SERVICES FUND – FUND BALANCE RESERVE POLICY

The City Council adopted this reserve policy in January 2019. This policy is included on page 108.

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FINANCIAL SUMMARIES



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Financial Summaries SUMMARY-ALL FUNDS

FORECASTED 2020 BUDGET AS ADOPTED WITH 2018 ACTUALS AND 2019 ESTIMATED

	2018 ACTUAL	2019 ESTIMATED	2020 ADOPTED
Beginning Fund Balances	\$23,262,006	\$20,096,559	\$27,984,508
Revenue			
Taxes	28,784,423	28,853,684	28,592,477
Franchise Fees	1,071,791	1,092,450	1,092,450
Intergovernmental	10,572,636	22,982,134	10,695,378
Licenses, Fees and Charges	1,350,836	1,422,200	1,024,000
Fines and Forfeitures	565,302	679,000	691,000
Arts Center	1,922,112	2,072,509	1,900,343
Other	1,103,306	822,600	862,700
Total Revenue	\$45,370,407	\$57,924,577	\$44,858,348
Other Financing Sources			
General Fund	697,445	617,800	502,000
Special Revenue Fund-Arts Center	1,035,653	1,152,124	1,345,120
Total Transfers In	1,733,098	1,769,924	1,847,120
Total Funds Available	\$70,365,511	\$79,791,059	\$74,689,975
Expenditures			
General Government	4,540,392	4,609,260	5,135,302
Municipal Court	302,995	327,088	349,267
Community Development	1,002,489	1,055,521	1,246,135
Police Department	7,523,558	8,393,223	9,073,400
Public Works	5,929,843	6,064,900	6,490,832
Arts and Cultural	3,214,649	3,416,332	3,736,171
Parks and Recreation	443,150	483,450	234,000
Capital Outlay	22,965,727	23,013,453	23,473,857
Debt Service	2,613,051	2,673,400	2,715,700
Total Expenditures	\$48,535,854	\$50,036,627	52,454,665
Other Financing Uses			
General Fund	1,035,653	1,152,124	1,345,120
Debt Service Fund-Park and Recreation	553,239	237,300	-
Debt Service Fund-Arts and Cultural Facilities	144,206	380,500	502,000
Total Transfers Out	1,733,098	1,769,924	1,847,120
Total Appropriation	50,268,952	51,806,551	54,301,785
Ending Fund Balances	\$20,096,559	\$27,984,508	\$20,388,190

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Financial Summaries

SIGNIFICANT CHANGES IN ANTICIPATED FUND BALANCE

The following analysis focuses on available fund balances of the City's major funds anticipated to increase or decrease by 10% or more.

GENERAL FUND	Anticipated FY20 Beginning Balance	Anticipated FY20 Ending Balance	Increase (Decrease)	Percent Change
Assigned for Working Reserve	\$ 5,165,000	\$ 5,620,000	\$ 455,000	8.8%
Assigned for Capital Reserve	\$ 12,100,000	\$ 7,160,000	\$(4,940,000)	(40.8%)
Undesignated	\$ 51,234	\$ 6,924	\$ (44,310)	(86.4%)
Total Unreserved Fund Balance	\$ 17,316,234	\$ 12,786,924	\$(4,529,310)	(26.2%)

DISCUSSION:

The above table represents information for the General Fund only. The City's Special Revenue Fund and Debt Service Funds do not have unreserved fund balances.

The City's unreserved fund balance consists of the working reserve, the capital reserve and undesignated funds. It is the City's policy to maintain a working reserve of at least 16.7% of the current year's budgeted operating expenditures with the goal of moving towards 30%. The 2019 estimated and 2020 projected budgets include 25% in addition to the 3% TABOR reserve which is restricted. Additionally, the City's capital reserve policy states that the City needs to maintain adequate cash fund balances to help offset costs of future capital expenditures. The City believes that establishing and maintaining such reserves will assist the City to take greater advantage of the pay-as-you-go philosophy versus relying entirely or primarily on debt financing, which would require voter approval as the City currently does not have any bonding authority. The minimal amount remaining is the undesignated funds.

The decrease in the capital reserve is primarily a result of capital project timing in 2019. Certain budgeted projects in 2019, including RidgeGate Parkway widening, Crooked Stick Traffic Signal and adaptive traffic signals, have carried over into 2020, so funds related to those projects are reflected in the capital reserve balance at the end of 2019 but will be expensed in 2020, resulting in the reserve decrease. Additionally, the City's Capital Reserve Policy states that the funds in the capital reserve can only be used for capital projects. The minimal amount that comprises the undesignated balance (separate from the working reserve and capital reserve), is purposely kept at a low balance, so the City's total unreserved fund balance is maximized in either the working reserve or capital reserve account.

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Financial Summaries GENERAL FUND

FORECASTED 2020 BUDGET AS ADOPTED WITH 2018 ACTUALS AND 2019 ESTIMATED

REVENUE DETAIL

Beginning Fund Balance

REVENUE

Taxes

	2018 ACTUAL	2019 ESTIMATED	2020 ADOPTED
Sales Tax	21,626,329	21,558,384	21,607,870
Use Tax-Retail	749,429	695,000	708,900
Use Tax-Building Materials	826,056	1,025,000	597,000
Lodging Tax	1,823,741	1,770,000	1,863,000
Admissions Tax	375,613	324,700	324,700
Total Taxes	\$25,401,169	\$25,373,084	\$25,101,470

Franchise Fees

Electric and Gas	824,085	855,000	855,000
Cable TV	247,706	237,450	237,450
Total Franchise Fees	\$1,071,791	\$1,092,450	\$1,092,450

Intergovernmental

Highway Users Tax (HUTF)	449,243	443,000	365,000
Conservation Trust Fund (Lottery)	69,060	80,600	78,200
Cigarette Tax	169,197	159,300	159,300
County Road and Bridge Shareback	1,568,344	1,661,877	1,766,703
Douglas County Shareback-Transportation	2,355,094	2,343,068	2,255,080
Motor Vehicle Registration Fees	45,529	43,900	43,900
Regional Improvements Contribution-RRMDS	207,661	216,770	235,919
Reimbursable Costs	5,690,090	17,990,619	5,769,276
Grants	18,418	43,000	22,000
Total Intergovernmental	\$10,572,636	\$22,982,134	\$10,695,378

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Financial Summaries GENERAL FUND

FORECASTED 2020 BUDGET AS ADOPTED WITH 2018 ACTUALS AND 2019 ESTIMATED

REVENUE DETAIL (Continued)

Licenses, Fees and Charges

Sales and Use Tax and Business License Fees	11,040	38,000	13,000
Liquor License Fees	18,255	25,000	15,000
Building Permit Fees	1,068,589	1,069,000	729,000
Planning and Zoning Fees	30,555	26,700	28,000
Engineering Fees	138,432	170,000	140,000
Other	83,965	93,500	99,000

Total Licenses, Fees and Charges

\$1,350,836 \$1,422,200 \$1,024,000

Fines and Forfeitures

Court Fees	69,439	56,000	58,000
Vehicle and Other Code Violation Fines	464,453	587,000	596,000
Victims Assistance Surcharge	31,411	36,000	37,000

Total Fines and Forfeitures

\$565,302 \$679,000 \$691,000

Other

Net Investment Income	343,559	340,000	340,000
Miscellaneous	314,268	94,500	95,500
Police Department Fees and Other Charges	138,387	101,800	166,500
Tenant Rental Income	250,519	230,000	200,000

Total Other

\$1,046,732 \$766,300 \$802,000

Total Revenue

\$40,008,466 \$52,315,168 \$39,406,298

TRANSFERS IN

Debt Service Fund-Park and Recreation	144,206	237,300	-
Debt Service Fund-Arts and Cultural Facilities	553,239	380,500	502,000

Total Transfers In

\$697,445 \$617,800 \$502,000

Total Funds Available

\$60,914,142 \$69,846,419 \$64,345,198

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Financial Summaries GENERAL FUND

FORECASTED 2020 BUDGET AS ADOPTED WITH 2018 ACTUALS AND 2019 ESTIMATED

EXPENDITURE DETAIL

General Government

	2018 ACTUAL	2019 ESTIMATED	2020 ADOPTED
City Council Expenditures	37,374	37,000	50,000
City Council Stipend	67,108	66,632	69,365
Administrative Services-Salaries and Benefits	556,193	565,286	583,315
City Clerk-Salaries and Benefits	208,788	256,413	269,442
City Clerk	31,280	19,250	51,000
Human Resources	134,284	111,800	147,150
Information Technology	610,455	549,152	559,480
Insurance	414,307	415,000	445,750
Finance-Salaries and Benefits	484,601	471,051	626,552
Finance	39,012	46,690	46,690
Audit	41,110	41,500	41,500
City Manager's Office-Salaries and Benefits	959,249	1,073,535	1,118,099
Dues and Memberships	103,226	121,926	125,659
Legal-General	450,135	354,000	371,700
Legal-Special	67,155	30,000	100,000
Consulting	34,653	57,500	121,000
Community Support	23,262	28,800	31,800
Youth Initiatives	19,800	19,800	19,800
Housing Partnership	35,000	35,000	35,000
Living and Aging Well	1,263	900	1,500
Communications	114,048	122,524	153,000
Economic Development	104,140	155,500	157,500
Miscellaneous	3,946	30,000	10,000
Total General Government	\$4,540,392	\$4,609,260	\$5,135,302

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Financial Summaries GENERAL FUND

FORECASTED 2020 BUDGET AS ADOPTED WITH 2018 ACTUALS AND 2019 ESTIMATED

EXPENDITURE DETAIL (Continued)

Municipal Court

	2018 ACTUAL	2019 ESTIMATED	2020 ADOPTED
Municipal Judge	26,522	30,000	30,000
Legal	36,000	36,000	36,000
Administration	238,083	259,088	281,267
Office Supplies and Software	2,391	2,000	2,000
Total Municipal Court	\$302,995	\$327,088	\$349,267

Community Development

Salaries and Benefits	820,646	867,426	1,025,380
Contract Services	-	-	500
Field Supplies	1,178	2,030	1,700
Planning Commission	1,998	2,000	2,000
Plan review and Other Inspections	57,580	60,000	90,000
Elevator Inspections	88,875	93,385	98,725
City Forestry Program	-	-	1,500
South Metro Partnership	22,239	20,000	20,000
Miscellaneous	9,973	10,680	6,330
Total Community Development	\$1,002,489	\$1,055,521	\$1,246,135

Police Department

Salaries and Benefits	6,126,350	6,744,911	7,295,175
Office and Administration	110,259	105,000	110,500
Uniforms and Equipment	42,220	65,600	59,000
Vehicles and Equipment	449,589	527,300	627,800
General Equipment	34,099	20,000	20,000
Intergovernmental Agreements	689,414	812,827	846,300
Training	56,005	90,850	86,500
Community Outreach and Miscellaneous	15,621	26,735	28,125
Total Police Department	\$7,523,558	\$8,393,223	\$9,073,400

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Financial Summaries

GENERAL FUND

FORECASTED 2020 BUDGET AS ADOPTED WITH 2018 ACTUALS AND 2019 ESTIMATED

EXPENDITURE DETAIL (Continued)

Public Works

	2018 ACTUAL	2019 ESTIMATED	2020 ADOPTED
Salaries and Benefits	589,922	1,001,050	1,188,382
Public Works Department-Contracted	403,519	-	-
Street Lighting	350,821	400,000	400,000
Street Maintenance	657,758	690,000	730,000
Drainage Maintenance	115,065	10,000	110,000
Street and Sidewalk Sweeping	54,000	55,000	60,000
Traffic Signal Energy Cost and Maintenance	101,152	125,000	175,000
Signal Timing	-	65,000	20,000
Snow Removal	719,789	1,200,000	1,200,000
Landscaping Maintenance	21,040	-	-
Trash and Recycling Service	542,633	580,000	597,400
Household Hazardous Waste Program	6,779	8,000	8,000
Engineering-Contracted	369,309	-	-
Fence Maintenance	-	-	75,000
Geographic Information System (GIS)-Contracted	147,300	-	-
Materials and Equipment	16,155	10,000	12,000
EPA Phase 2 Drainage	70,835	2,300	2,300
Noxious Weeds Control	7,416	18,500	18,500
Signage and Striping	96,515	120,000	150,000
Accident Repairs	13,300	5,000	5,000
Public Works Facility Operations and Equipment	48,096	55,000	55,000
Software and Support	23,884	30,000	70,000
Mutt Mitts Contract	10,951	13,000	15,000
Miscellaneous	936	3,000	3,000
Public Works Vehicle Maintenance and Gas	6,565	20,000	20,000
Bridge Maintenance	8,657	50,000	65,000
Lone Tree Link	628,574	520,000	400,000
PW Transition Start-Up Costs	-	17,000	-
Consulting and Surveying	-	80,000	80,000
Facilities	918,871	987,050	1,031,250
Total Public Works	\$5,929,843	\$6,064,900	\$6,490,832

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Financial Summaries GENERAL FUND

FORECASTED 2020 BUDGET AS ADOPTED WITH 2018 ACTUALS AND 2019 ESTIMATED

EXPENDITURE DETAIL (Continued)

Arts and Cultural

Arts Center Repairs and Maintenance

Arts Center Capital Improvements

Total Arts and Cultural

Parks and Recreation

Joint Recreational Projects with South Suburban

Park and Recreation Capital Improvements

Rec Activities and Support

Total Parks and Recreation

Capital Outlay

Website Redesign

Overlay/Reconstruction Projects

Traffic Signalization

Crooked Stick Traffic Signal and Road Improvements

City Identification and Wayfinding Sign Program

City Office Building

Civic Center Capital Improvements

Concrete Panel Replacement

Park Meadows Dr. Regional Pond Upgrade

Trunarc Narcotics Analyzer

License Plate Reader

Storm Sewer Improvements

Light Rail Extension

Lincoln Pedestrian Bridge

County Line Improvements

Vehicles

Schweiger Ranch Preservation

West Cook Creek Tributary Improvements

	2018 ACTUAL	2019 ESTIMATED	2020 ADOPTED
	9,784	202,500	175,000
	247,100	108,000	327,000
Total Arts and Cultural	\$256,884	\$310,500	\$502,000
	368,150	274,600	125,000
	75,000	200,000	100,000
	-	8,850	9,000
Total Parks and Recreation	\$443,150	\$483,450	\$234,000
	-	50,000	-
	1,797,411	1,350,000	2,150,000
	366,298	95,000	955,000
	-	40,000	755,000
	85,650	-	-
	28,775	131,000	35,000
	13,452	-	50,000
	483,611	415,000	-
	4,488	50,000	923,500
	29,250	-	-
	20,572	-	-
	165,616	442,000	-
	8,405,333	-	-
	326,303	-	-
	2,892,658	1,500,000	-
	28,000	73,000	65,000
	10,000	10,000	10,000
	200,000	-	-

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Financial Summaries GENERAL FUND

FORECASTED 2020 BUDGET AS ADOPTED WITH 2018 ACTUALS AND 2019 ESTIMATED

	2018 ACTUAL	2019 ESTIMATED	2020 ADOPTED
TRANSFERS OUT			
Special Revenue Fund-Arts Center	1,035,653	1,152,124	1,345,120
Total Transfers Out	\$ 1,035,653	\$ 1,152,124	\$ 1,345,120
Total Appropriation	\$44,000,691	\$45,409,519	\$47,849,914
ENDING FUND BALANCE	\$16,913,451	\$24,436,900	\$16,495,284



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Financial Summaries

SPECIAL REVENUE FUND—CULTURAL & COMMUNITY SERVICES

FORECASTED 2020 BUDGET AS ADOPTED WITH 2018 ACTUALS AND 2019 ESTIMATED

	2018 ACTUAL	2019 ESTIMATED	2020 ADOPTED
Beginning Fund Balance	\$ -	\$ -	\$118,800
REVENUE			
Lone Tree Arts Center			
OPERATING			
Ticket Sales	805,258	982,243	787,483
Ticket Handling Fees	111,988	127,884	124,560
Rental Fees	121,666	109,792	121,000
Concessions and Catering	111,065	93,725	88,900
Labor Charge Backs	74,477	63,364	69,200
Miscellaneous	15,250	14,500	15,500
NON-OPERATING			
Individual, Corporate and Foundation Contributions	329,991	333,750	365,850
Government Grants	331,776	329,250	309,350
Total Lone Tree Arts Center	\$1,901,470	\$2,054,509	\$1,881,843
Other			
Annual Events	13,626	11,500	12,000
Arts and Cultural Events	7,016	6,500	6,500
Total Other	\$ 20,642	\$ 18,000	\$ 18,500
Total Revenue	\$1,922,112	\$2,072,509	\$1,900,343
TRANSFERS IN			
General Fund—Lone Tree Arts Center	756,744	794,850	836,181
General Fund—Annual Events	238,073	266,752	317,420
General Fund—Arts and Cultural Events	32,265	53,122	141,519
General Fund—Park and Recreation	8,571	-	-
General Fund—Economic Development	-	37,400	50,000
Total Transfers In	\$1,035,653	\$1,152,124	\$1,345,120
TOTAL FUNDS AVAILABLE	\$2,957,765	\$3,224,632	\$3,364,263

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Financial Summaries

SPECIAL REVENUE FUND—CULTURAL & COMMUNITY SERVICES

FORECASTED 2020 BUDGET AS ADOPTED WITH 2018 ACTUALS AND 2019 ESTIMATED

	2018 ACTUAL	2019 ESTIMATED	2020 ADOPTED
EXPENDITURES			
Lone Tree Arts Center			
Administration	159,522	141,525	153,699
Programming	1,812,229	1,887,560	1,767,031
Marketing	454,283	454,044	461,092
Facilities	5,705	7,000	8,900
Development	226,476	240,429	276,010
Contingency	-	-	40,000
Total Lone Tree Arts Center	\$2,658,215	\$2,730,558	\$2,706,732
Other			
Annual Events	251,699	278,252	329,420
Arts and Cultural Events	39,281	59,622	148,019
Economic Development	-	37,400	50,000
Recreational Activities and Support	8,571	-	-
Total Other	\$299,551	\$375,274	\$527,439
Total Expenditures	\$2,957,765	\$3,105,832	\$3,234,171
TRANSFERS OUT			
Total Transfers Out	\$ -	\$ -	\$ -
Total Appropriation	\$2,957,765	\$3,105,832	\$3,234,171
ENDING FUND BALANCE	\$ -	\$118,800	\$130,091

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Financial Summaries DEBT SERVICE FUND-ARTS & CULTURAL FACILITIES

FORECASTED 2020 BUDGET AS ADOPTED WITH 2018 ACTUALS AND 2019 ESTIMATED

	2018 ACTUAL	2019 ESTIMATED	2020 ADOPTED
Beginning Fund Balance	\$1,549,690	\$1,484,582	\$1,597,084
REVENUE			
Sales Tax	1,903,285	1,959,202	1,961,845
Use Tax-Retail	60,723	54,000	55,000
Use Tax-Building Materials	65,919	74,000	76,000
Net Investment Income	28,804	27,200	29,300
Total Revenue	\$2,058,730	\$2,114,402	\$2,122,145
TRANSFERS IN			
Transfer In - General Fund	-	-	-
Total Transfers In	\$ -	\$ -	\$ -
Total Funds Available	\$3,608,420	\$3,598,984	\$3,719,229
EXPENDITURES			
Bond Interest	345,000	296,000	243,000
Bond Principal	1,225,000	1,325,000	1,385,000
Paying Agent Fees	600	400	600
Contingency	-	-	4,500
Total Expenditures	\$1,570,600	\$1,621,400	\$1,633,100
TRANSFERS OUT			
Transfer Out-General Fund	553,239	380,500	502,000
Total Transfers Out	\$553,239	\$380,500	\$502,000
Total Appropriation	\$2,123,839	\$2,001,900	\$2,135,100
ENDING FUND BALANCE	\$1,484,582	\$1,597,084	\$1,584,129

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Financial Summaries

DEBT SERVICE FUND—PARK & RECREATION IMPROVEMENTS

FORECASTED 2020 BUDGET AS ADOPTED WITH 2018 ACTUALS AND 2019 ESTIMATED

	2018 ACTUAL	2019 ESTIMATED	2020 ADOPTED
Beginning Fund Balance	\$1,504,085	\$1,698,526	\$1,831,724
REVENUE			
Sales Tax	1,268,857	1,307,398	1,309,162
Use Tax-Retail	40,482	37,000	38,000
Use Tax-Building Materials	43,988	49,000	51,000
Net Investment Income	27,770	29,100	31,400
Total Revenue	\$1,381,097	\$1,422,498	\$1,429,562
TRANSFERS IN			
Transfer In-General Fund	-	-	-
Total Transfers In	\$ -	\$ -	\$ -
Total Funds Available	\$2,885,182	\$3,121,024	\$3,261,286
EXPENDITURES			
Bond Interest	236,850	196,600	179,500
Bond Principal	805,000	855,000	900,000
Paying Agent Fees	600	400	600
Contingency	-	-	2,500
Total Expenditures	\$1,042,450	\$1,052,000	\$1,082,600
TRANSFERS OUT			
Transfer Out-General Fund	144,206	237,300	-
Total Transfers Out	\$144,206	\$237,300	\$ -
Total Appropriation	\$1,186,656	\$1,289,300	\$1,082,600
ENDING FUND BALANCE	\$1,698,526	\$1,831,724	\$2,178,686

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.

Starting with the 2011 fiscal year, the City elected to account for all revenue and expenditures related to the Lone Tree Arts Center in a separate Special Revenue Fund. In 2013, City Council decided to expand the use of this fund to account for not only the Lone Tree Arts Center but also include other City programs focused on the arts and other types of community activities. Beginning with the 2014 budget, this fund is now referred to as the Cultural and Community Services Fund.

In addition to the General Fund and Special Revenue Fund 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. In 2017, the City refunded these bonds acquiring a lower interest rate, while maintaining the bond terms, which produced a savings over the life of the bonds.

The City's budget does not include any component units, such as the Lone Tree Business Improvement District or the Park Meadows Business Improvement District. A separate budget has been prepared for these entities.

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.



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Financial Summaries BUDGET MESSAGE: REVENUES

The City diligently works to maintain a strong, diverse revenue base recognizing that a dependence upon any individual source makes revenues more vulnerable to economic cycles. All revenues are conservatively projected and are monitored and updated as necessary. The City uses historical trends, current trends, judgmental forecasting, and unique adjustments (i.e. new

retail, new fees, data from a specific source, etc.) for its revenue projections.

The total revenues collected by the City are summarized in the following graph. Additionally, the major revenue sources are highlighted individually.

TOTAL REVENUES	2018 Actual	2019 Estimated	2020 Adopted
Taxes	\$28,784,423	\$28,853,684	\$28,592,477
Franchise Fees	\$ 1,071,791	\$ 1,092,450	\$ 1,092,450
Intergovernmental	\$10,572,636	\$22,982,134	\$10,695,378
Licenses, Fees and Charges	\$ 1,350,836	\$ 1,422,200	\$ 1,024,000
Fines and Forfeitures	\$ 565,302	\$ 679,000	\$ 691,000
Arts Center	\$ 1,922,112	\$ 2,072,509	\$ 1,900,343
Other	\$ 1,103,307	\$ 822,600	\$ 862,700
Total	\$45,370,407	\$57,924,577	\$44,858,348

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Financial Summaries

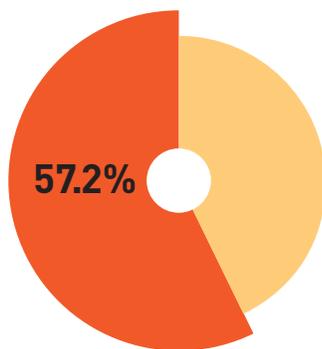
BUDGET MESSAGE: SALES TAX & USE TAX-RETAIL REVENUE

Source: The primary source of revenue for the City is sales tax and use tax - retail. The City assesses a 1.8125% sales tax (1.5% base tax, 0.125% for park and recreational improvements and 0.1875% for cultural facilities) on all taxable retail transactions. The tax is collected by the retail businesses and remitted to the City. The use tax on retail transactions is due upon the purchase of any tangible property on which sales tax was not paid. Use Tax is included with the business' sales tax return. The base tax of 1.5% does not have restrictions on use other than to fund general City services in the General Fund and Cultural and Community Services Fund, whereas the 0.125% is allocated to the Debt Service Fund: Park and Recreation Improvements and 0.1875% is allocated to the Debt Service Fund: Arts and Cultural Facilities.

Rationale: Sales tax and use tax-retail revenue is estimated for 2020 using historical trends, current economic conditions, as well as projections based on expected new retail openings in the City and store closings, if any. The 2020 sales tax budget anticipates sales tax to remain flat and use tax - retail to increase by 2%. Sales tax is anticipated to continue to remain flat based on 2019 actuals, as well as known new vendors coming into the City. The use tax increase is attributable to growth of existing vendors, as well as new vendors that will be opening in 2020. Overall, the City budgets sales tax and use tax - retail revenue conservatively compared to the historical trends due to the sometimes volatile environment related to consumer spending and the economy.

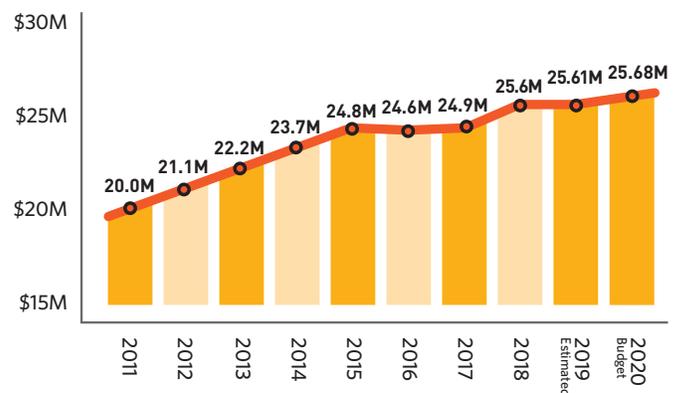
A considerable amount of time is spent projecting sales tax, since this is the City's primary revenue source. Projections are initially completed at the beginning of the budget process in June, based on actuals through May and again assessed and updated, if needed, in August through November (based on actuals for July through October).

Total Sales Tax & Use Tax - Retail Revenue:
\$25,680,777



2020 Budget Total Revenue: \$44,858,348

Total Sales Tax & Use Tax - Retail Revenue HISTORY & FORECAST



Trends: The increase from 2017 to 2018 is due to sales tax collections trending higher than in previous years with several factors impacting this change, including the OmniPark annexation and new businesses opening such as Fogo de Chao, Amazon 4 Star and Hobby Lobby, as well as liquor sales at Costco. Additionally, Sierra did not open until late 2017, so there is a full year of activity in 2018. The City is continuing to monitor retail trends as consumers continue to utilize the online shopping option.

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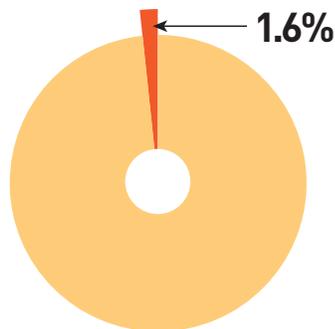
Financial Summaries

BUDGET MESSAGE: USE TAX-BUILDING MATERIALS REVENUE

Source: The City assesses a 1.8125% use tax (1.5% base tax, 0.125% for park and recreational improvements, and 0.1875% for cultural facilities) for building construction materials. The use tax on building construction materials is collected by the City when a building permit is issued for the project. The base tax of 1.5% does not have restrictions on use other than to fund general City services in the General Fund, whereas the 0.125% is allocated to the Debt Service Fund: Park and Recreation Improvements and 0.1875% is allocated to the Debt Service Fund: Arts and Cultural Facilities.

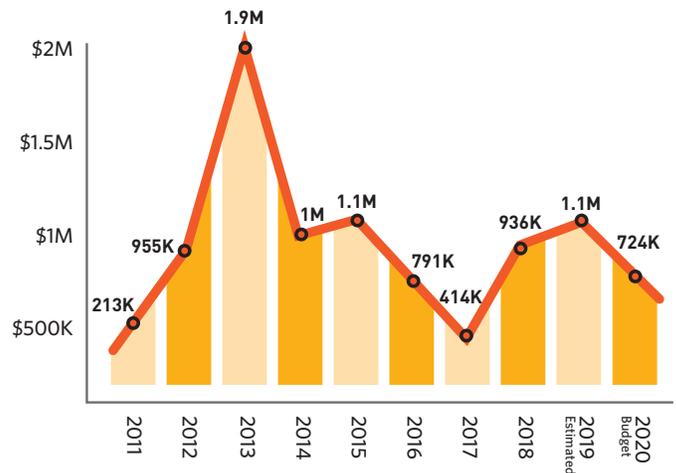
Rationale: Use Tax – Building Materials revenue is estimated for 2020 using historical trends, current economic conditions, as well as projections based on anticipated construction projects and new businesses. The 2020 use tax – building materials budget reflects an overall decrease compared to 2019 due to the timing of large construction projects in 2019, including a corporate campus building and parking garage and an apartment building, as well as several remodels of current businesses.

Total Use Tax - Building Materials Revenue:
\$724,000



2020 Budget Total Revenue: \$44,858,348

Use Tax - Building Materials Revenue HISTORY & FORECAST



Trends: The increases from 2011 to 2015 is related to significant development in the RidgeGate area of the City, specifically a new corporate campus (Charles Schwab), the hospital expansion, a large assisted living/nursing home project and construction of multiple single-family home communities. The decrease in 2017 is a result of no large scale development projects. The increase in 2018 is due to some large new construction projects, specifically a new hotel and expansion of Schwab. The increase in 2019 is due to a couple large scale development projects, including another corporate campus building and parking garage (Kiewit) and an apartment building. The decrease in the 2020 projection is to be more in line with years past as the projection includes only one large project of a second corporate campus building for Kiewit.

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Financial Summaries

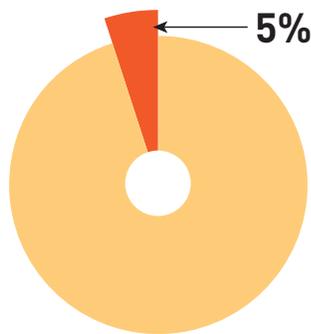
BUDGET MESSAGE: LODGING & ADMISSIONS TAXES REVENUE

Source: The City collects a lodging tax and an admission tax, which were approved by election in November 1998. Lodging tax is a tax assessed on guest lodging in hotels located within the City limits at a rate of 6.0% to be charged on renting or leasing lodging accommodations for a period of 60 consecutive days or less since February 2001. Additionally, in February 2001, the City initiated a 4.0% admissions/event tax to be charged on every person who pays to gain admission to any place or event open to the public, as defined by City Ordinance. Venues subject to admissions tax, but not limited to, are movie theatres, golf courses, etc. Both types of tax do not have restrictions on use other than to fund general City services in the General Fund.

Rationale: Lodging Tax revenue is estimated to increase from 2019 based on an anticipated stable economic environment and one new hotel that opened in late 2019. Historically, this tax has fluctuated year to year depending on traveling patterns seen in business travel and personal vacations, as well as the addition of new lodging establishments as the City continues to grow.

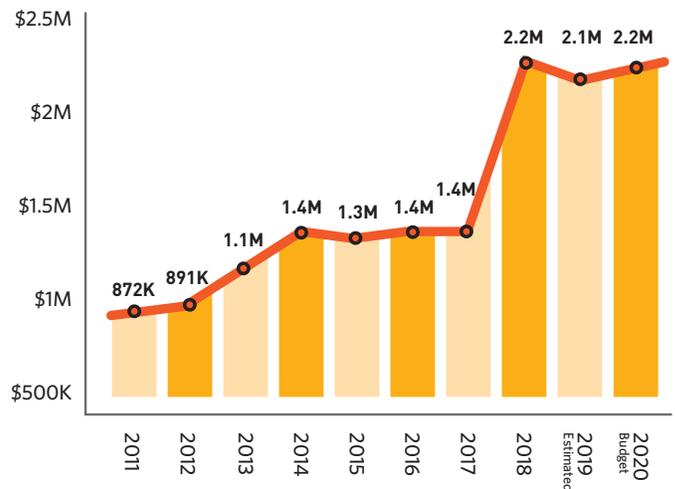
The 2020 Admission tax is estimated to remain constant in 2019 based on historical trends. Historically, the revenue generated from this tax has fluctuated from 1% to 7%, so to be conservative, the City budgets according to the lower end of the spectrum.

Total Lodging & Admissions Taxes Revenue:
\$2,187,700



2020 Budget Total Revenue, \$44,858,348

Lodging & Admissions Taxes Revenue HISTORY & FORECAST



Trends: The large increases in 2013 and 2014 were due to growth of the City, particularly with the construction of two additional lodging establishments. Additionally, the spike in 2014 includes a significant one-time payment from a vendor for adjustments to prior year's remittances of admissions tax that were filed incorrectly. The large increase in 2018 is based on a lodging establishment located within the OmniPark area annexed into the City in 2017, as well as a new lodging establishment that opened in the middle of 2017. Revenue in 2020 is projected to increase from 2019 based on a new hotel that opened in late 2019, so 2020 will have a full year of additional lodging tax.

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BUDGET MESSAGE: FRANCHISE FEES REVENUE

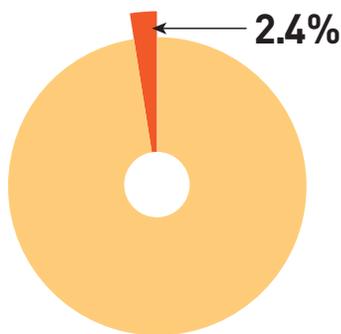
Source: Franchise fees are revenues derived from fees levied on companies in exchange for the right to use public right of way and otherwise operate as a franchise. Franchise fees for the City are generated from a negotiated franchise license with Xcel Energy for gas and electric service in the City as well as cable franchise fees with Comcast and CenturyLink. Both types of franchise fees do not have restrictions on use other than to fund general City services in the General Fund. Xcel Energy and Comcast franchise fees are submitted electronically to the City’s bank account on a monthly and quarterly basis, respectively. The CenturyLink franchise fees are submitted via check to the City on a quarterly basis.

Rationale: 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.

The cable franchise fee with Comcast and CenturyLink is at the rate of 5.0% for cable service provided to City residents.

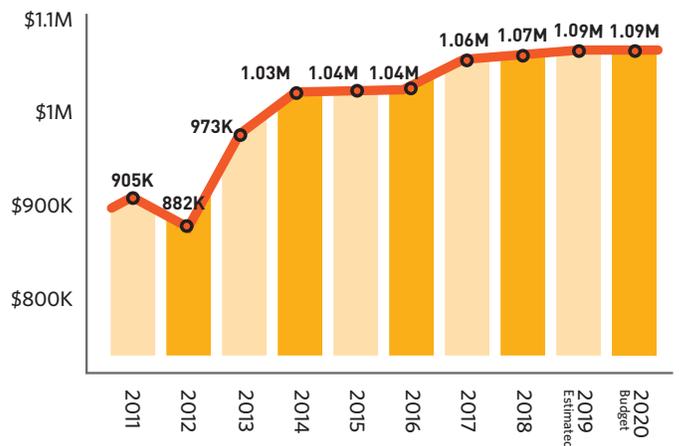
The electric and gas franchise fee and cable franchise fee are estimated to remain flat in 2020 compared to 2019 based on a conservative estimate as a result of 2019 activity and limited new housing growth in the City anticipated for 2020.

Total Franchise Fees Revenue:
\$1,092,450



2020 Budget Total Revenue, \$44,858,348

Franchise Fees Revenue HISTORY & FORECAST



Trends: Fluctuations from year-to-year are due to changes in gross revenue received from Comcast and CenturyLink based on usage of cable services and from Xcel Energy based on usage of electric and gas services. As the City continues to grow with more housing developments being built, this will generally cause this revenue to increase, as evidenced from 2012 through 2017. 2019 estimated and 2020 projected are expected to remain close to flat based on a conservative approach. As the City gets ready for the expansion of housing developments in RidgeGate East, these revenue sources should start to trend upward again.

Source: Intergovernmental revenue consists of various sources of revenue that are received by the City from the State of Colorado or Douglas County that are listed below. These revenues are budgeted each year based on set factors and formulas and are somewhat stable for the City unless legislation is revised. These funds do have restrictions on use, except for the Cigarette Tax and the Motor Vehicle Registration Fees. The Sharebacks for Transportation and Road and Bridge funds as well as the Highway Users Tax must be spent on transportation projects, and the Conservation Trust Funds must be used for parks, recreation, or open space improvement/development. Additionally, the City receives reimbursable costs from partnering organizations on specific projects.

The **Highway Users Tax Fund (HUTF)** is state-collected, locally-shared revenue that is distributed via electronic funds transfer on a monthly basis to the City of Lone Tree in accordance with the following formulas:

- 1 **Basic Fund** — the first seven cents of gasoline taxes and the base amount of various motor vehicle registration, title and license fees. 9% of these revenues are distributed to municipalities. The basic fund monies may be spent on acquisition of rights-of-way for, and the construction, engineering, safety, reconstruction, improvement, repair, maintenance, and administration of streets, roads and highways.
- 2 **Supplemental Fund** — 18% of the amount above seven cents of gasoline taxes are distributed to municipalities and may be spent only on road improvements including new construction, safety improvements, maintenance and capital improvements.
- 3 **1989 Increase Fund** — 18% of the gasoline tax, registration fee and driver's license fee increases enacted in 1989 are shared with municipalities and can be used for the same purposes designated in (2) above.
- 4 **1995 Increase Fund** — 18% from a three-year phased reduction of the amount previously withheld by the state for administrative purposes which can be used for the same purposes designated in (2) above.

For Fiscal Year 2018-19 – SB 18-001 (Fix Colorado Roads Act) transfers \$495 million, of which \$74.25

million is transferred to the Highway Users Tax Fund (HUTF) for local governments, and \$74.25 million is transferred to a new Multimodal Transportation Options Fund (Multimodal Fund) administered by the State Transportation Commission. Municipalities will receive a total of \$37.125 million in additional revenue (transferred on July 1, 2018) dispersed through the HUTF. Municipalities will also be eligible for up to \$60.61 million in local government multimodal grants through the Multimodal Fund.

For Fiscal Year 2019-20 – SB 18-001 transfers \$150 million, of which \$22.5 million is transferred to the HUTF for local governments and \$22.5 million is transferred to the Multimodal Fund. Municipalities will receive a total of \$11.25 million in additional revenue (transferred on July 1, 2019) dispersed through the HUTF. Municipalities will also be eligible for up to \$63.11 million in local government multimodal grants through the Multimodal Fund.

Funding from SB 18-001 has resulted in an approximate additional \$175,000 to the City.

Conservation Trust Funds are from lottery proceeds that are collected from retail merchants selling lottery products by the State of Colorado. Municipal lottery proceeds are distributed to municipalities based upon current population estimates prepared by the State Division of Local Governments. Lone Tree's share is electronically transferred to the City's bank account on a quarterly basis.

Cigarette Tax is a tax the state imposes and collects a 4.2 cent tax per cigarette, of which 27% of the proceeds are distributed to municipalities and counties according to the ratio of the state sales tax collected in the entity to the total state sales tax collected in the prior year. The state disburses the funds two months after they are collected. (Note: Voters in Colorado approved an increase in the cigarette tax, effective January 1, 2005. However, the increase is earmarked for specific purposes and is not included in the distribution to municipalities and counties.)

The **Douglas County Road and Bridge Shareback** is a mill levy imposed by Douglas County that is dedicated to road and bridge improvements throughout Douglas County. Because Douglas County's efforts only include unincorporated areas and the property tax is collected from all areas, the State requires that Douglas County

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Financial Summaries

BUDGET MESSAGE: INTERGOVERNMENTAL REVENUE (CONT.)

return one half of the road and bridge levy to each municipality. The formula used to compute the amount returned to Lone Tree is as follows:

$$\text{(County Road \& Bridge Levy} \star \text{Total City Assessed Value)} \div 2 = \text{City Portion}$$

The money is distributed via electronic funds transfer on a quarterly basis to the City of Lone Tree.

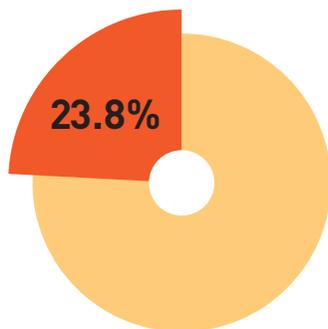
The **Douglas County Shareback for Transportation**, effective as of January 1, 2011, is based on the County who collects a 0.4 percent roads sales and use tax (building materials) county-wide and then remits 75 percent of the amount collected within Lone Tree city-limits to the City (with the exception of the Park Meadows Retail Resort) and is to be used for transportation projects. This revenue helps fund the construction of new road projects. Funds are received electronically directly to the City's bank account on a monthly basis. This shareback will be in effect until December 31, 2030.

Douglas County Motor Vehicle offices title and register vehicles of residents of Douglas County, which include the City of Lone Tree. Fees are assessed based on the vehicles' weight in pounds. The funds are allocated per statute between the State, Counties, and Cities/Towns based on a funding formula.

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

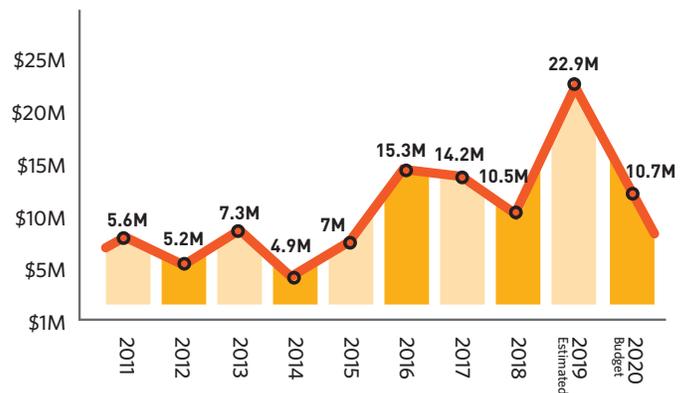
Rationale: Reimbursable Cost for 2020 is based on known capital projects where the City is partnering with other entities to fund the projects.

Total Intergovernmental Revenue:
\$10,695,378



2020 Budget Total Revenue, \$44,858,348

Intergovernmental Revenue HISTORY & FORECAST



Trends: Intergovernmental revenues fluctuate year to year primarily due to reimbursable costs and projects that are being completed between the City and various partners. The 2013 increase is due to a one-time reimbursement from Douglas County for transportation improvements. The significant increase from 2015 to 2016, as well as the decrease from 2016 to 2017 is based on the contribution schedules listed in each agreement with the partnering organizations for two large capital projects including the Lincoln Pedestrian Bridge and the Southeast Light Rail Extension. The increase from 2018 to 2019 estimated is the result of the RidgeGate Parkway Widening Project, which includes funding from Rampart Range Metropolitan District, Douglas County, Southeast Public Improvement Metropolitan District (SPIMD) and a grant from the Denver Regional Council of Governments. The decrease in 2020 from 2019 is due to the RidgeGate Parkway Widening Project finishing up, so the majority of partner funds were received in 2019.

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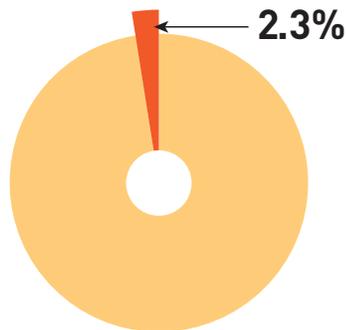
BUDGET MESSAGE: LICENSES, FEES AND CHARGES REVENUE

Source: Licenses, fees and charges revenues 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.

Rationale: The 2020 budget is estimated based on building permit information as well as information received from developers within the City. Historically, building permit fees are the primary component of this revenue source. This revenue source can fluctuate greatly depending on the development projects that are being completed in the City at any given time, so considerable time is spent projecting the building permit revenue based on information received from developers and the City's Community Development Department.

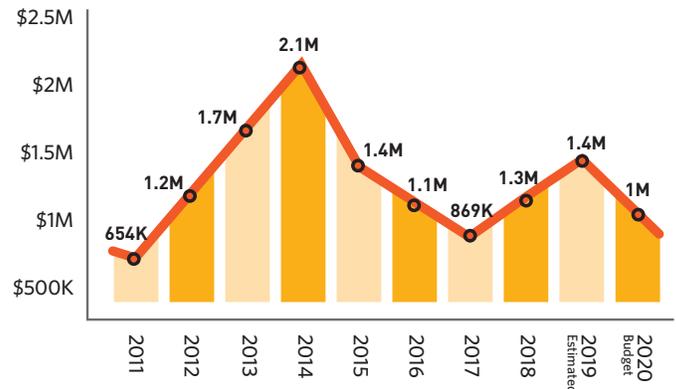
Additionally, the planning, zoning and engineering fees are included in this revenue source. These fees are based on historical trends and timing of construction projects. Historically, the revenues generated from the planning, zoning and engineering fees fluctuate as the timing of development projects occur.

Total Licenses, Fees and Charges Revenue:
\$1,024,000



2020 Budget Total Revenue, \$44,858,348

Licenses, Fees and Charges Revenue HISTORY & FORECAST



Trends: The spike seen from 2012 to 2014 is related to significant development in the RidgeGate area of the City, particularly a new corporate campus (Charles Schwab), the hospital expansion and construction of multiple single-family home communities. In 2015-2016 the amounts remained high due to the continued construction of single-family home communities, as well as the construction of a large assisted living/nursing home. The decrease in 2017 is due to the timing of when fees were received for the larger projects of a new hotel, restaurant and apartment complex. The project fees were received in 2016, but the majority of the work was completed in 2017. The year 2018 aligns more closely with historical trends, as a result of additional work on a corporate campus as well as a new hotel and medical office building. In 2019, the estimated increase is due to a couple large projects, including a corporate campus building and parking garage for Kiewit as well as an apartment building. In 2020, the projected amount is based on historical trends as well as a second building for Kiewit.

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Financial Summaries

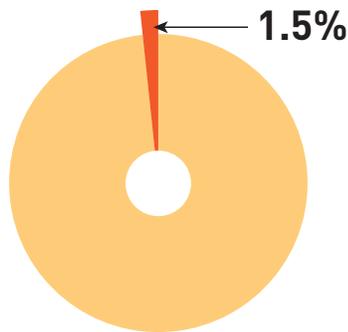
BUDGET MESSAGE: FINES AND FORFEITURES REVENUE

Source: Fines and forfeiture revenue include court fees as well as vehicle and other code violation fines including Red Light ticket revenue.

Rationale: The 2020 budget is estimated based on historical trends. Historically, this area can fluctuate, depending on the number and types of

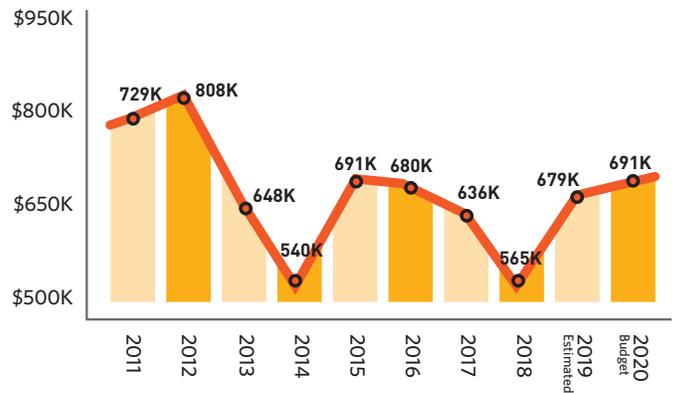
citations issued, as well as staffing levels in the police department. Court fees, vehicle and other code violation fines includes a 1% increase to remain conservative on revenue projections.

Total Fines and Forfeitures Revenue:
\$691,000



2020 Budget Total Revenue, \$44,858,348

Fines and Forfeitures Revenue HISTORY & FORECAST



Trends: The significant decreases seen between 2012-2014 are due to red light cameras being reduced from three to one, with the one camera being inoperable during 2014 as a result of road construction projects, as well as fewer citations being issued during this period. The increase from 2014 to 2015 is largely due to the red light camera being operational for the full year and an increase in police presence throughout the City. The decrease experienced from 2016 through 2018 is largely due to the decrease in vehicle fines, which is primarily due to the Police Department not being fully staffed at different times throughout this period, as well as officers being pulled away from traffic enforcement to respond to other calls. The increase from 2018 to 2019 is due to the addition of two Traffic Enforcement Unit Officers, which is expected to increase enforcement efforts related to traffic violations in the City.

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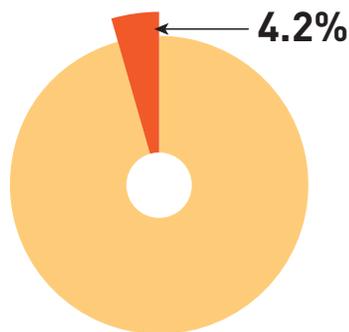
Financial Summaries

BUDGET MESSAGE: LONE TREE ARTS CENTER REVENUE

Source: The revenues listed in the Special Revenue Fund – Cultural and Community Services Fund 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.

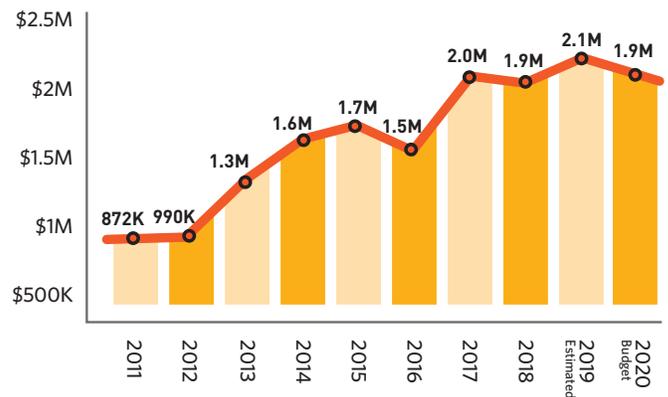
Rationale: The 2020 operating revenue generated from the Lone Tree Arts Center is estimated based primarily on the programming schedule and availability of space for event rentals, while utilizing historical trends and past performances as a guide. Additionally, 2019 and 2020 include additional contribution revenue that was previously unavailable to the Arts Center. With the creation of the 501(c)3, grant and contribution opportunities have been broadened.

Total Lone Tree Arts Center Revenue:
\$1,900,343



2020 Budget Total Revenue, \$44,858,348

Lone Tree Arts Center Revenue HISTORY & FORECAST



Trends: The increase from 2011 to 2012 is a result of the Lone Tree Arts Center being operational for a full year, as the Arts Center opened in the latter half of 2011. The increases are the results from analyses and comparisons of historical data of what types of performances best attract audiences and using those findings to develop a programming schedule that will generate a solid revenue stream. Additionally, the Lone Tree Arts Center has been mentioned in multiple local media outlets, which is increasing the public’s awareness of the facility. The decrease seen from 2015 to 2016 is due to the shifting of a musical performance from 2016 to the 2017 programming schedule, which resulted in decreased revenue, but is offset with decreased expenses. 2018 decreased from 2017 due to multiple factors including two concerts that were cancelled due to unforeseen circumstances as well as lower than expected ticket sales for the large scale spring performance. 2019 estimated revenue is expected to increase from 2018 and be more in line with 2017 due to more featured attraction performances, additional foundation contribution revenue with the formation of the 501(c)3 and an increase in non-SCFD grant revenue. The decrease in 2020 is largely due to ticket sales projections based on not having a long-run theatrical performance; however, expenditures decrease as well.

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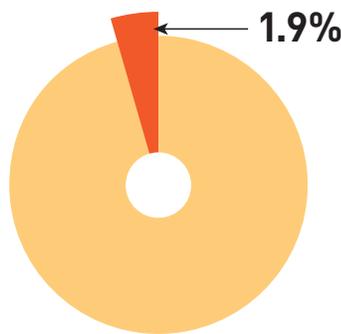
Financial Summaries BUDGET MESSAGE: OTHER REVENUE

Source: Various other revenue sources are anticipated to be received by the City including interest income, tenant rental income received by parties leasing space in the Municipal Office Building, police department fees and miscellaneous revenue received.

Rationale: The 2020 budget is estimated based on historical trends and interest rates. Interest income is based on average annual interest rate yield and the

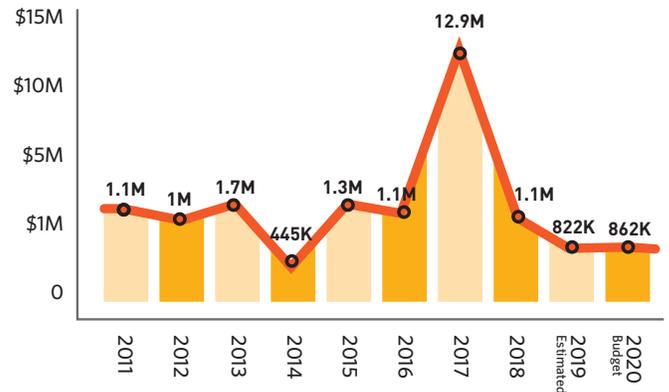
City's average balance. Tenant rental income is based on current tenants' lease terms. Police department fees and other charges is estimated based on off-duty contract billings and other funding agreements with entities such as the Douglas County School District.

Total Other Revenue:
\$862,700



2020 Budget Total Revenue, \$44,858,348

**Other Revenue
HISTORY & FORECAST**



Trends: The increase in 2013 is due to receiving one-time funds from a litigation settlement. The significant increase in 2015 is due to a transfer from reserves to pay off the Certificates of Participation on the Municipal Office Building. The increase in 2017 is related to the debt refinancing to benefit from interest savings. The decrease for 2019 estimated is a result of the legal retainage recognition in 2018 as well as less tenant rental income as the City took over a current rental space to transform it into additional City office space. The increase in 2020 is primarily due to projected Police Department fees based on 50% reimbursement from the Douglas County School District for a new School Resource Officer position, as well as increased off-duty administrative fees based on increased demands from the business community for this service.

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Financial Summaries BUDGET MESSAGE: EXPENDITURES

The 2020 budget evaluates available resources and allocates revenues to maintain the same high level of service for general operations of the City and to fund the capital projects outlined in the five-year capital plan based on the City's priorities and guidance of City Council. The objective is to fund services and programs that are the most likely to achieve the strategic plan of the City.

The total expenditures incurred by the City are summarized in the following graph. Additionally, the major expenditure sources are highlighted individually.

TOTAL EXPENDITURES	2018 Actual	2019 Estimated	2020 Adopted
General Government	\$ 4,540,392	\$ 4,609,260	\$ 5,135,302
Municipal Court	\$ 302,995	\$ 327,088	\$ 349,267
Community Development	\$ 1,002,489	\$ 1,055,521	\$ 1,246,135
Police Department	\$ 7,523,558	\$ 8,393,223	\$ 9,073,400
Public Works	\$ 5,929,843	\$ 6,064,900	\$ 6,490,832
Arts and Cultural	\$ 3,214,649	\$ 3,416,332	\$ 3,736,171
Parks and Recreation	\$ 443,150	\$ 483,450	\$ 234,000
Capital Outlay	\$22,965,727	\$23,013,453	\$23,473,857
Debt Service	\$ 2,613,051	\$ 2,673,400	\$ 2,715,700
Total	\$48,535,854	\$50,036,627	\$52,454,665

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Financial Summaries

BUDGET MESSAGE: GENERAL GOVERNMENT EXPENDITURES

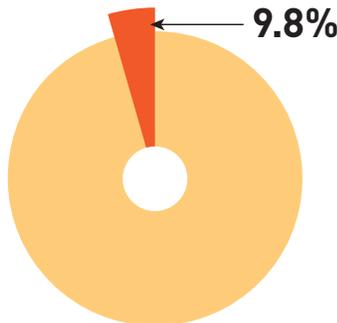
Source: This area of the budget includes the Administrative Services Department, Finance and the City Manager’s Office. The Administrative Services Department is responsible for providing and maintaining technology, human resources and risk management. The success of Administrative Services is measured by how seamlessly and effectively employees are able to provide services to citizens and businesses in the community. The Administrative Services Department is divided into three divisions including Human Resources, Information Technology and City Clerk. Additionally, the City’s Finance Department includes sales tax administration and auditing, payroll processing and accounts payable as well as financial statement reporting, budget and accounting records management. The goal of the Finance Department is to keep the City compliant with various state and federal requirements related to having up to date, accurate financial information. The City Manager’s Office facilitates the work of the City Council by developing and implementing

the details of City Councils’ goals and policies. The City Manager provides leadership in all areas of municipal services to the community in accordance with the City Charter and provides strategic vision and priorities of the organization through intergovernmental relationships, community outreach and communications, and economic development. The City Manager’s Office staff also serves as liaisons between the City Council and City staff for carrying out service requests and supporting the many activities in which the City Council and the City Manager are engaged.

Other costs reflected under General Government include legal, insurance, and other City programs.

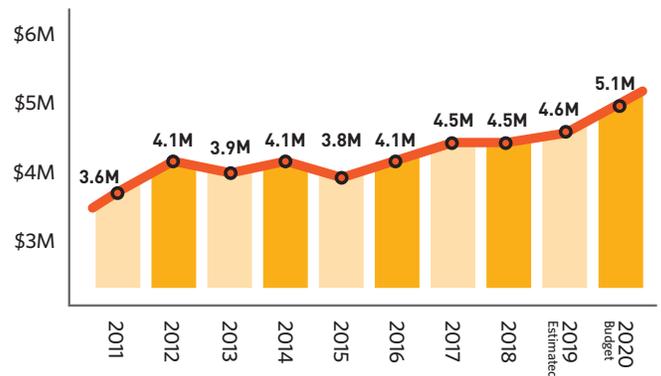
Rationale: 2020 estimates for General Government have been determined based on historical costs, anticipated cost increases related to salary and benefits, legal costs, and additional project consulting costs.

Total General Government Expenditures:
\$5,135,302



2020 Budget Total Expenditures, \$52,454,665

General Government Expenditures HISTORY & FORECAST



Trends: The increase from 2011 to 2012 includes a significant increase in legal fees associated with a litigation case the City was involved in. The increase from 2015 to 2016 mainly includes three new positions in 2016, including the Deputy City Clerk, Capital Improvement Projects Manager and IT Systems Specialist as well as a citizen survey. The increase in costs from 2016 to 2017 is attributable to multiple factors with the largest ones being increases in salary and benefit costs, specifically for new positions such as the Accounting Manager, Support Specialist and Communications Manager, consulting costs, budgeting software tool implementation and banking services fees. The increase in 2019 is due to an increase in dues and memberships, salary and benefit costs, and additional consulting costs. The increase in 2020 is related to salary and benefits, legal costs and additional project consulting costs.

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Financial Summaries

BUDGET MESSAGE: COMMUNITY DEVELOPMENT EXPENDITURES

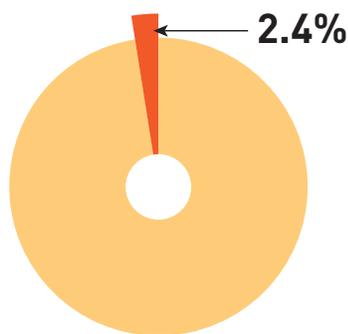
Source: The Community Development Department consists of the Planning Division, the Building Division and the Code Enforcement Division.

The Planning Division administers land use projects including site improvement plans, subdivision plats and zoning changes. The Planning Division also provides long-range planning services including the preparation and periodic update of various planning regulations and tools, as well as other services including those related to historic preservation, signage and identification programs, streetscape programs and community facilities. The Building Division serves the community by administering the City's building codes to ensure all buildings are safe for occupancy. This is accomplished through reviewing building plans, issuing building permits and conducting inspections. The Code Enforcement Division is responsible for working with our residents, business owners and property owners to achieve a clean, safe and attractive community through enforcement of the City's zoning and nuisance regulations. This division also issues sign, banner and temporary use permits.

It should also be noted that a majority of these costs are offset with building permit fees as well as licenses, fees and other charges.

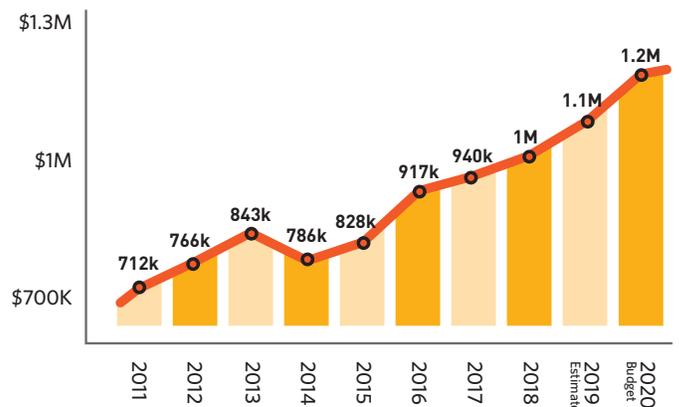
Rationale: The 2020 budget is based on historical trends as well as the addition of two new positions, resulting in an increase of 18.1% from 2019. The historical trends, along with the known large-scale construction projects to be completed, are used to develop an estimate of the number of hours to be spent on inspections. Historically, the overall expenditures for community development vary year to year, depending on the timing of construction and remodeling projects. The largest costs are for salary and benefits, building inspections, elevator inspections, plan review and electrical inspections. Many of the costs in the Community Development department are offset with revenues received.

Total Community Development Expenditures:
\$1,246,135



2020 Budget Total Expenditures, \$52,454,665

Community Development Expenditures HISTORY & FORECAST



Trends: The increase in 2016 is due to contracted personnel costs related to building inspections, personnel changes in the building department and plan review and electrical inspections. The increase in 2020 is primarily due to the addition of two positions, Planner II and Electrical Inspector.

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Financial Summaries

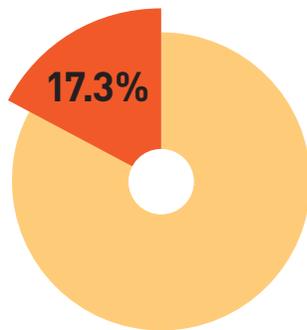
BUDGET MESSAGE: POLICE DEPARTMENT EXPENDITURES

Source: The Police Department is dedicated to protecting, defending, and serving the residents, businesses and visitors of Lone Tree. A commitment to maintaining a safe community can be seen through the City's community outreach programs and the implementation of local laws backed by the Police Department's commitment to community policing concepts.

The 2020 budget includes payroll and related benefit expenditures for a total of 60 full-time and 4 part-time employees. Additionally, the Police Department includes costs related to office and administration; uniforms; general equipment; vehicles and equipment based on the City's vehicle replacement plan; training, recruitment, and testing; community outreach, and intergovernmental agreements with the Town of Parker for dispatch services and evidence processing and storage.

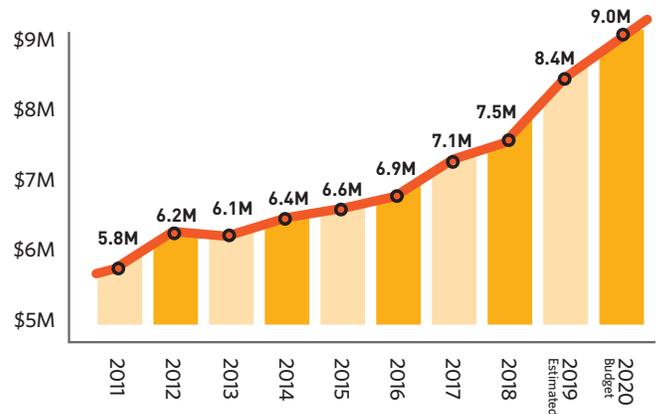
Rationale: The 2020 budget is based on historical trends, intergovernmental agreements with the Town of Parker, and the City's vehicle replacement plan. Historically, the overall Police Department budget has an annual increase between 4-8%, which approximately half of this reflects the increase in payroll and related benefit expenditures. Historically, the costs associated with all expenditures outside of payroll and related benefits and the intergovernmental agreements do not increase substantially year to year. In 2020 there was an increase of approximately 8% which is detailed below.

Total Police Department Expenditures:
\$9,073,400



2020 Budget Total Expenditures, \$52,454,665

Police Department Expenditures HISTORY & FORECAST



Trends: The increase in 2019 is primarily due to adding three new full-time positions, including a Commander position and two Traffic Enforcement officers. These new positions will continue to contribute to the City's deep, active commitment to public safety with improved command oversight and better enforcement of high accident areas in the City. Finally, the increase includes cost related to the renegotiations with the Town of Parker to continue to provide dispatch, evidence storage and fleet maintenance to the City. The increase in 2020 includes salary and benefit increases for a new part-time position, Administrative Assistant to oversee the off-duty contracts with local businesses. Additionally, there is a placeholder for a full-time School Resource Officer, with 50% of the costs associated with the School Resource Officer included in other income from cost sharing by the Douglas County School District. Additionally, there is an increase in vehicle and emergency equipment in 2020 to allow for seven new vehicles versus five in 2019 based on the vehicle replacement schedule. Finally, in 2020 the Police Department pay structure is being updated to lower the number of levels for police officers, corporals and sergeants. This change allows the City to remain competitive in the market with the goal to increase retention of officers.

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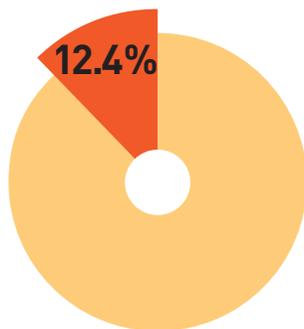
Financial Summaries

BUDGET MESSAGE: PUBLIC WORKS EXPENDITURES

Source: The Public Works Department is responsible for maintenance and repair of streets, storm drainage, open space, design, bidding and construction management of the City’s capital improvement projects and snow removal services. Public Works also reviews plans and issues permits for all work within City rights-of-way and City owned property; maintains and operates the traffic signals within the City; provides facility maintenance for City buildings; coordinates improvements and construction with related entities including Douglas County, Park Meadows Metropolitan District, Southgate Districts, South Metro Fire Department, CDOT and responds to citizen requests and concerns and represents the City on technical committees of numerous regional organizations. Public Works also oversees the operations of the Link On Demand shuttle service. Additionally, solid waste pickup as well as recycling is provided to all single-family residents in the City.

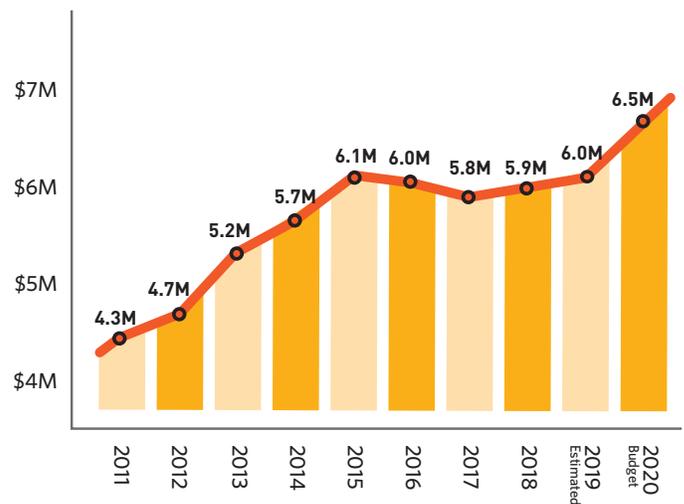
Rationale: The 2020 budget is based on historical trends as well as the last phase of bringing public works fully in-house, with the exception of surveying and design. This Department has been contracted through an external company since the City’s inception, but based on the scope of work from the contracted positions, as well as the retirement of the long-time Public Works Director in early 2019, it is more cost effective at this time to bring this department in-house with the exception of limited services such as surveying and design. The change in the budget from 2017 to 2018 and continued again in 2018 to 2019 shifts costs from contracted line items to salary and benefit costs. In 2019, the facilities division was also moved under Public Works, this division was previously under Administrative Services. The history below has been updated to include facilities costs for comparative purposes.

Total Public Works Expenditures:
\$6,490,832



2020 Budget Total Expenditures, \$52,454,665

Public Works Expenditures HISTORY & FORECAST



Trends: The spike shown from 2013 to 2014 is due to rate increases in contracting services for the public works department, snow removal, and signage and striping, as well as the Lone Tree Link operations beginning in September 2014. The increase from 2014 to 2015 is primarily a result of a full year of operations of this shuttle service. The increase from 2017 to 2018 is due to higher snow removal costs as 2017 saw a mild winter and significant drainage maintenance work for storm sewer inlets. The increase from 2018 to 2019 is primarily a result of increased snow removal costs, as 2019 had a higher than normal demand on snow removal operations. The increase from 2019 to 2020 is primarily due to drainage maintenance, as well as salary and benefit increases associated with a full-year of additional staff from the transition of bringing public works in-house and salary and benefit increases.

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Financial Summaries

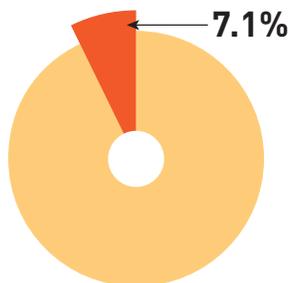
BUDGET MESSAGE: ARTS AND CULTURAL EXPENDITURES

Source: The Lone Tree Arts Center serves as a community resource, providing cultural and entertainment programming to residents of all ages, offering unique and affordable meeting services to local businesses and civic groups, and encouraging community participation by hosting a wide range of local performing arts groups. The Arts Center helps bring wider recognition to the City by drawing audiences and meeting attendees from throughout the seven-county metro Denver region. Additionally, Lone Tree Arts Center staff oversees the City's public art programs as well as implement community-wide events for Lone Tree residents including summer concerts and the Independence Day Celebration.

Expenditures for the Lone Tree Arts Center include the administration, programming, marketing, development, annual City events, and arts and cultural events.

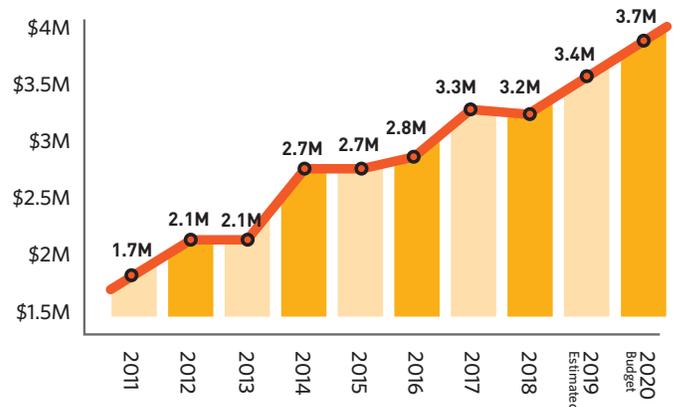
Rationale: The 2020 operating expenditures for the Lone Tree Arts Center are estimated based primarily on the programming schedule, while utilizing historical trends and past performances as a guide. The primary expenditures are related to programming and marketing costs as well as payroll and related benefits. The increase seen in 2019 from 2018 is due to these costs, along with an increase in events costs. The increase in 2020 from 2019 is largely due to capital building improvement costs for several projects including LED light conversions and video system controls upgrade. Additionally, in 2020, a new position is being added for an Events and Rentals Assistant to continue to provide the same high level of customer services to our residents and visitors to the Arts Center.

Total Arts and Cultural Expenditures:
\$3,736,171



2020 Budget Total Expenditures, \$52,454,665

Arts and Cultural Expenditures HISTORY & FORECAST



Trends: The increase from 2011 to 2012 is a result of the Lone Tree Arts Center being operational for a full year, as the Arts Center opened in the latter half of 2011. The increases from 2013 to 2019 are due to programming costs for contracted personnel, as the Arts Center transitioned from a presenting center to a presenting and producing center, as well as annual salary and benefit increases. Additionally, the increase from 2016 to 2017 is due to several popular performances, such as Evita, Art Garfunkel, and Muscle Shoals, which brought in strong ticket sales, which offset costs, but also increased expenditures for each performance. The 2019 increase is due to certain repairs and maintenance costs at the Arts Center, including significant parking lot repairs. The 2020 increase is largely due to building improvement capital costs as well as an addition of a new position for additional support for events and rental clients and a placeholder for consideration of a public art project around the Lincoln Avenue Pedestrian Bridge.

Source: The City defines capital expenditures to be purchases over \$5,000 that have a useful life of over one year. To the extent funds are available and the need is established, the 2020 budget provides for reoccurring capital expenditure costs including street construction and overlay, City-owned building improvements, landscape improvements and traffic signalization improvements. Additionally, significant nonrecurring capital expenditures are described below:

- **RidgeGate Parkway Widening — \$9,500,000**
This project involves widening RidgeGate Parkway from Havana Street to the City of Lone Tree limits from 2 to 4 lanes. It also includes additional lanes, raised medians, left turn lanes at signalized intersections, a separated cycle track with bike detection at signals, bike and transit amenities, and new sidewalks with a minimum width of 8 feet. This project will be primarily reimbursed from project partners and grant revenue with the City overseeing the project. This project began in 2019 and carries over into 2020.
- **Park Meadows Drive Regional Pond Upgrade — \$923,500**
This amount is for the reconstruction of an existing detention facility. A significant portion of this will be funded by project partners. This project began in 2019 and carries over into 2020.
- **Adaptive Traffic Signals — \$1,032,000**
This amount is for the implementation of adaptive traffic signals along the Yosemite Street corridor.
- **RidgeGate Pedestrian Improvements — \$310,000**
This project includes the replacement of concrete crosswalks with asphalt and appropriate striping and signage. Some of the project intersections include asphalt replacement, while others include signage and striping.
- **Crooked Stick Traffic Signal and Road Improvements — \$755,000**
This project includes installing a new traffic signal at Crooked Stick and RidgeGate Parkway.

Please see the capital expenditures section on page 59 for a summary of capital/fixed assets and their impact to the operating budget.

Also included in this section of the budget are amounts for reimbursement of sales taxes to Park Meadows Business Improvement District associated with the annexation of Park Meadows Retail Resort, as well as pursuant to the RidgeGate annexation agreement. These tax sharebacks get reinvested in the area through improvements or used for bond repayment related to public infrastructure improvements.

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Financial Summaries

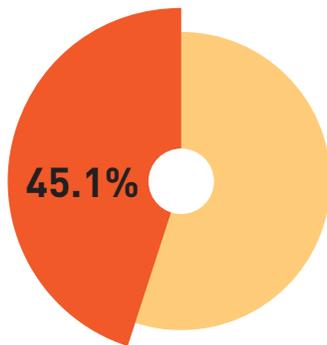
BUDGET MESSAGE: CAPITAL OUTLAY EXPENDITURES (CONT.)

Rationale: The 2020 budget is based on scheduled capital projects for the year per the City’s five-year capital plan. The capital projects are prioritized based on the assets remaining life, the community needs, staff recommendations and at the guidance of City Council based on meeting the goals of the City’s strategic plan.

The reimbursement of sales taxes to Park Meadows Business Improvement District is calculated based on 50% of the sales tax remitted for retailers at Park Meadows Retail Resort per the annexation

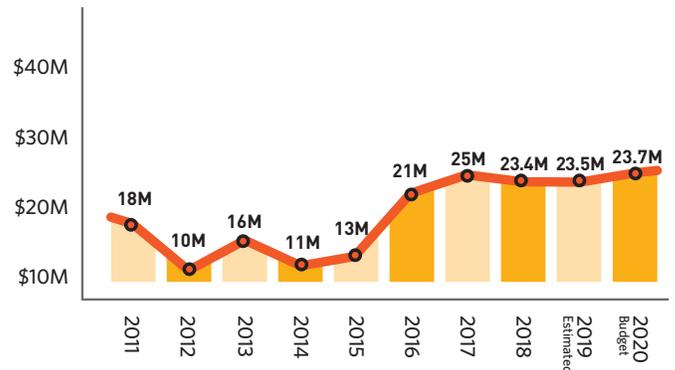
agreement. This agreement expires December 31, 2031 with an option to extend through December 31, 2036. Additionally, the sales tax reimbursement to Rampart Range Metro District is calculated based on 25% of the sales tax remitted for retailers within the RidgeGate area of the City. This agreement is tiered where the percentage reimbursed decreases every five years and expires on December 31, 2032.

Total Capital Outlay Expenditures:
\$23,707,857



2020 Budget Total Expenditures, \$52,454,665

Capital Outlay Expenditures HISTORY & FORECAST



Trends: Fluctuations from year-to-year are based on the capital project plan for each year. Years 2016 and 2017 are significant due to several large projects, including the Southeast Light Rail Extension and the Lincoln Avenue Pedestrian Bridge. However, a significant portion of each of these projects involves funding from other partners. The decrease from 2017 to 2018 is due to the completion of the Lincoln Avenue Pedestrian Bridge in 2018, which helped to offset some of the increases in 2018 on the County Line Road project. Large projects that began in 2019 that will be finished in 2020 include RidgeGate Parkway Widening, Adaptive Traffic Signals and the Crooked Stick traffic signal.

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Financial Summaries

BUDGET MESSAGE: ADDITIONAL EXPENDITURES

The additional expenditure sources comprise many important functions of the City, but they do not comprise the major expenditures of the City and are therefore summarized below.

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, teen court and court clerks' salaries and benefits, as well as office supplies and software. Municipal Court expenditures are estimated to slightly increase in 2020 based on annual salary and benefit increases.

Parks and Recreation: Parks and recreation services for the City are provided by the South Suburban Park and Recreation District (SSPRD). The 2020 budget includes City funds for several events including day events at Cook Creek Pool for City residents and tennis events at the tennis and park facility at the golf course. Also included in 2020 is a placeholder to evaluate options for playground equipment at Kimmer Plaza, which would be jointly funded by the City and SSPRD if approved.

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). A portion of the 2008A Bonds and the 2009 Bonds were refunded with Series 2017A and 2017B Bonds, respectively.

The Series 2008A, 2009, 2017A, and the 2017B Bonds are the only debt instruments that the City has outstanding. The debt limit on the 2008A Bonds (Recreation Projects) is \$12,500,000 and \$18,500,000 for the 2009 Bonds (Cultural Facilities Projects). The City utilizes a pay-as-you-go philosophy, so if additional debt issuances were considered, the City would require voter authorization to do so.

Additional details of the City's debt, as well as the current debt service schedules are included in the capital and debt section of the budget document.

Compensation, Benefits and Staffing: Personnel-related expenses account for the largest operations portion of the City's budget; therefore, maintaining this investment is a high priority.

The City of Lone Tree's objective is to compensate employees for their performance and contribution to the City's goals. The City considers a number of factors in compensation, including overall organizational effectiveness and the need to attract and retain qualified, talented employees. The City recognizes that employees are critical to the success of the City and must attract and retain competent, professional, and results-oriented staff.

Therefore, the City's total compensation package of pay and benefits, within our ability to pay, is competitive with the market of other governmental and private employers in the Denver/Boulder area. The City supports skill development, increased knowledge, flexibility, customer service, communication, teamwork, and job results. The City rewards employees who meet the above performance objectives to help achieve the mission and adhere to the City's stated values.

Reserve Funds: The City has provided for an emergency reserve equal to at least 3% of the fiscal year spending for 2020, defined under TABOR, as well as 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, 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, 2017A, 2009, and 2017B Bonds. Additionally, funds are also reserved for park and recreation improvements and related maintenance costs with City funds received from the State's Conservation Trust Fund as well as park fees which have been collected by developers

in lieu of land dedication as a requirement under certain site improvement plans. Funds received in litigation from the brick fence repairs as well as contributions from the City and other partners for the replacement program are also categorized as reserved.

In addition to the funds reserved by the City pursuant to laws or other contractual obligations outlined above, the City also has designated 25% 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. The City also has designated certain funds as capital reserves specific to future capital maintenance costs and new capital projects



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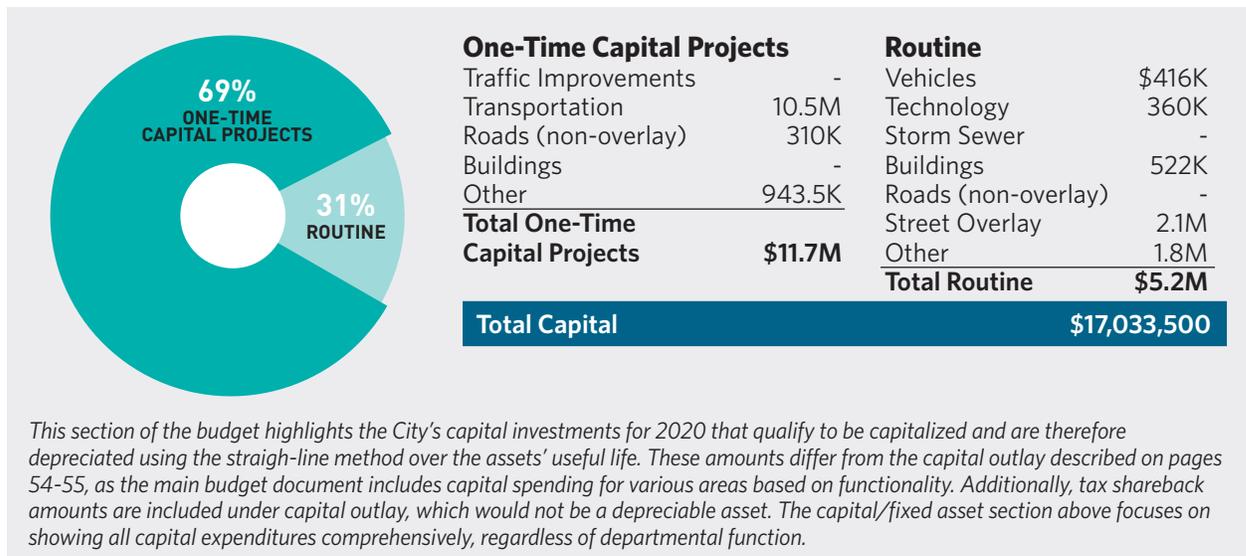
The background of the entire page is a repeating pattern of teal chevrons pointing to the right. The chevrons are arranged in a staggered, overlapping fashion, creating a sense of depth and movement. The color is a vibrant, medium-teal shade.

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CAPITAL & DEBT

4

Capital & Debt CAPITAL EXPENDITURES



The City defines capital expenditures to be purchases over \$5,000 that have a useful life of over one year. The 2020 budget contains \$17 million in total capital expenditures. As displayed in the graph, the majority of these expenditures (\$12 million or 69%) are projects that are one-time capital improvements. The remainder (\$5 million or 31%) are routine capital expenditures.

The funding source for capital projects, routine and one-time, are from the general fund to the extent allowed based on projected revenues exceeding operating expenditures. In the event that revenues are not enough to cover capital projects contained within the capital replacement plan, the City maintains a capital reserve account to help offset costs of capital replacement and project needs. The reserve account includes excess funds that are rolled over, subsequent to year-end closing, of unanticipated accumulated fund balances. The funds in the capital reserve can only be used by the City for capital projects and at no time shall the accumulated capital reserves be used for City operational costs. Additionally, the City frequently partners with other organizations to fund capital projects, including RidgeGate Parkway Widening, Park Meadows Drive Regional Pond Upgrade, and Adaptive Traffic Signals in 2020. Without these critical partnerships, the City would be limited on capital funding each year.

Additionally, the City receives sharebacks from Douglas County that can only be used for transportation and street/road improvements. The City also receives funds from the State of Colorado from lottery proceeds that can only be used for park and recreational improvements. The City currently has Sales and Use Tax Revenue Bonds that when excess revenues from sales and use tax are collected can be used specifically for arts and cultural improvements as well as park and recreational improvements.

The capital expenditures generally have a positive impact on the operating budget by helping to minimize unforeseen maintenance and repair costs associated with the City's infrastructure. The City takes a proactive and forward-thinking approach that addresses the City's needs through strategic investments. Additionally, the City's commitment to maintaining a capital reserve helps to minimize any negative impacts on the operating budget.

One-time capital projects and routine projects can be further broken down into expenditure categories. The table shows the expenditure categories by type of project. The paragraphs below describe the categories by providing additional detail on the types of projects that make up each category. Additionally, summary sheets begin on page 62 describing each of the significant nonrecurring capital projects that are included in the 2020 budget.

ONE-TIME CAPITAL PROJECTS

Traffic Improvements

The Public Works Department is responsible for the management of many capital projects in the City, including traffic improvements. Traffic improvements are primarily comprised of multiple intersection improvements to improve the flow of traffic.

Transportation

The City's continued investment to improve the transportation network throughout the City has been highlighted in previous years with the construction of multiple large projects. 2020 includes a large-scale project on RidgeGate Parkway that widens the road by two lanes and also includes bike and transit amenities. This project is primarily funded by partners and a grant. The City is also contributing staff time to manage the project. The City is also investing in the implementation of adaptive traffic signals along priority transportation corridors including Yosemite Street.

Roads (non-overlay)

The Public Works Department is responsible for the management of all of the capital projects related to street/road improvements in the City. For 2020, costs were budgeted for continuing to replace the concrete crosswalks in RidgeGate with asphalt and appropriate striping and signage at necessary locations to promote better pedestrian access.

Buildings

The 2020 budget does not include funding in this area due to the capital projects being completed this year on City buildings being considered routine, rather than one-time.

Other

The City has capital projects that have varying focuses, such as the reconstruction of an existing detention facility and an electric vehicle charging station at the City's Municipal Office Building. The reconstruction of an existing detention facility will largely be funded through partner contributions. The electric vehicle charging station will be partially funded with a grant.

ROUTINE CAPITAL PROJECTS

Vehicles

The City's police department has a five-year replacement schedule for the police vehicles and emergency equipment installed within each vehicle. Additionally, the City administration maintains a small number of vehicles for City business use. The 2020 budget includes several replacement vehicles including seven new vehicles with emergency equipment for the Police Department and two new Community Development vehicles.

Technology

The City's Information Technology Department conducts annual analyses to determine what hardware and software programs need to be purchased to ensure that the City is able to stay functioning efficiently. The 2020 budget accounts for new equipment to sustain current operation workloads and for replacement cycles. Specifically, the replacement of current Storage Area Network infrastructure and application server replacements. The 2020 budget also accounts for subscription-based services for software, which are not depreciable, so those costs are not included in this section.

Storm Sewer

The Public Works Department is responsible for maintaining and replacing storm sewer lines that are distressed. The City utilizes a proactive approach to try and detect issues before they arise by video inspecting all steel storm sewer lines in the City and formulating a replacement schedule when needed. The 2020 budget does not include funding for storm sewer improvements, as there has not been an area identified as requiring replacement/improvements at this time.

Buildings

The City currently owns five facilities, which include the Municipal Office Building, Civic Center, the Lone Tree Arts Center, The Hub and Public Works facility. The City is committed to investing each year in these facilities to ensure that visual quality is maintained, while also providing modern facilities that are operating efficiently and functionally for the needs of the City.

The 2020 budget incorporates improvements at the Municipal Office Building as well as the Civic Center but the project at the Municipal Office Building is for parking lot repairs and the project at the Civic Center is design costs for improvements to Council Chambers, so these costs are not depreciable and therefore are not included in this section.

Additionally, the 2020 budget includes improvements at the Lone Tree Arts Center, which include parking lot reconstruction and concrete replacement, a video system control rebuild, main stage house light LED conversion and workspace renovations.

Roads (non-overlay)

The Public Works Department is responsible for the management of all of the capital projects related to street/road improvements in the City. The 2020 budget does not include funding for such improvements, but have allocated funding to overlay.

Street Overlay

The Public Works Department is responsible for the management of all of the capital projects related to street/road improvements in the City. Overlay occurs on a routine or reoccurring basis each year and is included in the 2020 budget as a result of the City's commitment to keeping the City's infrastructure system in good condition. Overlay is able to extend the useful life of the street and delay having to completely replace the existing street. While there are many streets that may need improvements each year, the City cannot perform major improvements on every road in one year due to the significant costs, so the City needs to spread out the improvements over a length of time and prioritize the streets that need improvements based on their structural quality and according to the remaining life of the street. A pavement assessment was completed during 2017 to help the City prioritize the roads that are most in need of repair for 2018 and beyond, this assessment will be updated in 2020 to continue to prioritize these costs in future years. In 2020, Lincoln Avenue will be completed from I-25 to the western City boundaries.

Other

The City has recurring capital projects that have varying focuses. The 2020 budget includes replacing the existing traffic signal head at Lincoln Avenue and Peoria Street to allow for a protected northbound (Peoria Street) to westbound (Lincoln Avenue) left turn signal. Additionally, a traffic signal at Crooked Stick and RidgeGate Parkway will be added.



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Capital & Debt RIDGEGATE PARKWAY WIDENING

Category	Roads	Project Sponsor	City of Lone Tree
Project Name	RidgeGate Parkway Widening: Havana Street to Lone Tree City Limits	Project Management	City of Lone Tree/Rampart Range Metropolitan District
Estimated Start Date	2019	2020 Estimated Cost	\$9.5M
Estimated End Date	2020 to early 2021	City of Lone Tree Cost	\$278,000 plus Project and Grant Management

PROJECT DESCRIPTION

The project will widen RidgeGate Parkway from Havana Street to the City of Lone Tree limits from 2 to 4 lanes.

This activity has the following subtasks:

- Construction of an additional 3 lanes
- Construction of raised medians
- Construction of left turn lanes at signalized intersections
- Construction of a separated cycle track with bike detection at signals
- Installation of bike and transit amenities
- Construction of new sidewalks with a minimum width of 8 feet

PROJECT LOCATION



FINANCIAL SUMMARY	Prior Funding	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	TOTAL
EXPENDITURES							
Planning/Design							
Construction	\$11,000,000	\$9,500,000					\$20,500,000
TOTAL	\$11,000,000	\$9,500,000					\$20,500,000
FUNDING SOURCES							
DRCOG	\$ 2,590,000	\$ 3,810,000					\$ 6,400,000
Douglas County	\$ 2,500,000						\$ 2,500,000
SPIMD	\$ 1,170,000	\$ 1,330,000					\$ 2,500,000
RRMD	\$ 4,740,000	\$ 4,082,284					\$ 8,822,284
City of Lone Tree*		\$ 277,716					\$ 277,716
TOTAL	\$11,000,000	\$9,500,000					\$20,500,000

* The City was the recipient of the DRCOG grant and therefore the project has to be bid out and overseen by the City. Staff time from internal departments such as Public Works, Finance and Communications will be provided in addition to the City's financial contribution for a portion of the final overlay work.

BENEFITS

The additional lanes along RidgeGate Parkway are necessary to match the existing four lane roadway to the east and to provide for the future development of RidgeGate East. Currently, RidgeGate Parkway already backs up heading east from I-25 during afternoon peak hours. Existing traffic levels, coupled with the future development of the property, require additional lanes.

OPERATING COSTS

Management of the asset is currently performed by Douglas County, therefore there will be no operating costs associated with this project until it is complete. Completion of this project will trigger an agreement with Douglas County which will transfer responsibility from Douglas County to the City of Lone Tree. Associated maintenance costs for the roadway section, stormwater piping and inlets, snow plowing, and bridge maintenance will be added to the 2021 budget.

4

Capital & Debt ADAPTIVE TRAFFIC SIGNAL PROGRAM

Category	Signalization	Project Sponsor	City of Lone Tree
Project Name	Adaptive Traffic Signal Program	Project Management	City of Lone Tree Public Works
Location(s)	Yosemite Street and Park Meadows Center Drive Corridors		
Estimated Start Date	2019	2020 Estimated Cost	\$1,032,000
Estimated End Date	2020	City of Lone Tree Cost	\$886,000

PROJECT DESCRIPTION

The project includes the implementation of adaptive traffic signals along priority transportation corridors within the City of Lone Tree.

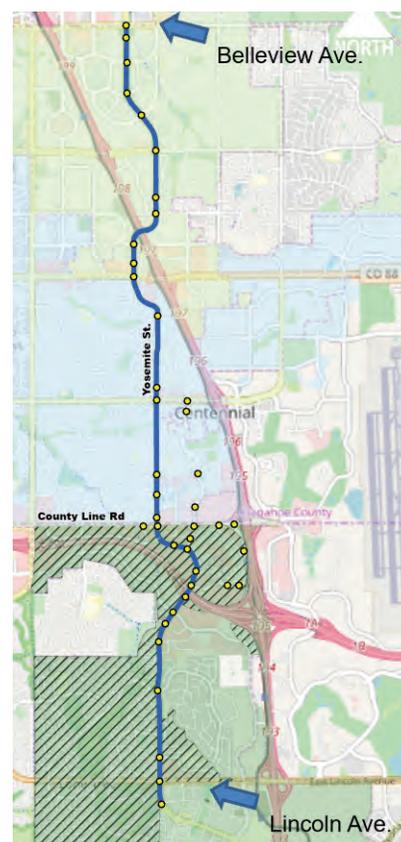
This activity has the following subtask:

- Installation of adaptive traffic signal technology

This is a cross-jurisdictional project in partnership with the cities of Centennial and Greenwood Village.

PROJECT LOCATION

Yellow dots represent the adaptive traffic signals along the Yosemite Street corridor (shown in blue).



FINANCIAL SUMMARY	Prior Funding	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	TOTAL
EXPENDITURES							
Planning/Design							
Construction	\$ 40,000	\$1,032,000					\$1,072,000
TOTAL	\$ 40,000	\$1,032,000					\$1,072,000
FUNDING SOURCES							
PMMD	\$186,000						\$ 186,000
City of Lone Tree	\$ 40,000	\$ 846,000					\$ 886,000
TOTAL	\$226,000	\$ 846,000					\$1,072,000

BENEFITS

In 2018, the City of Lone Tree partnered with Blyncsy, City of Greenwood Village and City of Centennial to install Bluetoad devices along the Yosemite Street corridor to provide better data collection. The future technological deployments will be integrated with Centennial and the Blyncsy system to begin the Vehicle-to-Infrastructure Pilot. The 2019 Adaptive Signal Program is proposing to install radar-based traffic sensors in addition to existing cameras in order to improve vehicle detection. It is also proposing to install adaptive controller hardware along the respective corridors and integrate it with both City of Centennial and City of Greenwood Village. The installation of this hardware will allow for implementation of the adaptive signal technology for signals along Yosemite, Park Meadows Center Drive and County Line Road.

OPERATING COSTS

The operational costs will be reduced with the implementation of adaptive signal technology. Outdated traffic signal timing incurs substantial costs to businesses and residents. They account for more than 10 percent of all traffic delay and congestion on major routes alone. For residents and commuter traffic, this causes excess delays and fuel consumption. For businesses, it decreases productivity and increases labor costs.

Outdated signals also affect City maintenance costs. Staff must respond to citizen complaints when traffic signals do not meet traveler needs. The City also spends approximately \$15,000 per year in consultants who are paid to compile traffic data, then analyze and develop updated signal timing using the traditional signal timing process before generating their recommendations. Because these consultants must balance the needs of one intersection against system requirements, this is time consuming as well as expensive.

4

Capital & Debt

RIDGEGATE WESTSIDE INTERSECTION REPLACEMENT-PHASE 2

Category	Road	Project Sponsor	City of Lone Tree
Project Name	RidgeGate Westside Intersection Replacement — Phase 2	Project Management	City of Lone Tree Public Works
Location(s)	RidgeGate West		
Estimated Start Date	April 2020	2020 Estimated Cost	\$310,000
Estimated End Date	October 2020	City of Lone Tree Cost	\$310,000

PROJECT DESCRIPTION

The project includes the replacement of concrete crosswalks with asphalt and appropriate striping and signage.

This activity has the following subtask:

- Demolition of existing concrete crosswalks and concrete intersections
- Construction of pavement intersections
- Striping
- Signage Installation

PROJECT LOCATIONS

The following intersections are proposed for a full concrete intersection removal and asphalt replacement.

- RidgeGate Circle and Commonwealth Street
- RidgeGate Circle and Rose Tuggle Lane

The following intersections are proposed for the concrete crosswalk removal, signage and striping:

- RidgeGate Parkway and Belvedere Lane
- Sky Ridge Avenue and Bellwether Lane
- Sky Ridge Avenue and Bismark Drive
- Sky Ridge Avenue and Park Meadows Blvd
- Schwab Way and Chatham Drive

FINANCIAL SUMMARY	Prior Funding	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	TOTAL
EXPENDITURES							
Planning/Design	\$100,000	Complete	\$100,000				
Construction	\$545,000	\$310,000	\$450,000	\$350,000	\$250,000		
TOTAL	\$645,000	\$310,000	\$550,000	\$350,000	\$250,000		\$2,105,000
FUNDING SOURCES							
Rampart Range MD	\$470,000						
City of Lone Tree	\$175,000	\$310,000	\$550,000	\$350,000	\$250,000		
TOTAL	\$645,000	\$310,000	\$550,000	\$350,000	\$250,000		\$2,105,000

BENEFITS

This project will remove the existing concrete intersections/crosswalks within RidgeGate West, which are fairly expensive to maintain, and improve the pedestrian crossing treatment. Replacement of the concrete will save the City funding in the long term due to reduced maintenance costs. It will also improve the pedestrian crossing visibility and put them in compliance with the City's Pedestrian Crossing Treatment Policy as adopted by City Council in 2018.

OPERATIONAL COSTS

The operational costs will be significantly reduced due to the removal of concrete and/or paver crosswalks that are deteriorating and expensive to repair and/or replace.

4

Capital & Debt PARK MEADOWS DRIVE REGIONAL POND

Category	Drainage	Project Sponsor	City of Lone Tree
Project Name	Park Meadows Drive Regional Pond	Project Management	City of Lone Tree Public Works
Location(s)	C-470 and Willow Creek Trail		
Estimated Start Date	November 2019	2020 Estimated Cost	\$923,500
Estimated End Date	May 2020	City of Lone Tree Cost	\$300,000

PROJECT DESCRIPTION

The project involves the reconstruction of an existing detention facility (aka Pond H) located within City Open Space near C-470 adjacent to the Furniture Row property. This existing detention facility provides detention volume for a portion of the Acres Green Subdivision in addition to commercial properties along Park Meadows Drive. With the widening of C-470, CDOT is required to provide water quality volume for areas of increased imperviousness and would like to utilize this detention facility for those purposes. The estimated cost for this project is detailed below. The project will be paid for on a prorated basis by the City, Furniture Row, Douglas County (for Acres Green’s runoff) and CDOT (for their contributing area).

PROJECT LOCATION



FINANCIAL SUMMARY	Prior Funding	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	TOTAL
EXPENDITURES							
Planning/Design	\$ 50,000						\$ 50,000
Construction		\$923,500					\$923,500
TOTAL	\$50,000	\$923,500					\$973,500
FUNDING SOURCES							
Furniture Row Properties		\$ 423,500					\$ 423,500
Douglas County		\$ 250,000					\$ 250,000
CDOT							Contribution contracted separately
City of Lone Tree	\$ 50,000	\$ 250,000					\$ 300,000
TOTAL	\$50,000	\$ 923,500					\$ 973,500

BENEFITS

Reconstruction of the Park Meadows Regional Pond will provide water quality and detention for C-470, Park Meadows Drive commercial properties, Acres Green, and Park Meadows and Acres Green Drive. This pond is crucial to providing water quality that will now be required for the area, as well as a requirement in our City's MS4 permit.

OPERATIONAL COSTS

The City has ownership of the detention facility with Urban Drainage and Flood Control District (UDFCD) agreeing to take over maintenance of this regional pond when it is completed. However, UDFCD will not mow the area more than once a quarter, so there will be around \$10,000 in yearly maintenance fees to mow the area as well as eliminate any noxious weeds.

4

Capital & Debt 2020 ASPHALT OVERLAY PROGRAM

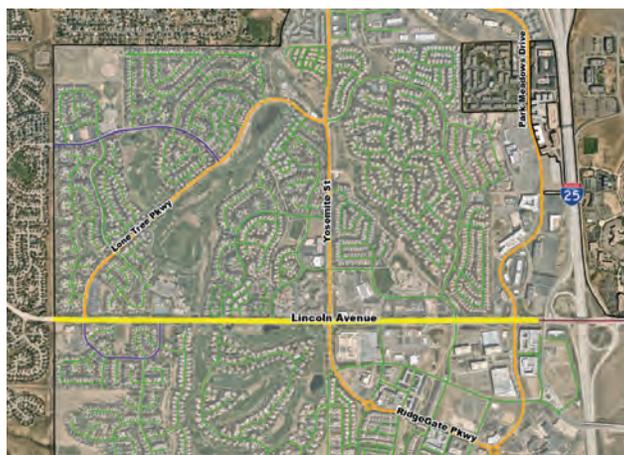
Category	Roads	Project Sponsor	City of Lone Tree
Project Name	2020 Concrete Replacement/ Asphalt Overlay	Project Management	City of Lone Tree Public Works
Estimated Start Date	May 2020	2020 Estimated Cost	\$2,150,000
Estimated End Date	October 2020	City of Lone Tree Cost	\$2,150,000

PROJECT DESCRIPTION

The project includes damaged concrete replacement including curbs, gutter, sidewalks and pedestrian ramps. Upon completion of the concrete replacement, the roadway segment will be milled and overlaid, and some sections of the roadway will have full depth replacement where required. The project entails work along Lincoln Avenue from I-25 to the western city border.

PROJECT LOCATION

Lincoln Avenue



FINANCIAL SUMMARY	Prior Funding	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	TOTAL
EXPENDITURES							
Planning/Design							
Construction		\$ 2,150,000					\$ 2,150,000
TOTAL		\$ 2,150,000					\$2,150,000
FUNDING SOURCES							
City of Lone Tree		\$ 2,150,000					\$ 2,150,000
TOTAL		\$2,150,000					\$2,150,000

BENEFITS

The 2017 City Wide Pavement Assessment performed in April 2017 prioritized the streets in accordance with an overall condition index. In the years from 2017 - 2019 most of the streets rated Poor or Very Poor have been resurfaced. A section of Lincoln Avenue was also rated poor and based upon this rating, the condition of the roadway and the large amount of traffic volume on the Lincoln Avenue corridor, the 2020 Overlay Program is taking the opportunity to complete this resurfacing project all at once. This will minimize the impact to the traveling public and provide a consistent roadway surface along the entire corridor from the western border of the city to I-25.

4

Capital & Debt DEBT & DEBT SERVICE SCHEDULES

On May 6, 2008, a majority of the qualified electors of the City authorized the issuance of indebtedness in an amount not to exceed \$18,500,000 and \$12,500,000 (legal debt limits), for sales and use tax revenue bonds for funding capital improvements for cultural facilities and park and recreation respectively. The voters also authorized a temporary sales and use tax rate increase of 0.1875 percent for arts and cultural facilities and 0.125 percent for park and recreation improvements effective July 1, 2008 through December 31, 2023 or until the full payment of such debt if occurring earlier.

In 2017, the City issued \$4,805,000 of Sales and Use Tax Revenue Refunding Bonds, Series 2017A at interest rates ranging from 2-5% to refund a portion of the outstanding Sales and Use Tax Revenue Bonds, Series 2008A whose original purpose was to finance the construction of several park and recreation improvements including the Cook Creek Pool and tennis court facility at the Lone Tree Golf Club, as well as a portion of Prairie Sky Park. The purpose of the 2017 refunding was to reduce the interest rate paid on the 2008A Bonds. The terms of the bonds will remain the same with a payoff date of December 1, 2023.

Additionally, in 2017, the City issued \$6,200,000 of Sales and Use Tax Revenue Refunding Bonds, Series 2017B at interest rates ranging from 3-4% to refund a portion of the outstanding Sales and Use Tax Revenue Bonds, Series 2009 whose original purpose was to finance the construction of the Lone Tree Arts Center. The purpose of the 2017 refunding was to reduce the interest rate paid on the 2009 Bonds. The terms of the bonds will remain the same with a payoff date of December 1, 2023.

Overall savings, as a result of the two refundings, are estimated at over \$600,000 during the remaining term of the debt.

The City utilizes a pay-as-you go philosophy, so if additional debt issuances were recommended, the City would need voter authorization to do so, as the City does not have any debt authorization.

The debt schedules for the 2017A and 2017B Sales Tax and Use Tax Revenue Bonds start on the next page, as well as a description of the debt obligations.



**SERIES 2017A:
PARK AND RECREATION BONDS**

Year	Principal	Interest	Total
2020	\$ 900,000	\$ 179,500	\$ 1,079,500
2021	\$ 940,000	\$ 152,500	\$ 1,092,500
2022	\$ 1,020,000	\$ 105,500	\$ 1,125,500
2023	\$ 1,090,000	\$ 54,500	\$ 1,144,500
TOTAL	\$3,950,000	\$492,000	\$4,442,000

Note: The 2017A Bonds mature on December 1, 2023 with no prepayment option.

Purpose of Issue	Refunding of the 2008A Bonds
Support Type	100% Self-Supported
Financial Classification	Revenue Bond
Interest Dates	June and December
Date of Issue	May 24, 2017
Interest Rate	2.00% to 5.00%
Amount of Issue	\$4,805,000
Debt Limit	Not Applicable
Payoff Date	December 1, 2023
Paying Agent	UMB Bank Trust Operations

**SERIES 2017B:
ARTS AND CULTURAL BONDS**

Year	Principal	Interest	Total
2020	\$1,385,000	\$243,000	\$ 1,628,000
2021	\$1,495,000	\$187,600	\$ 1,682,600
2022	\$1,600,000	\$127,800	\$ 1,727,800
2023	\$1,720,000	\$ 63,800	\$1,783,800
TOTAL	\$6,200,000	\$622,200	\$ 6,822,200

Note: The 2017B Bonds mature on December 1, 2023 with no prepayment option.

Purpose of Issue	Refunding of 2009 Bonds
Support Type	100% Self-Supported
Financial Classification	Revenue Bond
Interest Dates	June and December
Date of Issue	May 24, 2017
Interest Rate	3.00% to 4.00%
Amount of Issue	\$6,200,000
Debt Limit	Not Applicable
Payoff Date	December 1, 2023
Paying Agent	UMB Bank Trust Operations



5

DEPARTMENTAL INFORMATION



5

Departmental Information STRATEGIC PLAN

COMMUNITY VISION STATEMENT:

Lone Tree is a premier Colorado community connected by great neighborhoods, vibrant public spaces, a beautiful natural environment, and thriving businesses.

ORGANIZATIONAL MISSION STATEMENT:

We will achieve Lone Tree's community vision by doing things the best way, not just the expected way.

ORGANIZATIONAL CORE VALUES:

We are committed to Excellence through Integrity, Collaboration and Innovation.

ETHICAL STANDARDS:

STEWARDSHIP
HONESTY
ACCOUNTABILITY
RESPONSIBILITY
ENGAGEMENT

We will effectively oversee and safeguard our resources.
We will conduct ourselves in a straightforward and truthful manner.
We will be conscientious and trustworthy in our actions.
We will meet our obligations and commitments.
We will work together in a positive and meaningful way.

BIG IDEA

1

We will be a national model for our deep, active commitment to public safety.

BIG IDEA

2

We will be a national model for our visionary transportation network.

BIG IDEA

3

We will be a national model for building a great community known for exceptional places.

BIG IDEA

4

We will be a national model for creating signature cultural and recreational opportunities.

BIG IDEA

5

We will be a national model for attracting and growing top-tier businesses and a diverse economy.

BIG IDEA

6

We will be a national model for our innovative, customer focused and efficient city government.

BIG IDEA 1

We will be a national model for our deep, active commitment to public safety.

Objectives

- 1.1 Progressive policing that prevents and effectively responds to crime.
- 1.2 Effective response to emergencies and disasters through community engagement and staff preparedness.
- 1.3 Safe and accessible buildings, public gatherings and public spaces.
- 1.4 A transportation network that is safe for all users- transit riders, motor vehicle travelers, bicyclists, and pedestrians.

BIG IDEA 2

We will be a national model for our visionary transportation network.

Objectives

- 2.1 Existing local transportation assets that meet our high community standards.
- 2.2 A local transportation network that continues to advance as an innovative and competitive community asset.
- 2.3 Partnerships that build a leading-edge regional transportation system.

BIG IDEA 3

We will be a national model for building a great community known for exceptional places.

Objectives

- 3.1 Distinctive and welcoming neighborhoods that residents are proud to call home.
- 3.2 Vibrant mixed-use districts and social gathering places.
- 3.3 A strong sense of place and community identity.
- 3.4 High quality development that is integrated with the surrounding natural and built environment and reinforces local character.
- 3.5 A community that honors both the City's heritage and anticipates its future needs, particularly those which are multi-generational.
- 3.6 A beautiful natural environment that is preserved and continually enhanced.
- 3.7 Active community relationships and safety awareness.

BIG IDEA 4

We will be a national model for creating signature cultural and recreational opportunities.

Objectives

- 4.1 A top-ranked Lone Tree Arts Center that is a cultural institution whose reputation reaches far beyond the Denver metropolitan area.
- 4.2 Community events that are interactive, educational, celebratory, and fun.
- 4.3 Recreational assets, both formal and informal, that are actively used and constantly improved.
- 4.4 Cultural facilities and programs that accommodate all ages, interests, and abilities.

BIG IDEA 5

We will be a national model for attracting and growing top-tier businesses and a diverse economy.

Objectives

- 5.1 New companies that enhance our economic ecosystem.
- 5.2 An increase in visitors to Lone Tree who maximize local spending.
- 5.3 Excellent care for existing businesses to ensure they are proud to call Lone Tree home.
- 5.4 Targeted commercial sites and projects are developed to their highest and best use.

BIG IDEA 6

We will be a national model for our innovative, customer focused and efficient city government.

Objectives

- 6.1 Recruit, retain, and recognize people who are critical to our success.
- 6.2 A high-performing organization with people who display discretionary effort and are committed to our core values of integrity, collaboration and innovation.
- 6.3 Proactive and transparent financial stewardship, which enhances the City's long-term fiscal sustainability.
- 6.4 An engaged community with open, honest, and timely communication.
- 6.5 A high quality environment and the right resources to do the best job.

The following department summaries outline accomplishments for 2019 and goals for 2020 that strive to continually work toward the goals as described above.

5

Departmental Information STATISTICS-EMPLOYEES BY FUNCTION/PROGRAM

Function/Program

Full-Time Equivalent Employees

General Government

2018	2019	2020
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City Manager's Office

City Manager	1.00	1.00	1.00
Deputy City Manager	1.00	1.00	1.00
Assistant City Manager/Finance Director	1.00	-	-
Economic Development Director	1.00	1.00	1.00
Administrative Services Director	-	1.00	1.00
Assistant to the City Manager	-	1.00	1.00
Communications Manager	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Management Analyst	2.00	1.00	1.00

Administrative Services Department

Human Resources	2.375	2.50	2.50
Information Technology	3.00	3.00	3.00

Finance

Finance Director	-	1.00	1.00
Accounting Manager	1.00	1.00	1.00
Senior Accountant	1.00	1.00	1.00
Accounting Technician	1.00	1.00	1.00
Revenue and Licensing Clerk	1.00	1.00	1.00
Collections and Audit Agent	1.00	1.00	1.00

City Clerk/Municipal Court

City Clerk	1.00	1.00	1.00
Deputy City Clerk	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Court Clerk	2.00	2.00	2.00
Teen Court Coordinator	1.00	1.00	1.00

Community Development

Planning	4.00	4.00	5.00
Code Enforcement	1.00	1.00	1.00
Building	3.00	3.00	4.00

Arts & Cultural

Administration	1.84	1.84	1.84
Programming	15.33	15.33	15.83
Marketing	1.75	1.75	1.75
Development	2.33	2.33	2.33
Events	1.00	1.00	1.50

Police

	2018	2019	2020
Chief	1.00	1.00	1.00
Commander	2.00	3.00	3.00
Sergeant	8.00	8.00	8.00
Sergeant-Investigations	1.00	1.00	1.00
Corporal-Investigations	1.00	1.00	1.00
Detective	5.00	5.00	5.00
Corporal-Patrol	7.00	7.00	7.00
Patrol	22.00	22.00	22.00
Traffic Enforcement Officers	-	2.00	2.00
Community Resource Officers	2.00	2.00	3.00
Police Service Coordinator	1.00	1.00	1.00
Support Services Manager	1.00	1.00	1.00
Crime Analyst/Administrative Assistant	1.00	1.00	1.00
Records Supervisor	1.00	1.00	1.00
Records Technician	3.00	3.00	3.00
Community Safety Officers	4.00	4.00	4.00
Victim's Advocate	1.00	1.00	1.00
Emergency Preparedness Coordinator	0.50	-	-
Administrative Assistant-Off-Duty Contracts	-	-	0.50

Public Works

Director of Public Works and Mobility	1.00	1.00	1.00
Capital Projects Manager	1.00	1.00	1.00
Development Review Engineer	1.00	-	-
City Engineer	-	1.00	1.00
Field Manager	1.00	1.00	1.00
Field Inspector	1.00	2.00	2.00
Service Specialist	1.00	1.00	1.00
GIS Analyst	-	1.00	1.00
Traffic Signal Technician	1.00	1.00	1.00
Mobility Manager	-	1.00	1.00
Facilities Manager	1.00	1.00	1.00
TOTAL	124.13	130.75	135.25

Note: Position changes between 2018 and 2019 include three new Public Works positions due to transitioning Public Works completely in-house, adding three positions in the Police Department (Commander and two Traffic Enforcement Officers), and a change from 0.75 FTE to 0.875 FTE in Human Resources as well as moving Emergency Preparedness under the Administrative Services Director. Position changes between 2019 and 2020 include two new Community Development positions (Planner II and Electrical Inspector), one new Arts Center position (Events and Rental Assistant), a placeholder for an additional School Resource Officer and a part-time administrative position in the Police Department for off-duty contract administration. The City outsources legal.

5

Departmental Information ADMINISTRATIVE SERVICES

The Administrative Services Department includes three primary functions: Information Technology, Human Resources and Risk Management. The Department defines success by how effectively and efficiently they provide excellent service to fellow employees, citizens and businesses in the community. Additional success measures include delivering a safe and secure environment at City facilities, facilitating timely and effective emergency responses for the community, and safeguarding City resources.



2019 HIGHLIGHTS:

Information Technology

- Replaced iPhones in the Lone Tree Police Department
- Completed security upgrades at the Lone Tree Arts Center and Civic Center
- Replaced copiers citywide, which resulted in a reduction of per page cost by leveraging a national contract
- Migrated 100% of users to Windows 10 and Office 365

Human Resources

- Completed the second annual Leadership Lone Tree Program
- Assisted in the recruitment, hiring and onboarding of several new positions in 2019
- Facilitated Lone Tree Police Department Commander Promotional Process
- Continued implementation of new Human Resources software application
- Offered Supervisor Skills Training in a variety of areas, such as performance management, managing diverse populations, team building and conflict resolution
- Negotiated a reasonable health insurance increase, while maintaining the same level of coverage for employees

Risk Management:

- Improved annual CIRSA audit scores, working to reduce premiums and improve loss control
- Provided security training throughout the organization

GOALS FOR 2020:

Deep, Active Commitment to Public Safety

- Provide additional mental health/crisis management services for all employees
- Consolidate Risk Management functions to include, insured risk, emergency management, physical security and cyber security

Our Innovative, Customer-Focused and Efficient City Government

- Continue employee leadership program, supervisor skill training and all employee training
- Continue offering personal development programs including financials, health and mind
- Complete Sergeant promotional process
- Increase usage and rollout of Office 365 capabilities
- Replace and upgrade the City's network storage system capability
- Continue upgrades to City's network of hardware and software applications

EXPENDITURES	2019 Estimated Actuals	2020 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$ 565,286	\$ 583,315	3.2%
Information Technology	\$ 549,152	\$ 559,480	1.9%
Risk Management	\$ 415,000	\$ 445,750	7.4%
Human Resources	\$ 111,800	\$ 147,150	31.7%
Total	\$1,641,238	\$1,735,695	5.8%

The increase in salaries and benefits is due to the annual merit and benefit cost increases. Risk Management increases largely due to adding cyber security coverage as well as annual premium increases. Human Resources increases due to additional mental health/crisis management services being offered for the police department, as well as costs associated with a Sergeant promotional process that did not occur in 2019.

5

Departmental Information CITY MANAGER'S OFFICE

The City Manager's Office executes the direction and guidance of the City Council by developing and implementing Council's goals and policies, coordinating the City's intergovernmental relationships, and leading the City's community outreach and economic development efforts. The City Manager provides leadership in all areas of municipal services to the community in accordance with the City Charter, and provides professional management, strategic vision, and priorities for the staff and organization to promote excellence in the services we offer. The City Manager's Office staff members also serve as liaisons between the City Council and City staff for carrying out service requests, and support the many activities of the Mayor, the City Council and the City Manager.

2019 HIGHLIGHTS:

Organizational Leadership and Management

- Completed reorganization of the City Manager's Office
- Completed security enhancements at City Facilities
- Began a long-term Facility Needs Study
- Continuity of Operations Plan Adoption
- Completion of the Public Works transition in-house.
- Completed Smartsheet project management process improvements and IT system consolidation

Partnerships and Negotiations

- Major business attraction projects including Kiewit Infrastructure, In-N-Out and Cochlear Americas
- Continued development projects including Charles Schwab, Tru by Hilton, and Pinnacle at RidgeGate
- Launched Link On Demand - Powered by Via
- Collaborated with South Metro Denver Chamber and RidgeGate to host Station Sensation to celebrate the grand opening of light rail stations

Communications and Public Outreach

- Grand opening of five new electric vehicle charging stations for public use in the Target parking garage in partnership with the Rampart Range Metro District
- Completed Lone Tree Community Feedback Initiative
- Launched new City website
- Coordinated the 2019 State of the City with record attendance
- Published first ever Summer Events issue of Timberlines

Economic Development

- Completed 2019 Economic Development Marketing Plan
- Monitored the 2019 Legislative Session and 2019 Election
- Supported the Lone Tree BID, Park Meadows BID, and our business community

GOALS FOR 2020:

Attracting and Growing Top-Tier Businesses and a Diverse Economy

- Lone Tree Entertainment District Plaza Enhancements
- Sears Outlet Renovation and Redevelopment
- Development and growth of RidgeGate East

Our Innovative, Customer-Focused and Efficient City Government

- 2020 State of the City
- City of Lone Tree's 25th Anniversary Celebration featuring monthly social media campaigns, mailed calendar to residents/businesses and events
- Revamp the look of Timberlines newsletter to more closely align with the City's new website
- Monitor the 2020 Legislative Session
- Complete the 2020 municipal election for the City

EXPENDITURES	2019 Estimated Actuals	2020 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$1,073,535	\$1,118,099	4.2%
Dues & Memberships	\$ 121,926	\$ 125,659	3.1%
Community Support	\$ 84,500	\$ 88,100	4.3%
Communications	\$ 122,524	\$ 153,000	24.9%
Economic Development	\$ 155,500	\$ 157,500	1.3%
Legal	\$ 384,000	\$ 471,700	22.8%
Miscellaneous	\$ 191,132	\$ 250,365	31.0%
TOTAL	\$2,133,117	\$2,364,423	11.0%

The increase in salaries and benefits for 2020 is due to the annual merit and benefit cost increases. Communications costs show an increase in 2020 for the 25th Anniversary events. Legal shows an increase in 2020 as it includes a placeholder for special legal counsel if needed. Special legal counsel is not anticipated in 2020 at this time. The increase in miscellaneous costs is due to an increase in consulting services for various studies including the long-term facilities needs study and developing the master plan for the regional park east of I-25.



The Community Development Department is comprised of three divisions: Planning, Building and Zoning Enforcement/City Forestry. This team of eight employees, with two new positions being added in 2020, provides a wide range of professional services that contribute to a safe, connected, beautiful, and thriving City for today and generations to come.

Planning Division services generally fall into one of two categories: *Current/Land Use Projects* and *Long Range/Special Activities*. The former category includes day-to-day coordinating with customers on various land use issues and processing development applications through multiple stages of the review and development process. The latter category encompasses research, analysis, development and implementation of programs, regulations and policy proposals that guide the City's long-term growth and development.

Building Division services involve administering the adopted building codes to ensure all buildings are safe for occupancy. This is accomplished by reviewing building, electrical, mechanical and plumbing plans, issuing permits, and conducting inspections. Services have expanded to include review and permitting of all permanent signs.

Zoning Enforcement/City Forestry services involve working with residents, business owners, and property owners to achieve a clean, safe, and attractive community through a compliance-driven approach to enforcement of the City's Zoning Code. The City Forestry arm of this position centers on community education and outreach to promote healthy trees. This division also administers permits related to temporary banners, uses and special events.

2019 HIGHLIGHTS:

- Began planning for the Southwest Village in RidgeGate East and the City of Lone Tree Regional Park
- Processed a major zoning amendment and sub-area plan for RidgeGate to align with proposed development and plans for Tall Tales Ranch at Schweiger Ranch
- Began implementation of the RidgeGate East Attainable Housing Plan
- Processed a number of projects in RidgeGate West that included Charles Schwab parking/mixed use, Lincoln Commons, Pinnacle Medical Building and Kiewit
- Facilitated the rezoning analysis and public process for SCL Health Medical Campus application that was later withdrawn by the applicant
- Completed the Site Improvement Plan for In-N-Out Burger
- Worked with several developments including Sears Outlet redevelopment, Treo redevelopment, Ichiban Buffet, Urban Village, Redstone Community Church, Ascent Classical Academy, Forsstrom Building, Spectra Salon, and Madlom Marketplace
- Completed the new website conversion.
- Managed hundreds of zoning code cases, temporary use permits, banner permits and implemented the City's Forestry Program code compliance
- Processed an increase of roof permits due to hail storms
- Building Division achieved goal of going 100 percent paperless through online permitting, electronic plan review, and online payment of fees

GOALS FOR 2020:

Building a Great Community Known for Exceptional Places

- Development in RidgeGate East:
 - Southwest Village (multi-year project)
 - Regional Park
 - RidgeGate Station
 - Couplet area

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- Zoning Code update

EXPENDITURES	2019 Estimated Actuals	2020 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$ 867,426	\$1,025,380	18.2%
Planning	\$ 2,400	\$ 2,550	6.2%
Building	\$ 183,385	\$ 214,225	16.8%
Code Enforcement	\$ 2,310	\$ 3,980	72.3%
TOTAL	\$1,055,521	\$1,246,135	18.1%

The increase in salaries and benefits is due to the annual merit and benefit cost increases, as well as two new positions, Planner II and Electrical Inspector. The increase in the building division is due to an increase in plan review and electrical inspections. All the increases in this department are being driven by timing of growth as the east side begins to develop, however, the majority of the increases will be offset by revenue received.



5

Departmental Information

CULTURAL AND COMMUNITY SERVICES

The Lone Tree Cultural and Community Services Fund provides cultural and community programming to residents of all ages at the Lone Tree Arts Center (LTAC) as well as at public gathering places throughout the City. In addition, LTAC serves as an economic development driver for the City by offering unique and affordable meeting services to businesses and civic groups and by serving as a convening spot for regional leaders to discuss important issues facing our community. LTAC attracts wide recognition to the City by drawing audiences and meeting attendees from throughout the region. Services provided by the Cultural and Community Services Fund include performing and visual arts presentations, affordable programs for children and families, and community celebrations in local parks.



2019 ACCOMPLISHMENTS:

- Continued production of theatrical productions including the Henry Award-nominated production of *Beehive* and *Home for the Holidays*
- Provided 35 concerts that featured national artists, wide cultural diversity and prominent local artists
- Achieved success with National Geographic Live Speakers Series
- Added performances for several shows to meet demand, including Lea Salonga, Doo Wop Christmas, Choir of Man, and Classic Albums Live Sgt Pepper
- Sold out and near-capacity shows for 2019-20 season
- Achieved record number of season subscribers
- Achieved national recognition for community impact programs, such as Seedlings, Passport to Culture, Sensory Friendly Family Tree, Arts in the Afternoon, SPARK! Alliance, and Student Matinees
- Contributed income continues to grow each year, with significant increases in individual giving
- The Lone Tree Arts Center Fund, a new 501(c)(3) was formed to create different giving options to donors
- Curated four successful visual arts exhibits
- Supported several economic development activities including the State of the City, Denver South Economic Development Partnership meetings, South Metro Chamber events and many others

2020 HIGHLIGHTS:

Creating Signature Cultural and Recreational Opportunities

- Provide ongoing commitment to support the needs of a diverse community
- Present distinct performances of high artistic quality, diverse offerings, and a wide range of genres
- Continue National Geographic Live Speakers (increased to five in 2019-20 season)

EXPENDITURES	2019 Estimated Actuals	2020 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$1,401,192	\$1,540,772	10.0%
Development	\$ 28,699	\$ 46,241	61.1%
Programming	\$1,108,595	\$ 931,268	(15.9%)
Marketing	\$ 316,448	\$ 317,900	0.4%
Administration	\$ 16,765	\$ 18,750	11.8%
Arts and Cultural	\$ 37,533	\$ 125,040	233.1%
Events	\$ 196,600	\$ 214,200	8.9%
Contingency	\$ -	\$ 40,000	100%
TOTAL	\$3,105,832	\$3,234,171	4.1%

The increase in salaries and benefits is due to the annual merit and benefit cost increases, as well as one new position, Events and Rental Assistant. This added position will add capacity to continue to provide the same level of service to residents and visitors at City sponsored community events and for rental clients. Development costs increased due to contracted personnel for grant writing support as well as support for a corporate fundraising event and an increase in donor relations. Programming represents a decrease in contracted personnel due to not having a theatrical performance in 2020. Arts and Cultural increase is due to a placeholder for art to be placed on the side of the Lincoln Pedestrian Bridge. The contingency in this budget is a placeholder to cover variations in income or expense over the year that may arise due to final programming selection that will occur in early 2020. The LTAC programming schedule is on a fiscal year versus a calendar year and the second half of 2020 is not finalized prior to budget adoption.

5

Departmental Information FINANCE

The Finance Department includes general accounting services, budgeting, payroll, tax administration and collection, business licensing and auditing. The success of the Finance Department is measured by both meeting the needs of internal and external customers, as well as keeping the City compliant with the various state and federal requirements related to having up to date, accurate financial information.

2019 HIGHLIGHTS:

- Completed significant modifications to the biannual business license renewal process to create efficiencies both internally and for the business community
- Formulated the financial components of the Continuity of Operations Plan (COOP)
- Modified the sales tax/business license application to call more attention to the option of online filing
- GASB implementation for Other Post-Employment Benefits (OPEB)
- Completed arbitrage compliance for bonds
- Completed multi-department project support (SCFD portion of the audit, contract review, etc.)
- Participated in the State Legislature Sales Tax Simplification Task Force to ensure the City and other home rule entities can maintain local control of tax collection
- Continued to have refresher training throughout the year on previously cross-trained tasks
- Collaborated with the departments to produce the budget, as well as put together the budget binders, booklet and budget-in-brief
- Completed year-end payroll, including W-2s and 1099 mailings

- Converted year-end fund financials to government-wide, as well as putting together the Comprehensive Annual Financial Report with no adjusting entries or internal control deficiencies found from external auditors
- Participated on 501c3 board and assisted with policies, audit, etc.

GOALS FOR 2020:

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- Evaluate options to increase our online tax filings
- Continue participation in the GFOA Certificate of Achievement for Excellence in Financial Reporting and Distinguished Budget Presentation Award programs
- Contract management in Docuware system
- Expand our monthly sales tax and non-filer analysis
- Update long-term projections based on the initial fiscal analysis study
- Increase budget guiding policies and support to various departments
- Additional compliance audits to ensure proper tax collection

EXPENDITURES	2019 Estimated Actuals	2020 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$471,051	\$626,552	33.0%
Financial Services and Audit	\$ 88,190	\$ 88,190	0.0%
TOTAL	\$559,241	\$714,742	27.8%

The increase in salaries, wages and benefits from 2019 to 2020 is due to filling the Finance Director position and fully staffing the Department.

The Police Department provides dedicated service to the Lone Tree community, business partners and thousands of daily visitors. The Police Department's mission is "to serve and protect our community with pride, integrity and professionalism." We strive to be innovative, community oriented and proactive.

The Police Department consists of 52 authorized sworn officers, 4 community safety officers (CSOs), 8 civilian personnel, and 22 volunteers. The officers are distributed between multiple functions which include Patrol, Park Meadows Retail Resort Unit, Investigations Division, Community Partnership Unit and Traffic Safety Unit. CSOs respond to and investigate property crime calls for service, and assist with traffic accidents, parking violations and many other non-emergency police functions. The CSOs are an innovative and cost effective way to provide police services for non-emergency calls. The civilian staff support the mission of the department in various ways which include the Records Department, Animal Control and Victim Advocacy.

The Police Department is proud to have an excellent Volunteers in Police Services (VIPS) Program. The VIPS assist and support the department through a variety of functions. We have an innovative and critical VIPS patrol program. The patrol VIPS assist officers on traffic accidents, traffic control and other non-emergency situations. In addition, the patrol VIPS conduct routine neighborhood patrolling, vacation house checks and parking enforcement. Our VIPS have logged more than 71,309 hours of service since 2007 and their service has been invaluable to the Department and the community.

The VIPS also assist in the Records Division, the Community Partnership Unit, the Investigations Division and our Victim Advocate/Crime Prevention Unit.

2019 HIGHLIGHTS:

- Implemented License Plate Reader vehicle in patrol.
- Implemented a Traffic Safety Unit in patrol with two officers
- Cross-trained all records personnel to improve efficiency and redundancy
- Evaluated multiple options for ballistic vests and uniforms
- Community Partnership Unit (CPU) began process of implementing crime free multi-housing, motels and neighborhood programs

- Revised and implemented changes to the City of Lone Tree Municipal Code
- Provided an interactive class for the senior population to enhance safety and awareness (partnered with Douglas County and Adult Protective Services)
- Established strong regional collaborations including:
 - Developing the Financial Investigative Regional Strike Team collaboration with Douglas County Sheriff's Office and Town of Castle Rock
 - Continued collaboration with Regional SWAT
 - Critical Response Team support
 - Collaboration with Douglas County on process improvement training – focusing on case filings
 - Table top exercise of active shooter at Park Meadows Retail Resort involving regional partners

GOALS FOR 2020:

Deep, Active Commitment to Public Safety

- Evaluate and potentially implement a weight-bearing vest uniform that is more comfortable and reduces back and hip issues for officers
- Continue to implement the crime free programs
- Implement educational safety workshops for aging population
- Implement bicycle and driver safety courses, particularly for teen drivers – possibly partnering with Teen Court

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- Develop a 5-year plan for police department growth and needs based on projected growth
- Develop and implement an employee mentoring program
- Continued leadership development for supervisors and Corporals
- Evaluate AXON products for future replacements of TASERS, cameras and other potential improvements

EXPENDITURES	2019 Estimated Actuals	2020 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$6,744,911	\$7,295,175	8.2%
Office and Administration	\$ 105,000	\$ 110,500	5.2%
Uniforms and Equipment	\$ 65,600	\$ 59,000	(10.0%)
Vehicles and Equipment	\$ 527,300	\$ 627,800	19.1%
General Equipment	\$ 20,000	\$ 20,000	0.0%
Intergovernmental Agreements	\$ 812,827	\$ 846,300	4.1%
Training, Recruitment & Testing	\$ 90,850	\$ 86,500	(4.8%)
Community Outreach & Misc.	\$ 26,735	\$ 28,125	5.2%
TOTAL	\$8,393,223	\$9,073,400	8.1%

The salary and benefit increase includes two new positions (part-time Administrative Assistant for administering the off-duty contracts with local businesses as well as a full-time School Resource Officer that is split 50/50 with the Douglas County School District). Additionally, annual merit level and salary grade adjustment increases were evaluated in 2019 and restructured to remain competitive in the market and preserve officer retention. Vehicles and equipment increases in 2020 are due to the anticipated purchase of seven vehicles versus 2019 having five vehicles purchased based on the vehicle replacement schedule. Intergovernmental agreements increased based on salary/benefit increases to the Town of Parker for service fees to provide dispatch services and evidence processing storage.



5

Departmental Information PUBLIC WORKS

The Public Works Department is made up of four areas including facilities, mobility, engineering and operations. The vision of the Public Works Department is to provide an excellent, safe, connected multimodal city that meets the needs of all our citizens, businesses, and visitors. The mission of the Department is to efficiently install, maintain, and operate the City of Lone Tree's infrastructure using innovative technologies that connect the City well beyond its borders. To achieve the vision and mission, Public Works is focused on six strategy initiatives listed below.

- Community Focused
- Enhance Mobility
- Efficient Project Delivery
- Leader in Innovation
- Operationally Excellent
- Connected City



2019 HIGHLIGHTS:

- Facilities
 - Replaced HVAC and Roof at The Lone Tree Hub
 - Participated in the Security Planning Committee and supported security upgrades at the Lone Tree Arts Center
 - Conducted minor ADA facility modifications at all sites
 - Reduced utility costs at the Municipal Office Building, Civic Center and Lone Tree Arts Center
- Engineering, Operations and Mobility
 - Removed and replaced 1,900 square yards of concrete panels on Lincoln Avenue
 - Annual overlay and associated concrete repairs on several neighborhood streets
 - Completed Phase 2b of the County Line Road improvements adding a left turn lane for southbound off-ramp and improved right lane to westbound County Line Road
 - Completed RidgeGate Parkway Widening Phase 1 which included the bridge construction phase
 - Completed City's first Master Transportation Plan
 - Installed Blynscy data collection devices (in coordination with the City of Centennial) and procured for the adaptive signal technology project along the Yosemite Street corridor that will be installed in 2020
 - Upgraded crosswalks in RidgeGate West Village
 - Enhanced Link On Demand service with technology provider Via

GOALS FOR 2020:

Our Innovative, Customer-Focused and Efficient City Government

- Conduct third-phase of parking lot replacement at the Lone Tree Arts Center
- Conduct repairs of the Municipal Office Building parking lot

Visionary Transportation Network

- Complete Adaptive Signal project on Yosemite Street Corridor
- Overlay and concrete replacement of Lincoln Avenue from western city border to I-25
- Complete widening of RidgeGate Parkway from Havana to First Street
- Complete upgrade of detention pond adjacent to C-470 east of Furniture Row in partnership with CDOT, Douglas County and Furniture Row
- Install new signal and improvements at Crooked Stick and RidgeGate Parkway

EXPENDITURES	2019 Estimated Actuals	2020 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$1,001,050	\$1,188,382	18.7%
Consulting and Surveying	\$ 80,000	\$ 80,000	0.0%
Trash and Recycling Service	\$ 580,000	\$ 597,400	3.0%
Street Lighting	\$ 400,000	\$ 400,000	0.0%
Street Maintenance	\$ 690,000	\$ 730,000	5.8%
Snow Removal	\$1,200,000	\$1,200,000	0.0%
Traffic Signal Maintenance	\$ 125,000	\$ 175,000	40.0%
Signage/Striping	\$ 120,000	\$ 150,000	25.0%
Link On Demand	\$ 520,000	\$ 400,000	(23.1%)
Other Public Works Operations	\$ 306,800	\$ 483,800	57.6%
Facilities	\$1,042,050	\$1,086,250	4.2%
TOTAL	\$6,064,900	\$6,490,832	7.0%

The increase in salary and benefits costs for the Public Works Department is due to finalizing the transition of Public Works completely in-house in 2019 and a full year of being fully staffed in 2020. Traffic signal maintenance shows an increase for the additional traffic signals as well as replacement and addition of several cameras to the traffic signal system. The decrease in the Lone Tree Link Shuttle is due to the conclusion of the Lone Tree Link Circulator operation mid-year since the Southeast Light Rail Extension opened. Link on Demand will continue to operate in 2020. The increase from 2019 to 2020 in Other Public Works Operations is due primarily to drainage maintenance costs to include multiple inlet repairs in 2020.

The City Clerk's office is responsible for maintaining official City records, conducting City elections, managing liquor licensing and fulfilling open records requests under the Colorado Open Records Act (CORA). The Municipal Court's responsibilities include the collection of fines, court fees and restitution, oversight of the City's teen court program, as well as the administration of the municipal court. The City Clerk and Municipal Court department provide exceptional customer service to the citizens and businesses of Lone Tree, as well as the defendants appearing in court through timely, accurate and courteous responses to inquiries and requests.

2019 HIGHLIGHTS:

- Updated Municipal Code to reflect 2018 code revisions
- Implemented Simplifile for e-filing with Douglas County
- Used cloud storage via OneDrive to share documents internally and externally for large files and record requests
- Codified Special Event process with fee schedule changes
- Converted Civic Center calendar to user-friendly Smartsheet for the new website
- Improved Communication for liquor licensing through a liquor newsletter (electronic and hard copies), onsite visits, seller/server training and new liquor license application questionnaire
- Implemented iCompass to improve agenda management workflow
- Assisted with Chapter 10 Criminal Code revision and adjusted the PD/Court software accordingly
- Teen Court Coordinator presented at National Conference on Community and Restorative Justice in Denver
- Teen court trained two interns to help with facilitating peer panels



GOALS FOR 2020:

Our Innovative, Customer-Focused and Efficient City Government

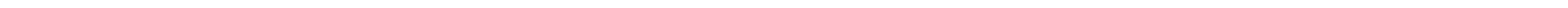
- Continue to improve agenda management via iCompass
- Continue to improve security for Municipal Court.
- Work with the City Attorney and City departments to improve records management
- Implement municipal code updates from 2019 code revisions
- Complete the Municipal Election on May 5th
- Continue to innovate court processes, specifically video arraignments, video out-takes, mass-text appointment reminders and court forms
- Codify revisions to the City liquor code

EXPENDITURES	2019 Estimated Actuals	2020 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$461,501	\$491,709	6.5%
City Clerk	\$ 19,250	\$ 51,000	164.9%
Court	\$122,000	\$127,000	4.1%
TOTAL	\$602,751	\$ 669,709	11.1%

The increase in salaries and benefits is due to the annual merit and benefit cost increases, as well as staff participation in the tuition reimbursement program. The increase for City Clerk is due to election costs related to the 2020 municipal election. No municipal election was held in 2019.



6



APPENDIX



A

Accrual Basis of Accounting – The method of accounting under which revenues and expenses are recorded at the time they are incurred as opposed to when cash is actually received or spent. For example, in accrual accounting, revenue that was earned in December, but not collected until January, is recorded as revenue in December.

Adopted Budget – Budget amounts approved by the City Council and the budget document which consolidates all operating and capital appropriations.

Amended Budget – The Amended Budget amounts include the original Adopted Budget for the fiscal year with revisions by way of Budget Amendments done and approved by City Council on a quarterly basis for all requesting funds and departments. This process is completed in compliance with the Town Charter requirements.

Amortization – Cost allocation of an intangible capital asset or fixed asset over the useful life of the asset for expiration in the service life of fixed assets. Additionally, amortization is the gradual reduction of a liability, such as debt, in regular payments over a specified amount of time.

Appropriation – Legal authorization granted by the City Council to make expenditures and incur obligations up to a specific dollar amount.

B

Bond – A bond is a written obligation to pay a specified sum of money (principal), at a specified date or dates in the future, called the maturity date, together with periodic interest payments at a specified interest rate.

Budget – A financial plan for a specified period of time (the fiscal year) that balances projected revenues and fund balance appropriations to estimated expenditures and operating transfer obligations. Upon approval by the City Council the adopted budget is the legal basis for expenditures in the budget year.

Budget Process – Requirements of the City Charter, Article XII Financial Matters, Section 5 Budget, Audit, Investments, “all applicable laws of the State of Colorado now or hereafter existing relating to budgets...for Colorado municipalities shall, to the extent not in conflict herewith, be followed by the City.

State Statute requires a proposed budget for the ensuing fiscal year shall be presented to City Council on or before the fifteenth day of October each year. Additionally, it requires that no later than the 15th day of December of each year, City Council shall adopt on final reading a resolution for the budget.

C

Capital Asset or Fixed Asset – An asset that is acquired, purchased, or constructed with a cost or fair market value (at the time of acquisition) greater than or equal to \$5,000 and a useful life of more than one year. Equipment, furniture, fixtures, artwork, buildings, land and infrastructure that have a useful life of more than one year and cost greater than \$5,000 are all examples of capital assets. The cost of a capital asset includes all amounts incurred to acquire the asset and any amounts that can be directly attributable to bringing the asset into working condition. Directly attributable costs include costs for delivery, site preparation, installation and professional services such as legal, architectural, engineering and project management.

Capital Expenditures – Expenditure for equipment, facilities, or infrastructure that will provide long-term service or other public benefits.

Capital Outlay – Money spent to acquire, maintain, repair, or upgrade capital assets.

Capital Plan – A budget plan for the improvement of facilities and infrastructure in which the resulting project involves the addition of a fixed asset or extends the useful life of an existing asset.

Capital Reserve – Funds set aside specifically by the City for capital projects, as contained within the ten-year capital projections, as they are constructed. These funds may also be used for unplanned and unanticipated capital purposes that may arise during the year.

Certificate of Participation – A form of financing which allows for the purchase of an asset over time. Certificates are sold to investors, and proceeds are then used by an outside party (the lessor) to acquire a capital asset on behalf of the City. The asset becomes the collateral for the certificates, and the City assumes ownership of the asset at the end of paying the full amount of the lease. Payments are subject to annual appropriation and do not constitute a long-term obligation under TABOR.

City Charter – The City operates under a Home Rule Charter, which has been framed in conformity with Article XX of the Colorado Constitution and the Municipal Home Rule Act of 1971. The City operates under a Council-Manager form of government.

Contingency – An appropriation of funds to cover unforeseen events that occur during the fiscal year.

D

Debt Service – Principal and interest due on long-term debt such as loans, notes and bonds incurred by the City.

Depreciation – Cost allocation of a capital asset or fixed asset over the useful life of the asset for expiration in the service life of fixed assets because of wear and tear, deterioration, action of physical elements, inadequacy or obsolescence.

E

Expenditure – Payment for goods or services, including operating expenses that require the current or future use of net current assets, debt and capital outlays.

F

Fiscal Year – A twelve-month accounting period to which the operating budget applies, which for the City begins on January 1 and ends December 31 of the same calendar year.

Full-Time Equivalent (FTE) – The conversion of staff time into the decimal equivalent. One full-time position (1.0 FTE) is defined as containing 2,080 hours; a part-time position (0.5 FTE) requires 1,040 work hours.

Fund – Accounting entity with a self-balancing set of accounts, which is segregated from other funds, to carry on specific activities or attain certain objectives. The funds used by the City are General Fund, Special Revenue Funds, and Debt Service Funds.

Fund Balance – Generally, fund balance is the difference between a fund's assets and liabilities. For a given year, on a budgetary basis, the beginning fund balance plus estimated revenue less budgeted expenditures equals ending fund balance. Maintaining an adequate fund balance is important for reasons that include having funds available for emergencies, unexpected events, and to maintain a strong financial position.

G

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds. General Fund revenues include sales and use taxes, business licenses, building permits, intergovernmental and other types of revenue. This fund includes most of the basic operation services including police, community development, public works, finance, and general administration.

Grant – A contribution made from either the private sector to the City or by one governmental unit to another. The contribution is usually made to support a specified program, function or project.

H - N

Intergovernmental Agreement (IGA) – an agreement between two or more governments to cooperate in some specific way, i.e. working together on a streets project.

Infrastructure – Public domain fixed assets such as roads, bridges, streets, drainage systems and similar immovable assets.

Intergovernmental Revenues – Revenue from other governments, such as federal, state and county grants.

LTAC – Lone Tree Arts Center

O

Operating Budget – The portion of the budget that pertains to daily operations providing basic governmental services. The operating budget contains appropriations for such expenditures as personnel, supplies and materials.

Operating Expenditures – Those costs, other than capital improvements and debt service, necessary to support the primary services of the organization.

Ordinance – A formal legislative enactment by the governing body of the municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Ordinarily, the statutes or charter will specify or imply those legislative actions that must be by ordinance and those that may be by resolution. Revenue raising measures, such as the imposition of taxes, special assessments, and service charges, universally require ordinances.

P

Projection – Estimation of future revenues and expenditures based on past trends, current economic conditions and financial forecasts.

Proposed Budget – The recommended City budget annually submitted by the City Administrator to City Council by October 15.

Q - R

Reserve – Funds set aside in the current and past years for the purpose of paying for capital needs, providing for obligations and liabilities, and meeting emergency needs.

Reserve Fund Balance – The portion of a fund's balance that is restricted for a specific purpose and is, therefore, not available for general appropriation.

Resolution – A special or temporary order of a legislative body: an order of a legislative body requiring less legal formality than an ordinance or statute.

Revenue – Income received by the City government in support of the government's program of services to the community. It includes items such as sales tax, use tax, intergovernmental, lodging tax, admissions tax, fees, user charges, and fines.

S

Sales Tax and Use Tax Revenue Bonds - A type of bond where the principal and interest is payable solely from and secured by an irrevocable pledge of the pledged revenues which primarily consist of the revenues derived from the City's sales and use tax imposed at a rate of 0.125%.

U - Z

Unreserved Fund Balance - The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

T

TABOR (Taxpayers Bill of Rights) - This amendment to the Colorado Constitution approved by voters in November 1992, which limits governmental mill levies, revenue, and expenditures. All new or increased taxes must be voted on by the public. Also, it establishes mandatory emergency reserves.

Transfers - The movement of monies from one fund to finance activities in another fund. The monies are considered a financing source for the receiving fund and a financing use for the originating fund. Transfers are at Council's discretion and for an appropriate purpose, such as to support other funds and legal debt service agreements.

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Appendix WORKING RESERVE POLICY

SUBJECT: **Working Reserve Policy** CAP#: 11-01

ISSUE DATE: December 20, 2011

EFFECTIVE DATE: January 1, 2012

INTENT

It is essential that the City of Lone Tree (the City) maintain an adequate working reserve in order to mitigate current and future risks such as revenue shortfalls and unanticipated expenditures as well as to ensure stable tax rates. Furthermore, an adequate working reserve is a critical consideration to the City's long-term financial planning.

POLICY

In this regard, the City has established the following fiscal policy related to its working reserve.

MINIMUM AND TARGET LEVELS

The City will maintain a minimum working reserve balance of at least two months (16.7%) of the current year's budgeted operating expenditures. At the same time, the City will strive to achieve and maintain a 30.0% working reserve balance (which would include the 3% Emergency Reserve as required by TABOR) as part of its annual budget process.

USE OF FUNDS

While targeting to maintain an annual working reserve of 30.0%, the City understands that there may be circumstances which warrant that the City use these funds temporarily. The City has established the following instances where it may elect to use these funds:

- An economic downturn in which revenues are below budget
- Unexpected and unappropriated price increases to service and maintain current City operations
- Early retirement of indebtedness
- Unexpected and non-budgeted emergencies, natural disaster costs, and/or litigation
- Capital asset acquisition, construction and improvement projects

The use of the working reserve for any of the permitted circumstances described above will require an affirmative vote of eighty percent (80%) by members of City Council.

TERMS FOR REPLENISHING

In the event the City elects to use its working reserve in the aforementioned instances, the City will, concurrently in deciding to use its working reserve funds, establish a plan for replenishing the working reserve to its previous levels. When the working reserve is utilized, the City's priority will be to replenish the working reserve as soon as revenues are available.

POLICY REVIEW

The City's Finance Director will be responsible for reviewing the Working Reserve Policy semiannually in connection with the City's annual budgeting process and preparation of year-end financial statements to ensure that the City is maintaining an adequate working reserve level as established by this policy. Moreover, at least once every three years, the City Manager will review the policy and will make recommendations for revisions to the policy as deemed appropriate. Adoption and changes to this policy will require an affirmative vote of eighty percent (80%) by members of City Council.



James D. Gunning
James D. Gunning
Mayor

Jennifer Pettinger
Attest: Jennifer Pettinger
City Clerk

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Appendix CAPITAL RESERVE POLICY

SUBJECT: **Capital Reserve Policy** CAP#: 12-02

ISSUE DATE: December 18, 2012

EFFECTIVE DATE: January 1, 2013

AMENDED: December 18, 2018

INTENT

The City of Lone Tree (the City) has determined that accumulating and maintaining capital reserves as part of its annual budgeting process helps ensure that the City maintains adequate cash fund balances to help offset costs of future capital replacement and project needs. The City believes that establishing and maintaining such reserves will assist the City to take greater advantage of the “pay as you go” philosophy versus relying entirely or mostly on debt financing. As such, the City will be able to minimize the costs related to debt borrowing which in turn will make future revenues available for other purposes rather than interest payments on debt. In this regard, the City has established the following fiscal policy as it relates to capital reserves.

POLICY

Capital Projects and Replacement Program

On an annual basis and concurrently with the City’s budgeting process, City Finance will ensure that a five-year capital projections are compiled by soliciting information from the City staff which reflects significant, contemplated capital projects, the associated costs, and the projected timeframe for the projects. The projections will be used for long-term financial planning purposes only and will in no way be intended to obligate the City in any manner to building or constructing the capital projects contained within the projections.

Budgeting for Capital Reserves

Utilizing the five-year capital projections, the City will strive to fund a designated capital reserves fund balance within its budget that will be equal to at least twenty-five percent (25%) of the amount of the average aggregate projected cost over the five year period for all of the projects based on the scheduled timing of the projects. Moreover, the City will roll over any excess funds, subsequent to year-end closing, of unanticipated accumulated fund balances and will include any such excesses as part of the City’s capital reserves.

Use of Funds

Capital reserves will be utilized by the City for capital projects, as contained within the five-year capital projections, as they are constructed. While it is the City’s intent to only utilize its capital reserves for planned projects as contained in its five-year capital

projections, it is understood that there may be unusual circumstances which may cause the City to desire to use its capital reserves for unplanned and unanticipated capital purposes. In instances where such an event may occur, an affirmative vote of eighty percent (80%) by members of City Council will be required. At no time shall accumulated capital reserves be used for City operational costs. Furthermore, should the City use its capital reserves for unplanned and unanticipated capital outlay purposes, the City will cause any such utilized reserves to be replenished within two years from the date of the reserves being drawn on.

Investing Capital Reserve Balances

As established in this policy, the City acknowledges that it will be accumulating capital fund balance reserves that may and/or will not be used for an extended period of time. In order to maximize the City’s investment earnings, City Finance will periodically, but no less than annually, analyze the capital reserves fund balance and recommend to Council various investment options available to the City. Any and all recommendations made by City Finance will adhere to state statutes regarding investments permitted by governmental entities. Investment revenue earned on long-term capital reserve balances will be used for costs incurred under this policy.

PROCEDURES

Policy Review

City Finance will be responsible for reviewing the Capital Reserves Policy on an annual basis in connection with the City’s annual budgeting process to ensure that the City is maintaining appropriate capital reserves as established by this policy. Moreover, on an annual basis, but at least once every three years, the City Manager will review the policy and will make recommendations for revisions to the policy as deemed appropriate. Adoption and changes to this policy will require an affirmative vote of eighty percent (80%) by members of City Council.



Jacqueline A. Millet
Jacqueline A. Millet, Mayor

Jay Robb
Attest: Jay Robb, City Clerk

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Appendix DEBT MANAGEMENT

SUBJECT: **Debt Management**

CAP#: 13-03

ISSUE DATE: **June 18, 2013**

EFFECTIVE DATE: **July 1, 2013**

INTENT

The City of Lone Tree (City) understands the importance of long-range, financial planning in order to meet its capital asset needs. The following debt management policy establishes parameters on the issuance of debt to help ensure that the City maintains a sound debt position and that its credit rating is protected. As such, the policy allows for an appropriate balance between establishing debt limitations while also providing flexibility to respond to unforeseen circumstances and new opportunities. This policy applies to City derived revenues and revenues the City is entitled to receive. It is the intent of this policy to provide both a framework relating to current circumstances as they exist today as well as to address the City's future position relating to debt management.

POLICY

The City has established the following fiscal policy related to debt management.

Development of Long-Term, Financing Recommendations

The primary responsibility for developing long-term, financing recommendations rests with the City Manager. During the annual budget process, and at any other such times during the year in which the need may arise, the City Manager will work collectively with the City's Finance Director and any other deemed necessary City staff (the Internal Working Group) to determine if there is a need for long-term borrowing. As part of the determination process, the Internal Working Group shall review the financing needs outlined by the Capital Improvement Plan to analyze the future capital financing needs as compared with the City's currently available cash resources and projected revenues. The Internal Working Group will also provide recommendations regarding refunding and restructuring of existing debt.

Once determination is made by the Internal Working Group to pursue long-term financing, a refunding, or restructuring of debt, the City Manager or City Manager designee, shall prepare and present to City Council a resolution of intent to

issue, refund or restructure debt and authorization of City staff to proceed with the necessary preparations.

Capital Improvement Plan

On an annual basis and as part of the City's budgeting process, the City will prepare and/or update a ten (10) year Capital Improvement Plan (CIP) identifying capital projects that are part of the City's long-term strategic vision and economic development plan. The CIP forecast process should include the associated, estimated ongoing operations and maintenance costs of such capital assets so that the total costs of the projects are considered for budgeting and projection purposes.

Purpose of Debt

Incurrence of long-term debt will only be used for the purpose of financing capital assets, which include but are not limited to buildings, infrastructure, land acquisition and purchase of significant equipment. The City, under no circumstances, will issue debt or borrow funds to finance the City's on-going costs for operations and services.

The City will strive to maximize the pay- as-you-go approach for its capital projects expenditures (see Capital Reserves Policy). Debt financing will be considered when annual revenues and accumulation of capital cash reserves are not sufficient to provide the necessary funding for such projects within a timeframe deemed necessary or adequate by City Council.

Types of Debt

The types of debt instruments to be used by the City will include:

- General Obligation Bonds
- Revenue Bonds
- Short-term Notes
- Special or Local Improvement Bonds
- Tax Increment Securities
- Any other legally recognized security approved by City Council and deemed advantageous to the City

In order to mitigate any uncertainty of annual debt payment amounts due, the City will strive, if deemed practical and beneficial, to secure a fixed rate structure when issuing debt. The City will consider a variable rate structure when market conditions favor this type of issuance, and when feasible, ensure there is a maximum interest rate provided within the variable rate structure. Credit enhancements will be used only in instances where the anticipated present value savings in terms of reduced interest expense exceeds the cost of the credit enhancement.

Level of Debt and Restrictive Provisions

The City will strive to limit its general obligation debt (i.e., where ad valorem property taxes are the main and underlying security pledged on the debt) so as not to exceed fifteen percent (15%) of the City's total assessed valuation as shown by the last preceding assessment received from the Douglas County 's Assessor's Office. Additionally, the City will strive to maintain its annual general obligation debt service costs (principal and interest) for its governmental activities at a level of no greater than fifteen percent (15%) of the City's governmental expenditures. Any debt issued by the City, other than general obligation debt, wherein other revenue sources serve as security on the debt (e.g., revenue bonds), will not have any specific debt level restrictions, provided that each of such issuances will be evaluated on a case by case bases so as to ensure that the City has adequately provided for conservative revenue projections relating to principal and interest repayment purposes.

The repayment terms of all debt issued by the City will not exceed the useful life of the capital assets financed. Additionally, the City will seek level or declining debt repayment schedules and will not issue debt that provides for a balloon principal payment reserved at the end of the term of the issue. Furthermore, the City will strive to obtain redemption terms that allow for the pre payment of debt without paying a redemption penalty.

Debt Issuance Practices

As part of its debt issuance process, the City will at all times manage its debt and sustain its financial position in order to secure and maintain an AA/ Aa2 (long-term) or higher bond rating.

The City will market its debt through the use of a competitive bid process when issuing general obligation debt. The competitive bid process will also be used for other debt issuances unless time, interest rates and/or other factors make it more favorable for the City to use a negotiated process.

If needed, the City will hire an independent financial advisor, and any other professional service provider (e.g. bond counsel), to assist in the structuring of the debt transaction and to provide overall guidance throughout the process.

Guidelines for Refunding

The City shall consider refunding (advance and current refunding) outstanding debt whenever an analysis indicates the potential for net present value (NPV) savings of at least three percent (3%) can be achieved. The City shall also consider restructuring its existing debt in order to extend the payment terms to meet cash flow needs if deemed beneficial to the City's long-term financial and strategic planning . The City may also consider refunding outstanding bonds to remove existing restrictive covenants.

Post Issuance Management

The City will invest its debt proceeds in accordance with the City’s investment policy and statutory requirements. Funds will be invested in instruments and with related maturities that will provide the liquidity needed to meet the cash flow needs of each project. In this regard, the City’s Finance Director will prepare cash flow projections to determine the availability of funds to be invested and their respective required maturities.

The City will comply with all arbitrage rebate requirements as established by the Internal Revenue Service. Arbitrage will be calculated at the end of each fiscal year and interest earned on the investment of debt proceeds will be reserved to pay any penalties due. Secondary market disclosures requirements established within the terms of the debt transaction will be adhered to and filed on a timely basis.

The City’s Finance Director will be responsible for managing the post issuance requirements listed above and/or cause any post issuance requirements to be completed.

POLICY REVIEW

The City Manager and the City’s Finance Director will review the Debt Management Policy in connection with the City’s annual budget process as well as the year-end audit process to ensure that the City is adhering to the framework outlined in this policy and will make recommendations to revise the policy as needed. Adoption and changes to this policy will require an affirmative vote by City Council.



James D. Gunning
James D. Gunning
Mayor

Jennifer Pettinger
Attest: Jennifer Pettinger
City Clerk

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Appendix INVESTMENTS

SUBJECT: Investments

CAP#: 13-02

ISSUE DATE: June 18, 2013

EFFECTIVE DATE: July 1, 2013

INTENT

The City of Lone Tree (City) recognizes the need to adopt an investment policy to establish parameters and guidelines for the efficient management of the City's funds and for the purchase and sale of investments. This policy applies to the investments of all funds of the City. Except for funds held in trust or special funds that are otherwise specifically provided for, the City will consolidate the balances from all funds to maximize investment earnings and meet the liquidity requirements of the City subject to the primary objective of providing security of principal. Any and all investments made by the City must be allowable, as provided for, by state statute.

POLICY

The City has established the following fiscal policy related to investments.

Objectives

It is the policy of the City to invest idle public funds in a manner to meet the daily cash flow demands of the City with the primary objectives, in priority order, being: a) Safety of Principal b) Liquidity and c) Return on Investments .

A. Safety of Principal

Safety of principal is the foremost objective of the City's investment activities. Investments will be undertaken in a manner that seeks to ensure the preservation of principal in the overall investment portfolio. The objective will be to mitigate the following risks:

1. *Credit Risk*

The City will minimize credit risk, which is the risk of loss due to the failure of the investment issuer or backer. As such, the City shall place reliance upon nationally recognized credit rating agencies in evaluating credit risk of obligations not issued by the U. S. government and Federal Instrumentalities (Agencies and Government Sponsored Enterprises). Credit risk shall

be limited by restricting the credit ratings on securities that may be purchased and through diversification in order to reduce exposure to any one security type or issuer.

2. *Interest Rate Risk*

The City will minimize its interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to the changes in market interest rates, by structuring the portfolio to meet the cash requirements of the City's ongoing operations, thereby mitigating the need to liquidate securities at a loss prior to maturity.

3. *Concentration Risk*

The City will minimize concentration of credit risk, which is the risk of loss due to having a significant portion of resources invested in a single issuer, by diversifying its investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

B. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all of the City's operating requirements that may be reasonably anticipated. Investments shall be managed in order to avoid, although not prohibit, the sale of securities before their respective maturities to meet anticipated cash flow needs. Since all possible cash demands cannot be anticipated, the investment portfolio should contain a significant quantity of active secondary or resale markets. As such, at least twenty percent (20%) of the investment portfolio will be invested in overnight instruments, money market funds, Colorado local government pools, or in marketable securities which can be sold to raise cash within one day's notice.

C. Return on Investments

The investment portfolio shall be designed and managed with the objective of attaining a market rate of return throughout interest rate cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to safety of principal and liquidity. The core investments are limited to relatively low risk securities in anticipation of earning a fair, although lower, return relative to the risk being assumed.

Delegation of Authority

Authority to oversee and manage the City's investment program is granted to the City's Finance Director. Responsibility for the operation of the investment portfolio may be delegated to an investment officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy along with the procedures established by the investment officer. The investment officer will be responsible for all investment transactions undertaken and shall establish a system of controls to regulate the activities of any subordinate officials. Any investments with a maturity of two years or more shall be approved by Council.

Authorized Investments

The City's authorized investments shall consist of the following:

1. U.S. government obligations, U.S. government agency obligations and U.S. government instrumentality obligations that have a liquid market with a readily determinable market value.
2. Any U.S. dollar denominated corporate or bank debt issued by a corporation or bank which is organized and operated with the United States and has a net worth in excess of two hundred fifty million dollars; except that the notes evidencing the debt must mature within three years from the date of settlement and, at the time of purchase, the debt must carry at least two credit ratings from any of the nationally recognized credit agencies and must not be rated below "AA- or Aa3" by any credit rating agency. These may comprise of up to thirty percent (30%) of the book value of the City's investments at the time of purchase, with no more than five percent (5%) of the book value concentrated in any single obligor regardless of investment type.
3. Commercial paper rated A- 1, P- 1, or their equivalent by any nationally recognized credit rating agencies. Commercial paper shall not exceed thirty percent (30%) of the book value of the City's investment portfolio with no greater than ten percent (10%) exposure to any single issuer at the time of purchase.
4. Bankers Acceptances, the issuers of which are banks organized under U.S. laws or their parent companies, are rated A-1, P-1 or their equivalent by any nationally recognized credit rating agencies. Bankers acceptances shall not exceed thirty percent (30%) of the total par value of the City's investment portfolio.
5. Repurchase Agreements and Reverse Repurchase Agreements may be done only with approved dealers with whom the City has signed a master agreement governing such transactions, and must mature within 90 days. U.S. Treasury, agency, or instrumentality securities must collateralize any such transactions, the market value of which shall be at least 102% of the funds invested in the transaction at inception, and not less than 100% of the funds invested during its life. Securities collateralizing such transactions shall be delivered to the purchaser or their securities' custodian.
6. General Obligations of any state of the United States, the District of Columbia, or any territorial possession of the United States or of any political subdivision, institution, department, agency, instrumentality, or authority of any such governmental entities. No security may be purchased pursuant to this paragraph unless, at the time of purchase, the security is rated in one of the three highest rating categories by any nationally recognized organization that regularly rates such obligations. General obligations shall not exceed fifty percent (50%) of the total par value of the City's investment portfolio.

7. Guaranteed Investment Contracts of domestically-regulated insurance companies having a claims-paying ability rating AA or its equivalent by any nationally recognized credit rating agencies.
8. Money Market Mutual Funds and Local Government Investment Pools as permitted by Colorado statute, provided that such funds are either registered with the SEC or rated AAA by any nationally recognized credit rating agency.

Interest Earnings

Investment income will be allocated to the various funds based on the respective participation of principal in the overall investment portfolio.

Investment Limitations

The City will adhere to the following investment limitations:

A. Diversification

The City’s investments shall be diversified by:

1. Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities)
2. Limiting investment in securities with higher credit risks
3. Investing in securities with varying maturities, and
4. Continuously investing a portion of the City’s investment portfolio in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet the City’s ongoing obligations.

B. Maturity

To the extent possible, the City shall attempt to match its investments with anticipated cash flow needs. Unless matched to a specific cash flow, the City will not directly invest in securities with maturities of more than five (5) years from the date of purchase.

C. Sale of investments prior to maturity

Investments may be sold prior to their maturity date if the City determines that it is in the best interest of the City to do so. Sales shall not be made to speculate upon future market trends. It is the City’s intent to purchase and hold securities until maturity; however, from time to time, it may become necessary to sell a security at a loss in order to meet cash flow requirements or to take advantage of certain exchange advantages.

D. Derivatives

Securities which derive their value from an underlying asset, group of assets, reference rate, or index value are not permitted as an authorized investment under this policy.

Reporting of Investments

A report containing current investment activity and balances will be provided to City Council on a monthly basis.

POLICY REVIEW

The City’s Finance Director and City Manager will review the Investment Policy annually in concert with the preparation of the City’s year-end financial statements to ensure that the City is adhering to the framework outlined in this policy and will make recommendations to revise the policy as needed. Adoption and changes to this policy will require an affirmative vote by City Council.



James D. Gunning
James D. Gunning
 Mayor

Jennifer Pettinger
 Attest: **Jennifer Pettinger**
 City Clerk

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Appendix BRICK FENCE REPLACEMENT RESERVE

SUBJECT: Brick Fence Replacement Reserve

CAP#: 18-04

ISSUE DATE: December 18, 2018

EFFECTIVE DATE: January 1, 2019

INTENT

To provide a reserve account to accumulate funding to replace the existing brick fences in the City at a future time. Due to the total project cost, as well as partner funding that is anticipated to be received over multiple years, segregating these funds is necessary..

POLICY

As the City does not have any current debt authorization, for large capital projects, accumulating funds over multiple years is necessary at times to be able to complete projects timely and efficiently.

PROCEDURES

1. The City will open an interest bearing account designated as the Brick Fence Reserve Fund (Project Account) in 2019.
2. The City will transfer the remaining litigation funds from the brick fence lawsuit of \$986,200 into that account.
3. Any partner contributions designated for this project will be deposited into the Project Account upon receipt.
4. Any amounts designated for this purpose by City Council during the budget process in any given year will be deposited into the Project Account by January 31st.
5. Interest earned on the deposited funds will remain in the Project Account and will be applied to the Brick Fence Replacement Project.
6. If the City Council would like to consider using the funds designated by this policy for a different purpose, an affirmative vote of eighty percent (80%) by members of City Council will be required and any partner funds would be returned immediately, including the proportionate amount of interest earned on those amounts.



Jacqueline A. Millet

Jacqueline A. Millet, Mayor

Jay Robb

Attest: Jay Robb, City Clerk

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Appendix

CULTURAL AND COMMUNITY SERVICES FUND—FUND BALANCE RESERVE

SUBJECT: Cultural and Community Services Fund—Fund Balance Reserve Policy

CAP#: 19-01

ISSUE DATE: January 30, 2019

EFFECTIVE DATE: February 19, 2019

INTENT

The Cultural and Community Services Fund is used to account for revenues and expenditures related to the operations of the Lone Tree Arts Center, as well as other City-sponsored events and cultural services. As a stand-alone governmental special revenue fund for the City, pursuant to Resolution 11-25, all funds in the Special Revenue Fund are committed to be used solely to fund the Lone Tree Arts Center and its programs. This policy is designed to outline procedures for when to allow fund balance accumulation, resulting in more consistent amounts being transferred from the General Fund from year to year.

POLICY

The Cultural and Community Services Fund is challenging to budget for each year as a result of the Fund being on a calendar basis in comparison to the Lone Tree Arts Center programming calendar running from June to May. Because of this timing variance, budgeting for the full calendar year, when the new season details are not yet known, is challenging and can result in variances from year to year. With the goal of having more consistent General Fund transfers each year, this policy will allow for fund balance accumulation in years when revenue goals are exceeded and/or budget savings are accomplished.

PROCEDURES

At the end of each calendar year, a comparison will be completed between the approved budgeted amount of the General Fund transfer to the Cultural and Community Services Fund for Arts Center programming (exclusive of the transfers for annual events, arts and cultural events, park and recreation and economic development) and the actual transfer needed to cover the difference between revenues and expenditures for the year. If the budgeted transfer amount is greater than the actual transfer needed, the full budgeted

amount will be transferred and the variance will be maintained in the Cultural and Community Services Fund for future year's spending. Any accumulated fund balance will be committed to be used solely to fund the Lone Tree Arts Center and its programs.

POLICY REVIEW

The City's Finance Director will be responsible for reviewing this policy on an annual basis in connection with the City's annual budgeting process and reporting findings to the City Council to ensure that the City is maintaining appropriate reserves as established in this policy. Moreover, on an annual basis, but at least once every three years, the City Manager will review the policy and will make recommendations for revision to the policy as deemed appropriate.



Jacqueline A. Millet
Jacqueline A. Millet, Mayor

J. Robb
Attest: Jay Robb, City Clerk



CITY OF LONE TREE

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