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**BUDGET**

# TABLE OF CONTENTS

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i	Table of Contents		
ii-iii	Using the Budget Document		
<b>1</b>	<b>INTRODUCTION &amp; OVERVIEW</b>	<b>4</b>	<b>CAPITAL &amp; DEBT</b>
1	City Manager’s Budget Highlights	59	Capital Expenditures
3	List of Officials	64	Debt & Debt Service Schedules
4	GFOA Distinguished Budget Presentation Award		
5	Lone Tree Facts		
9	Budget Summary		
<b>2</b>	<b>FINANCIAL STRUCTURE, POLICY &amp; PROCESS</b>	<b>5</b>	<b>DEPARTMENTAL INFORMATION</b>
13	Departmental Structure	67	Strategic Plan
14	Budget Fund Structure	70	Statistics— Employees by Function/Program
15	Department/Fund Relationship	72	Administrative Services
16	Accounting, Budgeting & Financial Policies	74	City Manager’s Office
		76	Community Development
		78	Cultural & Community Services
		80	Finance
		81	Police Department
		84	Public Works
		86	City Clerk
<b>3</b>	<b>FINANCIAL SUMMARIES</b>	<b>6</b>	<b>APPENDIX</b>
21	Summary—All Funds	89	Glossary
23	Significant Changes in Anticipated Fund Balance	93	Working Reserve Policy
24	General Fund	94	Capital Reserve Policy
32	Special Revenue Fund— Cultural & Community Services	95	Debt Management
34	Debt Service Fund— Arts & Cultural Facilities	98	Investments
35	Debt Service Fund— Park & Recreation Improvements	101	Brick Fence Replacement Reserve
36	Budget Message	102	Cultural & Community Services Fund— Fund Balance Reserve Policy



## USING THE BUDGET DOCUMENT

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Each year, City Council discusses and deliberates priorities for the budget that will serve as the funding plan for policies, goals, and service-levels. With guidance from City Council, the City Manager and staff prepare the annual budget. This document is a comprehensive decision-making tool that provides detail for the 2020 estimated budget and the 2021 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 City 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 for review, deliberation and final approval.

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

# USING THE BUDGET DOCUMENT

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## 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 2021 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, as well as 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/Fixed Asset 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 informs the reader of employee counts by function/program. Additionally, department descriptions, along with unit goals and objectives are discussed.

INTRODUCTION  
& OVERVIEW

1

## 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 2021 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.

The budget was formally adopted by the City Council by Resolution No. 20-34 on December 15, 2020.

**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, and manage the City's operating and capital reserves.

The development of the City's 2021 budget was a challenging task as a result of impacts from COVID-19 on 2020 and estimated 2021 revenues. The pandemic has impacted consumer spending across the US and beyond. In Colorado, significant losses seem to be concentrated in communities that are reliant on regional outside spending. This includes the City of Lone Tree where 96% of shoppers live outside of the City. Furthermore, the City has seen a more significant impact on its revenue stream due to its unique revenue structure compared to other communities. Lone Tree's low tax rate, which historically served the City well, in combination with a low tax base (e.g. no taxation of groceries) and no property tax contribute towards significant impacts on 2021 revenues. Other factors

that create pressure on revenues include temporary and permanent store closures as a result of the pandemic, as well as a flattening trend of sales tax revenues. Up until 2015, the City experienced steady increases in sales tax collection of about 5% annually. Starting in 2016, the collection of sales tax has flattened as a result of increased online shopping, and then the pandemic exacerbated the issue, requiring the City to rely on the use of both operating and capital reserves in 2021. In the upcoming years, a focus on diversification of revenue will be critical as we look at long-term planning for future revenue stability.

The 2021 budget development process started with an austerity budget that included only minimal needs to keep the City operational. With City Council's focus on maintaining service levels for the community where possible, additional funds were added. Reduced revenue expectation did, however; result in cutting several expenses that were included in prior year budgets. Funding of certain service levels outside of the austerity budget and minimal capital projects were achieved by using both the working reserve and capital reserve.

**HIGHLIGHTS INCLUDE:**

- Total budgeted revenues for all City funds are approximately \$31.6 million.
- Taxes make up approximately 63.7% of total revenues. The primary source of this revenue is sales tax.
- During 2020, year-over-year sales tax collections are estimated to end the year down 31.4% compared with 2019 collections due to the COVID-19 pandemic. Sales tax projections for 2021 are calculated conservatively to show an increase of 5.2%. The projections are based on 2020 trends, with the anticipation of a gradual recovery from impacts of COVID-19 throughout the year, but still ending the year well below 2019 and previous year amounts. Additionally, the 2021 budget includes known store closures, along with new retail/restaurants.
- The City does not assess a mill levy for the collection of property taxes.
- Increases in other tax areas including lodging and admissions tax is a result of anticipated gradual recovery from the pandemic throughout the year.

While lodging and admissions tax are budgeted to increase 29.7% and 0.1%, respectively from 2020, they are still down 46.4% and 51.9% respectively from 2019 actuals.

- Total budgeted expenditures for 2021 for all City funds are approximately \$36.9 million. Budgeted expenditures are projected to be paid from projected 2021 revenues received as well as the City's capital and working reserves. Re-building the reserves will be a focus in future years.
- The 2021 operating budget maintains a high-quality level of service for core services such as snow removal, trash removal and street maintenance.
- The 2021 budget for salaries and benefits includes six positions that will remain unfilled to help offset the impacts on revenues caused by the pandemic. In addition, the 2021 budget does not include a budgeted merit increase for staff.
- The 2021 budget includes one new position for a Victim Advocate in the Police Department, which is 95% funded by a grant. This position will help balance workloads and ensure a high-quality response for victim advocate services.
- 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 2021. Capital improvement projects in 2021 include:
  - Annual street overlay and traffic signals
  - RidgeGate Parkway Widening (close out)
  - I-25 / Lincoln Avenue Interchange Design work
  - Acres Green Pedestrian and Bike Bridge Design work
- A 17.7% working reserve has been included in the 2021 budget. This reserve is set aside for unanticipated revenue shortfalls or if unanticipated expenditures occur. Generally, the City includes a 25% working reserve, but due to anticipated revenue shortfalls as a result of the pandemic, approximately \$1.5 million is being utilized in 2021 to continue to provide a high level of service to the community. Re-building the working reserve to previous levels will be a focus in future years.
- Capital reserves have been established for capital replacement and new capital projects based on the City's 5-year capital plan. The 2021 budget reflects the utilization of approximately \$2.8 million to cover the cost of capital projects for the year due to impacts on budgeted revenues as a result of COVID-19. Capital projects were evaluated and

prioritized. High priority was given to projects that were urgent, to avoid emergency repairs. In addition, projects that were fully or partially funded by partnerships or grants received a high prioritization as well. Future year budgets will include a concentrated effort to re-build the City's capital reserves.

## WHAT TO EXPECT IN 2021

The coming year will bring several exciting opportunities including:

- A continued investment in street overlay and traffic signalization improvements.
- 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 2021, 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 2021 budget. In addition, we have included in the capital section specific details on each of the City's larger capital projects.

The past year has brought us into uncharted territory. Fortunately, we have a track record and reputation as a nimble, entrepreneurial organization. We will put those tools to the test in the next 12 months. We will need to utilize our most important resources - the people on our City Council and our City staff - to weather this storm and put the City back on solid financial footing to ensure Lone Tree achieves its enormous potential.

The City Council and I welcome any questions or comments concerning the 2021 budget and budget process.

Sincerely,



Seth Hoffman, City Manager



# 1

## INTRODUCTION & OVERVIEW

### LIST OF OFFICIALS

December 31, 2020

#### 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



The Lone Tree City Council

#### 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, 2020**

*Christopher P. Morrill*

Executive Director

# 1

## 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, 2020 (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, Apple Store, LL Bean, Nordstrom and Tesla.



Photo taken in 2020 - Lincoln Avenue Pedestrian Bridge

- 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 the Sky Ridge Station, adjacent to lightrail. This facility will employ up to 2,000 engineers and related positions, and the buildings will include a parking structure and 400,000 sq ft of office space.
- In 2020 Cochlear Americas and Lockheed Martin opened offices in Lone Tree, adding 1,200 new jobs to our community.
- 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.

## **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.
- Cook Creek Pool features a 4,600-square-foot 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.
- Each summer the City features free summer concerts as well as the Annual Independence Day celebration featuring music, fireworks and much more.

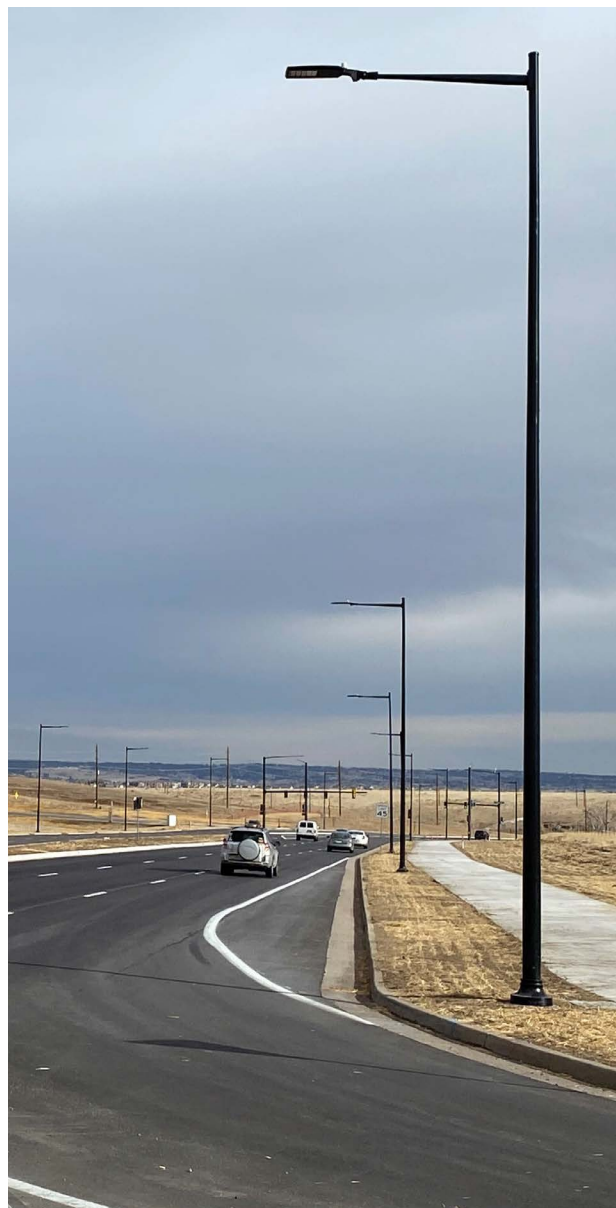


Photo taken in 2020 - RidgeGate Parkway Expansion Project

## 2020 HONORS AND AWARDS

- For the last 15 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 six 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.
- The City was awarded the APWA Colorado Chapter Annual Award for Environmental Projects for the City of Lone Tree Park Meadows Regional Detention Pond. This project serves as a great example of a successful partnership between a local jurisdiction, regional partners, and a private property to improve the regional drainage needs of our community in a cost effective and timely manner.



Photo taken in 2019 - RTD Lightrail Extension Celebration

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# 1

## INTRODUCTION & OVERVIEW

### BUDGET SUMMARY

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 2021 annual budget.

- Impact of the COVID-19 Pandemic on Projected Revenue Streams
- Expense Priorities and Use of Reserves
- Capital Improvements to Maintain Current Infrastructure

The 2021 priorities share a couple similarities with the priorities of 2020, such as making investments in community safety and maintaining current infrastructure. However, the 2021 budget process was much different than in past years due to the significant impacts of COVID -19 on anticipated revenues. This year's budget process started with an austerity budget that included only minimal needs to keep the City operational. In addition, adjustments were made to maintain certain service levels for the community. Funding of service level adjustments outside of the austerity budget of approximately \$1.5 million was achieved by utilizing the working reserve.

In addition, the capital needs of the City were examined with a similar approach. Capital projects were evaluated and prioritized, with high priority given to projects that were urgent, to avoid emergency repairs. In addition, projects that were fully or partially funded by partnerships or grants received a high prioritization as well. The capital projects that are included in the 2021 budget will be funded out of the City's capital reserve.

Changes between the proposed budget and adopted budget included rollover amounts that were accounted for in 2020, but due to timing wouldn't be completed until 2021. In addition, the City decided to change health insurance vendors which resulted in budget savings for 2021. Finally, reimbursable costs were increased as a result of additional partnership funding that was received for the Lincoln Concrete and Overlay Replacement project.

The 2021 priorities are going to be funded with general fund revenues received during the year, local partnerships, and the working and capital reserves.

#### **The City's main priorities in the 2021 budget are:**

- Maintain exceptional customer service, provide trash removal at no charge and offer a variety of City-sponsored community events, among other services.
- Maintain our existing core infrastructure, including street overlay, final work at RidgeGate Parkway Widening, traffic signalization improvements, and City-wide pedestrian improvements.
- Design work will be completed for the I-25/ Lincoln Avenue Interchange, as well as the Acres Green Pedestrian and Bike Bridge.

#### **REVENUES**

The 2021 budget has been prepared with no tax rate increases. Total budgeted revenues for all City funds are \$31,584,918. This projects overall revenues to remain flat compared to 2020 estimated. Projections are based on 2020 trends with the anticipation of a gradual recovery from impacts of COVID-19 throughout the year, but still ending the year well below 2019 and previous year amounts. Sales tax revenue is projected to increase slightly, along with revenue generated from the Lone Tree Arts Center that shows a more significant increase compared to 2020 estimated amounts. Decreases are estimated for building permit fees. Though 2021 is still a strong year for development, 2020 was above average with several key developments including the Retreat at RidgeGate and a new corporate campus for Kiewit. Total taxes collected makes up approximately 64 percent of total revenue. The primary source of the City's tax revenue is sales tax.

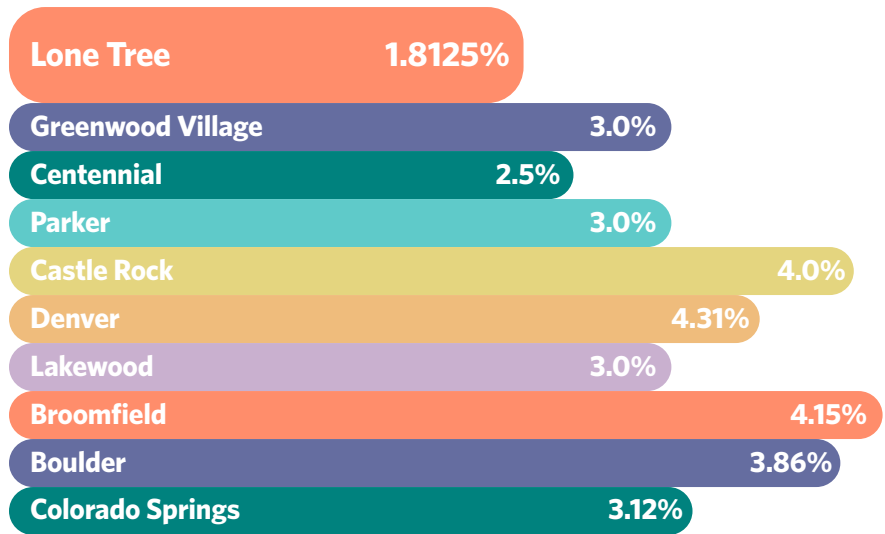
The rate for sales and use tax for general operations remains at 1.5 percent. The total sales and use tax rate for the City is 1.8125 percent of which .125 percent is pledged to bond repayment related to park and recreation improvements and .1875 percent is pledged to bond repayment related to the construction 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

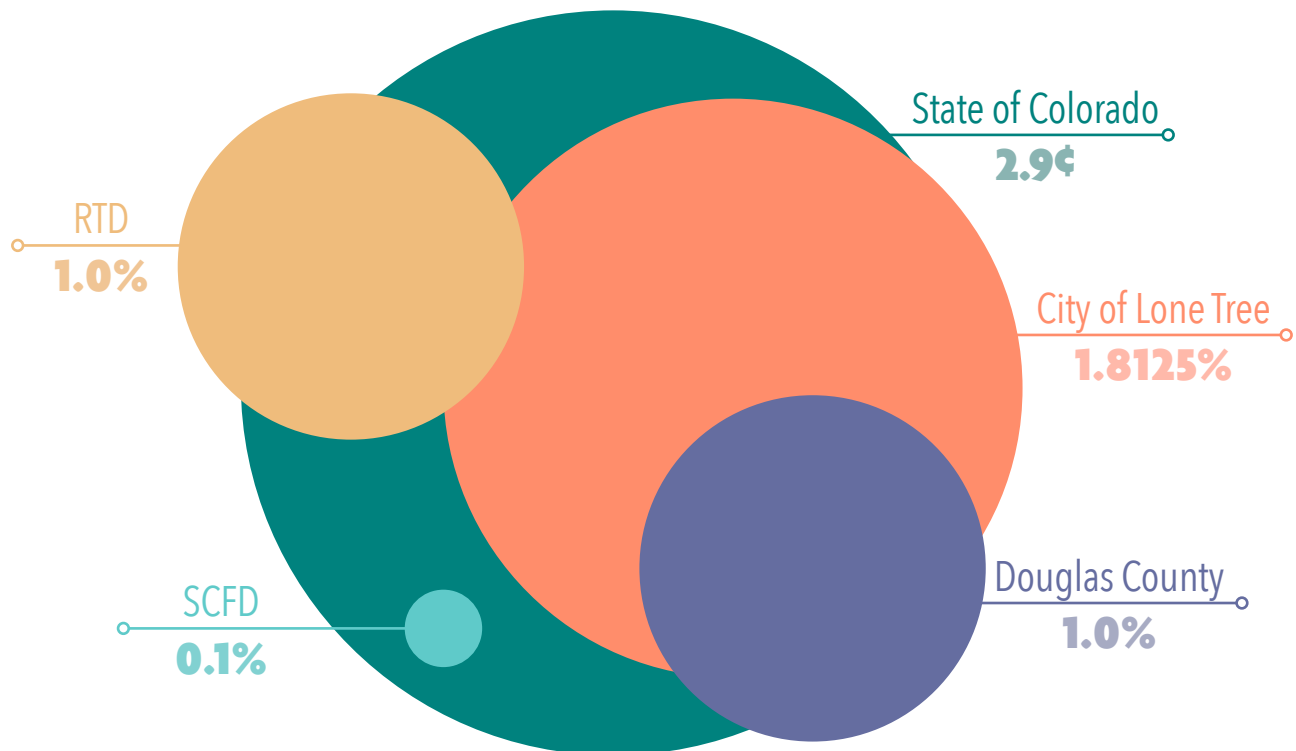
The following table compares the City's sales tax rate with other communities along the Front Range.



**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 2021 are \$36,925,252. The net operating budget, which represents the funds needed for operating day-to-day services, excluding debt service and capital projects, increased by four percent in 2021 from 2020 estimated. Included in this increase are operating costs associated with drainage maintenance and a new Victim Advocate position in the Police Department that is 95% grant funded. In addition, the 2021 budget includes the restructuring of two positions in the Police Department to create two Lieutenant positions with no impact to the overall employee count. This restructuring effort increases the number of night supervisors on the team for better service to the community and to reduce liability related to Senate Bill 217. The increase in expenditures related to Arts and Cultural are due to the drastic expense reductions to the 2020 estimated

amounts as a result of having to close the Arts Center to the public for a period of time, in addition to restrictions around public gatherings. The 2021 Arts Center budget includes a gradual recovery with performances on a smaller scale that can be streamed virtually in the first half of the year, with the programming broadening and aligning with traditional performances the second half of the year.

The 2021 capital outlay budget shows a significant decrease from 2020 vastly due to the work completed on the RidgeGate Parkway Widening project in 2020, with a very small amount remaining to be completed in 2021.

The following table compares the 2019 actual, 2020 estimated and 2021 budgeted amounts for revenues, expenditures and fund balance.

TOTAL BUDGET	2019 Actual	2020 Estimated	2021 Adopted	Percent Change
	2020 estimated to 2021 adopted			
Beginning Fund Balance	\$ 20,096,558	\$34,363,273	\$21,730,634	-36.8%
Revenues	\$60,577,077	\$31,586,334	\$31,584,918	0.0%
<b>Expenditures</b>				
Operating	\$23,141,931	\$22,745,597	\$23,661,714	4.0%
Debt	\$ 2,673,600	\$ 2,715,700	\$ 2,783,300	2.5%
Capital	\$20,494,830	\$18,757,676	\$10,480,238	-44.1%
<b>Total</b>	<b>\$46,310,361</b>	<b>\$44,218,973</b>	<b>\$36,925,252</b>	<b>-16.5%</b>
Ending Fund Balance	\$ 34,363,273	\$21,730,634	\$16,390,300	-24.6%

<b>CHANGE IN ENDING FUND BALANCE</b>	<b>2020 Estimated Ending Fund Balance</b>	<b>2021 Adopted Ending Fund Balance</b>	<b>Change in Fund Balance</b>	<b>Percent Change</b>
General Fund	\$18,558,361	\$13,951,118	\$(4,607,243)	-24.8%
Cultural and Community Services Fund	-	-	-	0.0%
Arts and Cultural Facilities Debt Service Fund	\$ 1,445,457	\$ 1,235,480	\$ (209,977)	-14.5%
Park and Recreation Improvements Debt Service Fund	\$ 1,726,816	\$ 1,203,703	\$ (523,113)	-30.3%
<b>Total</b>	<b>\$ 21,730,634</b>	<b>\$ 16,390,300</b>	<b>\$(5,340,334)</b>	<b>-24.6%</b>

In the General Fund, the percentage change from 2020 estimated to 2021 projected is primarily due to the impact of COVID-19 and the need to use the working reserve and capital reserve to balance the budget. A small amount of the variance is a result of certain capital expenditures crossing over from 2020 to 2021 due to timing of the construction.

The Arts and Cultural Facilities Debt Service Fund shows a decrease from 2020 estimated to 2021 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 2020.

The Park and Recreation Improvements Debt Service Fund shows a significant decrease from 2020 estimated to 2021 adopted due to a transfer of excess funds to the General Fund related to a joint recreational project with South Suburban Parks and Recreation District.

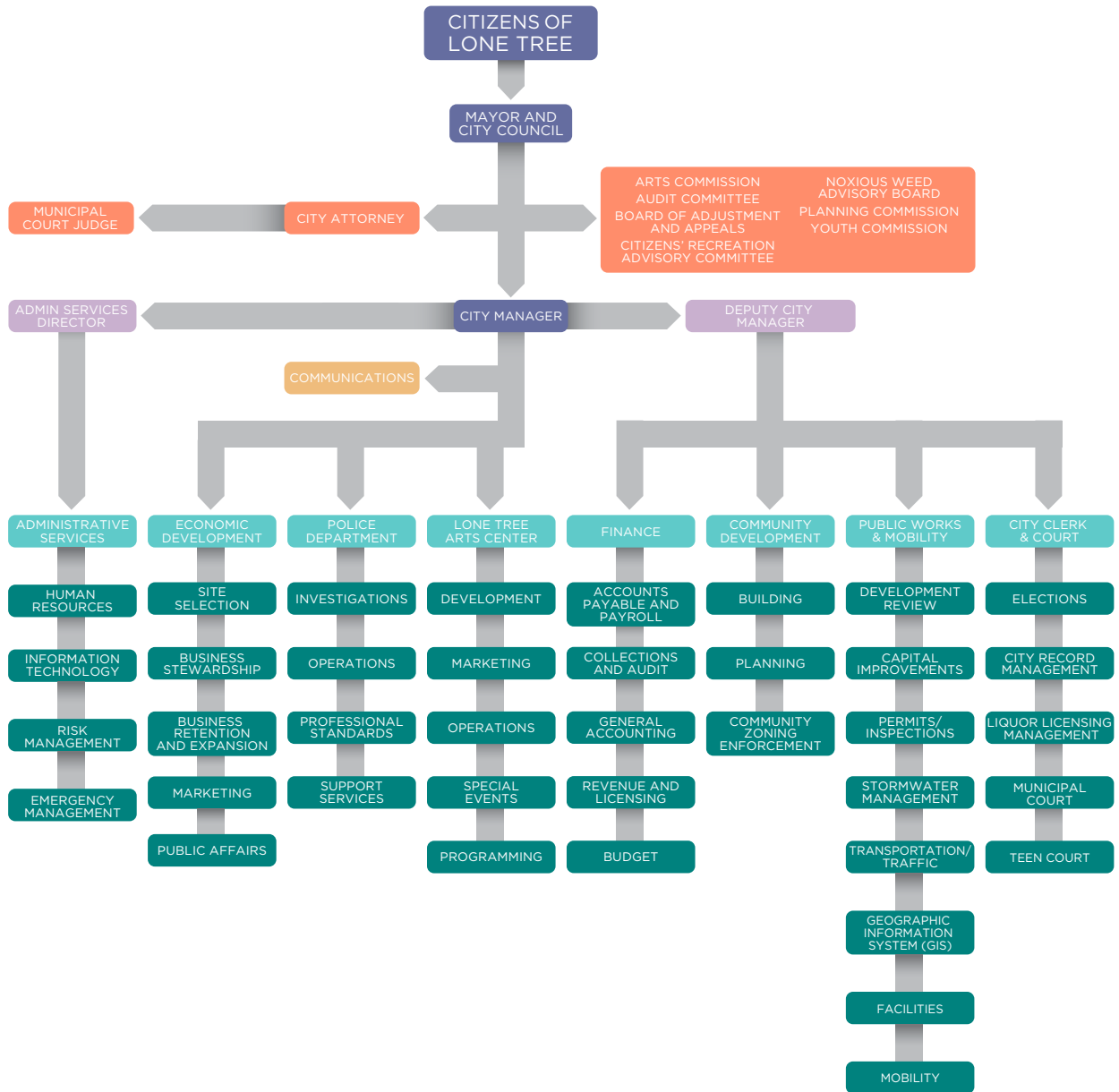
FINANCIAL STRUCTURE,  
POLICY & PROCESS

2

# 2

## FINANCIAL STRUCTURE, POLICY & PROCESS

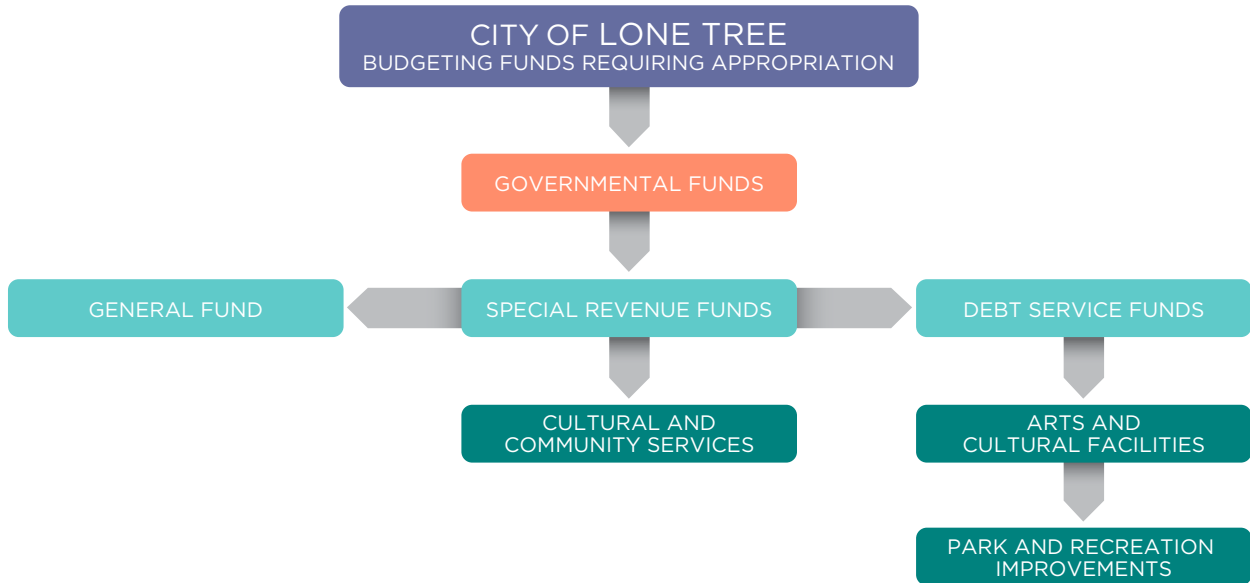
### DEPARTMENTAL STRUCTURE



# 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.

##### Non-Major Fund Descriptions

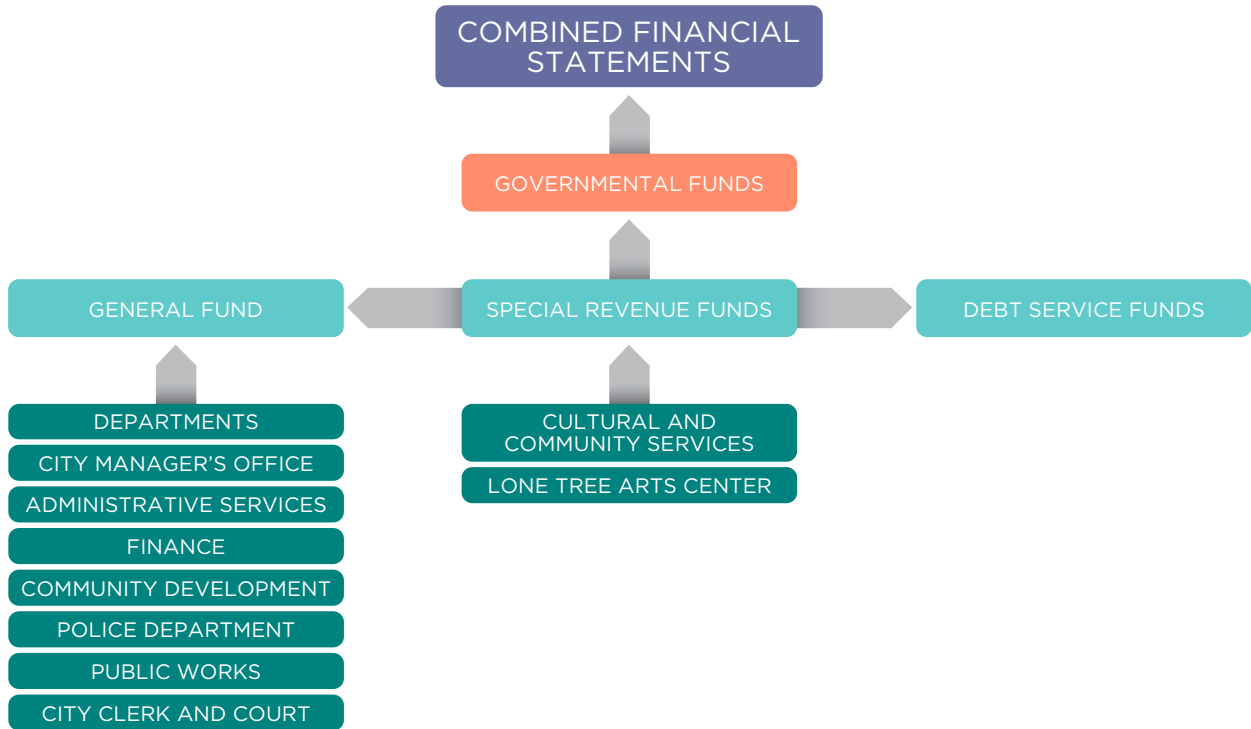
The **Debt Service Fund—Arts and Cultural Facilities** is used to account for the resources accumulated and payments made for principal and interest on long-term debt related to arts and cultural facilities improvements.

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

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## 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. Two of the City's funds are major funds, General Fund and Special Revenue Fund – Cultural and Community Services; whereas the other two are non-major funds, Debt Service Funds – Arts and Cultural Facilities and Park and Recreation Improvements. 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 2021, the City's budget is balanced with revenues and appropriated fund balances equaling expenditures, as well as beginning fund balance from capital and working 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 2021 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 Management Team (consisting of the City Manager's Office,



department directors and finance) 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.

Below is a chart showing the budget schedule.

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. The 2021 budget complies with all the City's policies listed below. An important note is that traditionally the City has budgeted a working reserve of 25% of operational expenditures; however, due to impacts on revenues from the pandemic, the budget includes a working reserve of 17.65%, which is still above the policy minimum requirement of 16.67%.

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 93.

## **CAPITAL RESERVE POLICY**

The City Council adopted a Capital Reserve Policy in January 2013 and amended this policy in December 2018. This policy is included on page 94.

## **DEBT MANAGEMENT POLICY**

The City Council adopted a Debt Management Policy in July 2013. This policy is included on pages 95-97.

## **INVESTMENTS POLICY**

The City Council adopted an Investments Policy in July 2013. This policy is included on pages 98-100.

## **BRICK FENCE REPLACEMENT RESERVE POLICY**

The City Council adopted this reserve policy in December 2018. This policy is included on page 101.

## **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 102.

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FINANCIAL  
SUMMARIES

3

# 3

## FINANCIAL SUMMARIES

### SUMMARY—ALL FUNDS

FORECASTED 2021 BUDGET AS ADOPTED WITH 2019 ACTUALS AND 2020 ESTIMATED

	2019 ACTUAL	2020 ESTIMATED	2021 ADOPTED
<b>Beginning Fund Balances</b>	<b>\$20,096,558</b>	<b>\$34,363,273</b>	<b>\$21,730,634</b>
<b>Revenue</b>			
Taxes	28,381,517	19,289,840	20,127,025
Franchise Fees	1,078,819	990,600	990,600
Intergovernmental	25,845,262	7,657,213	6,733,056
Licenses, Fees and Charges	1,435,736	1,376,304	998,000
Fines and Forfeitures	672,181	478,800	495,000
Arts Center	2,195,765	1,101,002	1,608,717
Other	967,797	692,575	632,520
<b>Total Revenue</b>	<b>\$60,577,077</b>	<b>\$31,586,334</b>	<b>\$31,584,918</b>
<b>Other Financing Sources</b>			
General Fund	541,319	48,751	622,250
Special Revenue Fund - Arts Center	1,127,905	457,475	866,756
Total Transfers In	\$1,669,224	\$506,226	\$1,489,006
<b>Total Funds Available</b>	<b>\$82,342,859</b>	<b>\$66,455,833</b>	<b>\$ 54,804,558</b>
<b>Expenditures</b>			
General Government	4,464,172	4,971,781	4,639,618
Municipal Court	309,063	314,561	335,226
Community Development	1,000,326	1,110,198	1,187,358
Police Department	8,216,629	8,634,211	8,822,675
Public Works	5,920,622	5,778,071	6,079,113
Arts and Cultural	3,231,119	1,936,775	2,597,723
Parks and Recreation	481,014	104,500	602,500
Capital Outlay	20,013,816	18,653,176	9,877,738
Debt Service	2,673,600	2,715,700	2,783,300
<b>Total Expenditures</b>	<b>\$46,310,361</b>	<b>\$44,218,974</b>	<b>\$36,925,252</b>
<b>Other Financing Uses</b>			
General Fund	1,127,905	457,475	866,756
Debt Service Fund - Park and Recreation	304,024	-	500,000
Debt Service Fund - Arts and Cultural Facilities	237,296	48,750	122,250
Total Transfers Out	\$1,669,224	\$506,225	\$1,489,006
<b>Total Appropriation</b>	<b>\$47,979,585</b>	<b>\$44,725,199</b>	<b>\$38,414,258</b>
<b>Ending Fund Balances</b>	<b>\$34,363,273</b>	<b>\$21,730,634</b>	<b>\$16,390,300</b>

# 3

## FINANCIAL SUMMARIES

### SUMMARY-ALL FUNDS

FORECASTED 2021 BUDGET AS ADOPTED WITH 2019 ACTUALS AND 2020 ESTIMATED

#### Funds Reserved For:

Emergency Reserves (TABOR)	1,024,228	737,000	746,000
Prepaid Items	268,834	250,000	230,000
Emergency Disaster Management	153,584	163,272	163,740
Park Fee In Lieu of Land	53,230	104,800	104,800
Conservation Trust Fund	296,052	357,152	418,252
Brick Fence Replacement Reserve	1,486,200	1,986,200	1,986,200
County Line Road Improvements	603,448	-	-
RidgeGate Parkway Extension	8,998,820	-	-
Arts and Cultural	223,523	-	-
Debt Service-Arts and Cultural Facilities	1,625,738	1,445,457	1,235,480
Debt Service-Park and Recreation Improvements	1,800,321	1,726,816	1,203,703

#### Funds Designated For:

Working Reserve	4,978,000	5,205,000	3,718,000
Capital Reserve - Capital Projects	12,851,294	9,406,000	6,584,000

#### Undesignated and Unreserved Funds

#### TOTALS

	2019 ACTUAL	2020 ESTIMATED	2021 ADOPTED
	-	348,937	125
<b>TOTALS</b>	<b>\$34,363,273</b>	<b>\$21,730,634</b>	<b>\$16,390,300</b>



Photo taken in 2020 - WinterCheer igloos

# 3

## 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 FY21 Beginning Balance	Anticipated FY21 Ending Balance	Increase (Decrease)	Percent Change
Assigned for Working Reserve	\$ 5,205,000	\$ 3,718,000	\$ (1,487,000)	-28.6%
Assigned for Capital Reserve	\$ 9,406,000	\$ 6,584,000	\$ (2,822,000)	-30.0%
Undesignated	\$ 348,938	\$ 125	\$ (348,813)	-100.0%
<b>Total Unreserved Fund Balance</b>	<b>\$ 14,959,938</b>	<b>\$ 10,302,125</b>	<b>\$ (4,657,813)</b>	<b>-31.1%</b>

#### 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 2021 projected budget includes 17.65% 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 working reserve is due to the COVID-19 pandemic, which resulted in reduced revenue expectations. To present a balanced budget, City Council approved the utilization of the working reserve in 2021 to continue to provide key services to residents. Similarly, the decrease in the capital reserve is primarily due to the COVID-19 pandemic resulting in reduced revenue expectations, as well as capital project timing in 2020. The capital reserve will be used to fund all capital projects less partnership funding in 2021. Additionally, certain budgeted projects in 2020, including the Yosemite/County Line traffic signal replacement project, RidgeGate Parkway widening, and Pedestrian Walkway design have carried over into 2021, so funds related to those projects are reflected in the capital reserve balance at the end of 2020 but will be expensed in 2021, resulting in a 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.

# 3

## FINANCIAL SUMMARIES

### GENERAL FUND

#### FORECASTED 2021 BUDGET AS ADOPTED WITH 2019 ACTUALS AND 2020 ESTIMATED

#### REVENUE DETAIL

#### Beginning Fund Balance

#### REVENUE

#### Taxes

	2019 ACTUAL	2020 ESTIMATED	2021 ADOPTED
Beginning Fund Balance	\$16,913,450	\$30,607,666	\$18,558,362
<b>REVENUE</b>			
<b>Taxes</b>			
Sales Tax	21,513,900	14,676,898	15,360,445
Use Tax-Retail	712,085	370,000	435,000
Use Tax-Building Materials	680,491	894,000	591,000
Lodging Tax	1,736,799	718,093	931,500
Admissions Tax	337,637	160,800	162,350
<b>Total Taxes</b>	<b>\$24,980,912</b>	<b>\$16,819,791</b>	<b>\$17,480,295</b>

#### Franchise Fees

Electric and Gas	844,396	756,900	756,900
Cable TV	234,423	233,700	233,700
<b>Total Franchise Fees</b>	<b>\$1,078,819</b>	<b>\$990,600</b>	<b>\$990,600</b>

#### Intergovernmental

Highway Users Tax (HUTF)	448,449	320,100	327,400
Conservation Trust Fund (Lottery)	83,194	61,100	61,100
Cigarette Tax	153,456	155,000	155,000
County Road & Bridge Shareback	1,690,798	1,768,685	1,771,764
Douglas County Shareback-Transportation	2,348,939	1,674,644	1,702,239
Motor Vehicle Registration Fees	46,435	40,700	40,700
Regional Improvements Contribution-RRMD	214,362	236,375	235,561
Reimbursable Costs	20,782,494	2,385,609	1,750,500
CARES Funding	-	1,000,000	-
Grants	77,135	15,000	688,792
<b>Total Intergovernmental</b>	<b>\$25,845,262</b>	<b>\$7,657,213</b>	<b>\$6,733,056</b>



# 3

## FINANCIAL SUMMARIES

### GENERAL FUND

FORECASTED 2021 BUDGET AS ADOPTED WITH 2019 ACTUALS AND 2020 ESTIMATED

#### REVENUE DETAIL (Continued)

##### Licenses, Fees and Charges

Sales and Use Tax and Business License Fees	40,720	9,700	40,000
Liquor License Fees	29,227	8,900	12,000
Building Permit Fees	1,096,885	1,057,904	686,000
Planning and Zoning Fees	33,035	32,000	29,000
Engineering Fees	150,493	169,000	134,000
Other	85,376	98,800	97,000

##### Total Licenses, Fees and Charges

##### Fines and Forfeitures

Court Fees	54,044	34,200	36,000
Vehicle and Other Code Violation Fines	583,535	422,600	436,000
Victims Assistance Surcharge	34,603	22,000	23,000

##### Total Fines and Forfeitures

##### Other

Net Investment Income	374,298	231,800	121,290
Miscellaneous	131,552	153,160	220,000
Police Department Fees and Other Charges	175,762	98,000	99,000
Tenant Rental Income	228,919	169,000	166,500

##### Total Other

##### Total Revenue

	2019 ACTUAL	2020 ESTIMATED	2021 ADOPTED
<b>Total Licenses, Fees and Charges</b>	<b>\$1,435,736</b>	<b>\$1,376,304</b>	<b>\$998,000</b>
<b>Total Fines and Forfeitures</b>	<b>\$672,181</b>	<b>\$478,800</b>	<b>\$495,000</b>
<b>Total Other</b>	<b>\$910,531</b>	<b>\$651,960</b>	<b>\$606,790</b>
<b>Total Revenue</b>	<b>\$54,923,441</b>	<b>\$27,974,668</b>	<b>\$27,303,741</b>

#### TRANSFERS IN

Debt Service Fund–Park and Recreation	237,296	-	500,000
Debt Service Fund–Arts and Cultural Facilities	304,024	48,751	122,250

##### Total Transfers In

##### Total Funds Available

<b>Total Transfers In</b>	<b>\$541,319</b>	<b>\$48,751</b>	<b>\$622,250</b>
<b>Total Funds Available</b>	<b>\$72,378,210</b>	<b>\$58,631,085</b>	<b>\$46,484,353</b>

# 3

## FINANCIAL SUMMARIES

### GENERAL FUND

#### FORECASTED 2021 BUDGET AS ADOPTED WITH 2019 ACTUALS AND 2020 ESTIMATED

#### EXPENDITURE DETAIL

##### General Government

	2019 ACTUAL	2020 ESTIMATED	2021 ADOPTED
City Council Expenditures	27,009	22,000	31,500
City Council Stipend	65,588	69,365	69,665
Administrative Services-Salaries and Benefits	556,224	567,299	564,789
City Clerk -Salaries and Benefits	253,081	265,863	267,902
City Clerk	13,525	18,180	39,700
Human Resources	101,055	118,039	97,000
Information Technology	528,583	502,770	526,405
Insurance & Risk Management	416,232	448,450	466,308
Finance-Salaries and Benefits	454,227	561,854	619,178
Finance	40,725	42,690	44,690
Audit	39,834	41,500	42,000
City Manager's Office-Salaries and Benefits	1,064,088	1,045,189	1,040,151
Dues and Memberships	121,991	124,823	125,379
Legal-General	354,000	371,700	371,700
Legal-Special	28,257	30,000	30,000
Consulting	43,964	118,000	88,000
Community Support	26,087	6,633	14,650
Youth Initiatives	19,800	19,800	19,800
Housing Partnership	35,000	35,000	35,000
Communications	108,913	52,160	40,800
Economic Development	144,744	79,671	95,000
Miscellaneous	21,245	30,796	10,000
COVID-19 Related Expenses	-	400,000	-
<b>Total General Government</b>	<b>\$4,464,172</b>	<b>\$4,971,781</b>	<b>\$4,639,618</b>

# 3

## FINANCIAL SUMMARIES

### GENERAL FUND

FORECASTED 2021 BUDGET AS ADOPTED WITH 2019 ACTUALS AND 2020 ESTIMATED

#### EXPENDITURE DETAIL (Continued)

##### Municipal Court

	2019 ACTUAL	2020 ESTIMATED	2021 ADOPTED
Municipal Judge	26,731	20,000	30,000
Legal	36,000	36,000	36,000
Administration	245,526	257,861	268,526
Office Supplies and Software	805	700	700

##### **Total Municipal Court**

**\$309,063      \$314,561      \$335,226**

##### Community Development

Salaries and Benefits	840,525	935,352	988,213
Contract Services	-	-	500
Field Supplies	1,382	1,492	1,700
Planning Commission	2,243	718	2,000
Plan Review and Other Inspections	41,620	48,000	70,000
Elevator Inspections	82,950	98,725	96,115
City Forestry Program	-	-	500
South Metro Partnership	20,910	20,000	20,000
Miscellaneous	10,696	5,911	8,330

##### **Total Community Development**

**\$1,000,326      \$1,110,198      \$1,187,358**

##### Police Department

Salaries and Benefits	6,590,070	6,898,585	7,176,505
Office and Administration	92,344	101,500	99,500
Uniforms and Equipment	77,146	173,577	177,504
Vehicles and Equipment	534,687	486,900	354,890
General Equipment	29,418	80,780	26,616
Intergovernmental Agreements	799,151	823,934	903,665
Training	76,009	52,700	58,250
Community Outreach and Miscellaneous	17,803	16,235	25,745

##### **Total Police Department**

**\$8,216,629      \$8,634,211      \$8,822,675**

# 3

## FINANCIAL SUMMARIES

### GENERAL FUND

#### FORECASTED 2021 BUDGET AS ADOPTED WITH 2019 ACTUALS AND 2020 ESTIMATED

#### EXPENDITURE DETAIL (Continued)

##### Public Works

Salaries and Benefits	978,519	1,166,017	1,180,263
Street Lighting	379,931	380,000	400,000
Street Maintenance	667,069	710,000	730,000
Drainage Maintenance	-	10,000	120,000
Street and Sidewalk Sweeping	48,000	60,000	60,000
Traffic Signal Energy Cost and Maintenance	108,961	175,000	157,000
Signal Timing	32,473	10,000	20,000
Snow Removal	1,227,344	1,200,000	1,150,000
Trash and Recycling Service	571,779	597,400	600,000
Household Hazardous Waste Program	6,289	5,500	8,000
Fence Maintenance	-	10,000	25,000
Materials and Equipment	1,802	12,000	10,000
EPA Phase 2 Drainage	2,622	2,300	2,300
Noxious Weeds Control	18,364	18,500	18,500
Signage and Striping	118,167	75,000	125,000
Accident Repairs	-	2,500	5,000
Public Works Facility Operations and Equipment	49,699	55,000	55,000
Software and Support	27,641	40,000	50,000
Mutt Mitts Contract	10,852	15,000	15,000
Miscellaneous	1,257	3,000	3,000
Public Works Vehicle Maintenance and Gas	16,223	18,000	20,000
Bridge Maintenance	45,949	35,000	30,000
Lone Tree Link	516,949	243,404	300,000
PW Transition Start-Up Costs	18,898	-	-
Consulting and Surveying	62,502	75,000	50,000
Facilities	1,009,334	859,450	945,050

##### **Total Public Works**

	2019 ACTUAL	2020 ESTIMATED	2021 ADOPTED
	\$5,920,622	\$5,778,071	\$6,079,113

# 3

## FINANCIAL SUMMARIES

### GENERAL FUND

#### FORECASTED 2021 BUDGET AS ADOPTED WITH 2019 ACTUALS AND 2020 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  
Recreation Activities and Support

##### Total Parks and Recreation

##### Capital Outlay

Website Redesign  
Overlay/Reconstruction Projects  
Traffic Signalization  
Crooked Stick Traffic Signal and Road Improvements  
City Office Building  
Civic Center Capital Improvements  
Concrete Panel Replacement  
Park Meadows Dr. Regional Pond Upgrade  
County Line Improvements  
Storm Sewer Improvements  
Vehicles  
Schweiger Ranch Preservation  
RidgeGate Parkway Widening  
City-Wide Pavement Assessment  
Master Transportation Plan  
Adaptive Traffic Signals  
Electric Vehicle Charging Stations  
Meeting Management Application  
Taos Back Road Demolition  
RidgeGate Brick Pave/Concrete Crosswalks  
Traffic Coating  
Security Enhancements

	2019 ACTUAL	2020 ESTIMATED	2021 ADOPTED
	135,691	5,000	-
	101,308	43,750	122,250
<b>Total Arts and Cultural</b>	<b>\$236,998</b>	<b>\$48,750</b>	<b>\$122,250</b>
	273,901	-	500,000
	200,000	100,000	100,000
	7,113	4,500	2,500
<b>Total Parks and Recreation</b>	<b>\$481,014</b>	<b>\$104,500</b>	<b>\$602,500</b>
	49,050	-	-
	1,384,684	-	2,500,000
	64,649	3,000	711,000
	67,633	770,000	-
	138,959	-	137,000
	-	10,000	-
	410,882	-	-
	50,471	923,500	-
	1,052,237	-	-
	441,970	-	-
	68,462	32,348	-
	10,000	10,000	-
	8,506,354	11,653,646	340,000
	-	50,000	-
	20,307	-	-
	40,000	1,190,000	-
	78,751	-	-
	6,000	-	-
	16,687	-	-
	644,431	11,266	-
	63,620	-	-
	80,820	13,328	-



# 3

## FINANCIAL SUMMARIES

### GENERAL FUND

FORECASTED 2021 BUDGET AS ADOPTED WITH 2019 ACTUALS AND 2020 ESTIMATED

	2019 ACTUAL	2020 ESTIMATED	2021 ADOPTED
<b>TRANSFERS OUT</b>			
Special Revenue Fund-Arts Center	1,127,905	457,475	866,756
<b>Total Transfers Out</b>	<b>\$1,127,905</b>	<b>\$457,475</b>	<b>\$866,756</b>
<b>Total Appropriation</b>	<b>\$41,770,544</b>	<b>\$40,072,723</b>	<b>\$32,533,235</b>
<b>ENDING FUND BALANCE</b>	<b>\$30,607,666</b>	<b>\$18,558,362</b>	<b>\$13,951,118</b>



Photo taken in 2020 - Link On Demand

# 3

## FINANCIAL SUMMARIES

### SPECIAL REVENUE FUND—CULTURAL & COMMUNITY SERVICES FORECASTED 2021 BUDGET AS ADOPTED WITH 2019 ACTUALS AND 2020 ESTIMATED

	2019 ACTUAL	2020 ESTIMATED	2021 ADOPTED
<b>Beginning Fund Balance</b>	\$ -	\$ 329,548	\$ -
<b>REVENUE</b>			
<b>Lone Tree Arts Center</b>			
<b>OPERATING</b>			
Ticket Sales	1,019,157	281,383	642,112
Ticket Handling Fees	150,692	42,240	104,300
Rental Fees	113,679	49,914	90,750
Concessions and Catering	131,504	28,628	65,350
Labor Charge Backs	62,085	32,630	51,900
Miscellaneous	16,738	6,544	11,375
<b>NON-OPERATING</b>			
Individual, Corporate and Foundation Contributions	339,710	310,970	349,180
Government Grants	342,049	344,893	272,250
<b>Total Lone Tree Arts Center</b>	<b>\$2,175,615</b>	<b>\$1,097,202</b>	<b>\$1,587,217</b>
<b>Other</b>			
Annual Events	13,655	-	15,000
Arts and Cultural Events	6,496	3,800	6,500
<b>Total Other</b>	<b>\$20,151</b>	<b>\$3,800</b>	<b>\$21,500</b>
<b>Total Revenue</b>	<b>\$2,195,765</b>	<b>\$1,101,002</b>	<b>\$1,608,717</b>
<b>TRANSFERS IN</b>			
General Fund—Lone Tree Arts Center	794,850	289,662	616,246
General Fund—Annual Events	243,320	125,881	214,834
General Fund—Arts and Cultural Events	52,335	41,932	35,676
General Fund—Economic Development	37,400	-	-
<b>Total Transfers In</b>	<b>\$1,127,905</b>	<b>\$457,475</b>	<b>\$866,756</b>
<b>Total Funds Available</b>	<b>\$3,323,670</b>	<b>\$1,888,025</b>	<b>\$2,475,473</b>



# 3

## FINANCIAL SUMMARIES

### SPECIAL REVENUE FUND—CULTURAL & COMMUNITY SERVICES FORECASTED 2021 BUDGET AS ADOPTED WITH 2019 ACTUALS AND 2020 ESTIMATED

	2019 ACTUAL	2020 ESTIMATED	2021 ADOPTED
<b>EXPENDITURES</b>			
<b>Lone Tree Arts Center</b>			
Administration	141,764	143,530	155,169
Programming	1,833,440	1,104,346	1,414,245
Marketing	434,938	213,270	375,996
Facilities	6,170	6,983	4,500
Development	223,793	248,282	253,554
<b>Total Lone Tree Arts Center</b>	<b>\$2,640,105</b>	<b>\$1,716,412</b>	<b>\$2,203,463</b>
<b>Other</b>			
Annual Events	256,975	125,881	229,834
Arts and Cultural Events	59,641	45,732	42,176
Economic Development	37,400	-	-
<b>Total Other</b>	<b>\$354,017</b>	<b>\$171,613</b>	<b>\$272,010</b>
<b>Total Expenditures</b>	<b>\$2,994,122</b>	<b>\$1,888,025</b>	<b>\$2,475,473</b>
<b>TRANSFERS OUT</b>			
<b>Total Transfers Out</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Appropriation</b>	<b>\$2,994,122</b>	<b>\$1,888,025</b>	<b>\$2,475,473</b>
<b>ENDING FUND BALANCE</b>	<b>\$329,548</b>	<b>\$ -</b>	<b>\$ -</b>

# 3

## FINANCIAL SUMMARIES

### DEBT SERVICE FUND—ARTS & CULTURAL FACILITIES FORECASTED 2021 BUDGET AS ADOPTED WITH 2019 ACTUALS AND 2020 ESTIMATED

	2019 ACTUAL	2020 ESTIMATED	2021 ADOPTED
<b>Beginning Fund Balance</b>	<b>\$1,484,582</b>	<b>\$1,625,738</b>	<b>\$1,445,457</b>
<b>REVENUE</b>			
Sales Tax	1,924,475	1,363,815	1,487,263
Use Tax-Retail	61,823	33,000	38,000
Use Tax-Building Materials	53,982	84,654	62,000
Net Investment Income	26,499	20,100	12,710
<b>Total Revenue</b>	<b>\$2,066,778</b>	<b>\$1,501,569</b>	<b>\$1,599,973</b>
<b>TRANSFERS IN</b>			
Transfer In-General Fund	-	-	-
<b>Total Transfers In</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Funds Available</b>	<b>\$3,551,360</b>	<b>\$3,127,307</b>	<b>\$3,045,430</b>
<b>EXPENDITURES</b>			
Bond Interest	296,000	243,000	187,600
Bond Principal	1,325,000	1,385,000	1,495,000
Paying Agent Fees	600	600	600
Contingency	-	4,500	4,500
<b>Total Expenditures</b>	<b>\$1,621,600</b>	<b>\$1,633,100</b>	<b>\$1,687,700</b>
<b>TRANSFERS OUT</b>			
Transfer Out-General Fund	304,024	48,750	122,250
<b>Total Transfers Out</b>	<b>\$304,024</b>	<b>\$48,750</b>	<b>\$122,250</b>
<b>Total Appropriation</b>	<b>\$1,925,624</b>	<b>\$1,681,850</b>	<b>\$1,809,950</b>
<b>ENDING FUND BALANCE</b>	<b>\$1,625,738</b>	<b>\$1,445,457</b>	<b>\$1,235,480</b>

# 3

## FINANCIAL SUMMARIES

### DEBT SERVICE FUND—PARKS & RECREATION IMPROVEMENTS FORECASTED 2021 BUDGET AS ADOPTED WITH 2019 ACTUALS AND 2020 ESTIMATED

	2019 ACTUAL	2020 ESTIMATED	2021 ADOPTED
<b>Beginning Fund Balance</b>	<b>\$1,698,526</b>	<b>\$1,800,321</b>	<b>\$1,726,816</b>
<b>REVENUE</b>			
Sales Tax	1,283,086	910,089	992,467
Use Tax-Retail	41,215	22,000	25,000
Use Tax-Building Materials	36,023	56,491	42,000
Net Investment Income	30,767	20,515	13,020
<b>Total Revenue</b>	<b>\$1,391,091</b>	<b>\$1,009,095</b>	<b>\$1,072,487</b>
<b>TRANSFERS IN</b>			
Transfer In-General Fund	-	-	-
<b>Total Transfers In</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Funds Available</b>	<b>\$3,089,617</b>	<b>\$2,809,416</b>	<b>\$2,799,303</b>
<b>EXPENDITURES</b>			
Bond Interest	196,600	179,500	152,500
Bond Principal	855,000	900,000	940,000
Paying Agent Fees	400	600	600
Contingency	-	2,500	2,500
<b>Total Expenditures</b>	<b>\$1,052,000</b>	<b>\$1,082,600</b>	<b>\$1,095,600</b>
<b>TRANSFERS OUT</b>			
Transfer Out-General Fund	237,296	-	500,000
<b>Total Transfers Out</b>	<b>\$237,296</b>	<b>-</b>	<b>\$500,000</b>
<b>Total Appropriation</b>	<b>\$1,289,296</b>	<b>\$1,082,600</b>	<b>\$1,595,600</b>
<b>ENDING FUND BALANCE</b>	<b>\$1,800,321</b>	<b>\$1,726,816</b>	<b>\$1,203,703</b>

# 3

## FINANCIAL SUMMARIES

### BUDGET MESSAGE

#### 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, the Park Meadows Business Improvement District, and the Lone Tree Arts Center Fund (501(c)(3)). 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.



Photo taken in 2019 - Station Sensation Festival

# 3

## FINANCIAL SUMMARIES

### REVENUE BUDGET MESSAGE

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	2019 Actual	2020 Estimated	2021 Adopted
Taxes	\$28,381,517	\$19,289,840	\$20,127,025
Franchise Fees	\$ 1,078,819	\$ 990,600	\$ 990,600
Intergovernmental	\$25,845,262	\$ 7,657,213	\$ 6,733,056
Licenses, Fees and Charges	\$ 1,435,736	\$ 1,376,304	\$ 998,000
Fines and Forfeitures	\$ 672,181	\$ 478,800	\$ 495,000
Arts Center	\$ 2,195,765	\$ 1,101,002	\$ 1,608,717
Other	\$ 967,797	\$ 692,575	\$ 632,520
<b>Total</b>	<b>\$60,577,077</b>	<b>\$31,586,334</b>	<b>\$31,584,918</b>

# 3

## FINANCIAL SUMMARIES

# SALES TAX & USE TAX—RETAIL REVENUE

### BUDGET MESSAGE

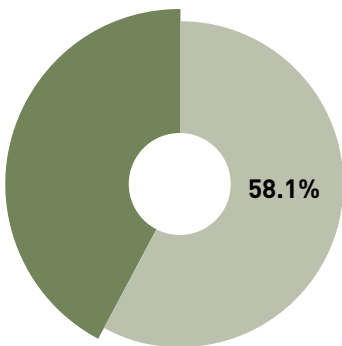
**Source:** The primary source of revenue for the City is sales tax and use tax - retail. The City assesses a 1.8125% sales tax (1.5% base tax, 0.125% for park and recreational improvements and 0.1875% for cultural facilities) on all taxable retail transactions. The tax is collected by the retail businesses 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 2021 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 2021 sales tax budget anticipates

sales tax to increase by 5.2% and use tax - retail to increase by 17.2%. Sales tax is anticipated to increase based on 2020 actuals, known new vendors coming into the City, as well as existing vendors recovering from impacts of COVID-19. The use tax increase is attributable to the recovery of existing vendors from the COVID-19 pandemic, as well as new vendors that will be opening in 2021. 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, the economy, and especially during the uncertainty of the COVID-19 pandemic.

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).

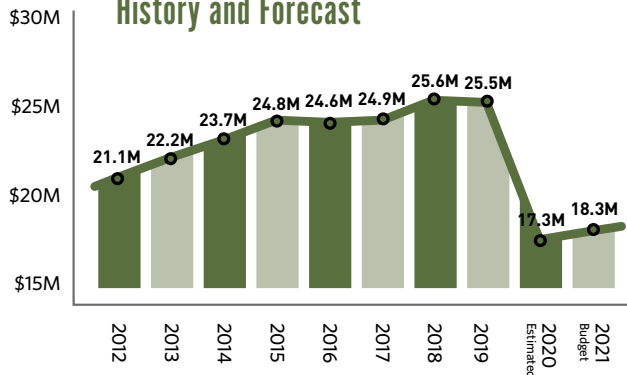
**Total Sales Tax & Use Tax -  
Retail Revenue: \$18,338,175**



**2021 Budget Total Revenue: \$31,584,918**

**SALES TAX & USE TAX - RETAIL**

### History and 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 a full year of activity is included in 2018. The City is continuing to monitor retail trends as consumers continue to utilize the online shopping option. The drastic decrease from 2019 to 2020 is due to the global COVID-19 pandemic, where many vendors were ordered to close their facilities for a couple months starting in March. Following the Governor's Order, vendors were allowed to reopen with restrictions in May; however, significant decreases in sales tax collections were still recorded in the second half of 2020 as a result of impacts to consumer confidence, a shift to online shopping, and permanent and temporary store closures.

# 3

## FINANCIAL SUMMARIES

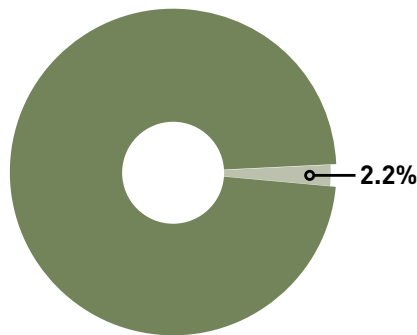
# USE TAX—BUILDING MATERIALS REVENUE

### BUDGET MESSAGE

**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.

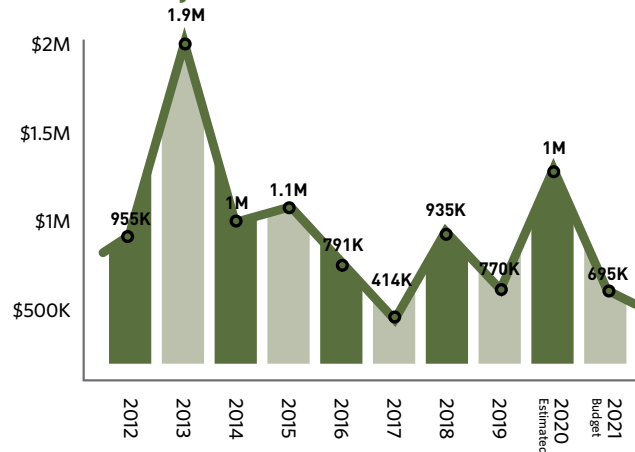
**Rationale:** Use Tax - Building Materials revenue is estimated for 2021 using historical trends, current economic conditions, as well as projections based on anticipated construction projects and new businesses. The 2021 use tax - building materials budget reflects an overall decrease compared to 2020 due to the timing of a large corporate campus construction project, as well as several remodels of current businesses in 2020.

**Total Use Tax - Building Materials Revenue: \$695,000**



**2021 Budget Total Revenue: \$31,584,918**

USE TAX BUILDING MATERIALS  
**History and Forecast**



**Trends:** The increases from 2012 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 the 2020 projection is largely due to a couple of large projects including a second corporate campus building for Kiewit, as well as construction in a single-family residential home community. The decrease in the 2021 projection is to be more in line with years past as the projection only includes the start of construction of two apartment projects and the start of a new residential community in RidgeGate East.

# 3

## FINANCIAL SUMMARIES

# LODGING & ADMISSIONS TAX REVENUE

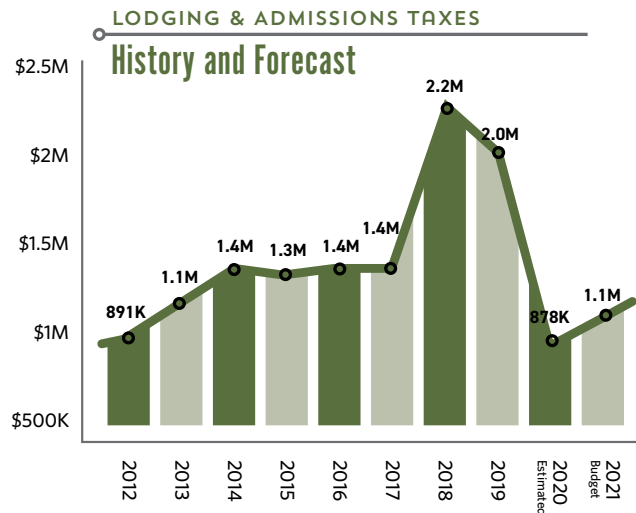
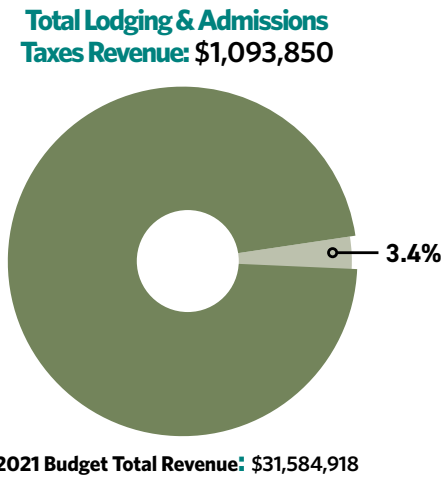
### BUDGET MESSAGE

**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 2020 based on an anticipated recovery of existing lodging vendors from the COVID-19

pandemic. Historically, this tax has fluctuated year to year depending on traveling patterns seen in business and personal travel. In light of the COVID-19 pandemic, traveling patterns for both business travel as well as personal travel significantly dropped due to travel restrictions, restrictions around public gatherings and an overall move towards remote meetings. Impacts on Lodging Tax revenue as a result of the pandemic are expected well into 2021, with an anticipated increase in the second half of the year.

Admissions Tax is estimated to remain flat in 2021 based on historical trends and due to impacts of the COVID-19 pandemic. 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 range, especially during the time of a pandemic.



**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 lower than 2019 largely due to impacts of the COVID-19 pandemic. The increase in 2021 is based on the gradual recovery of businesses from COVID-19, but is still projected to be below historical trends.



# 3

## FINANCIAL SUMMARIES

### FRANCHISE FEES REVENUE

#### BUDGET MESSAGE

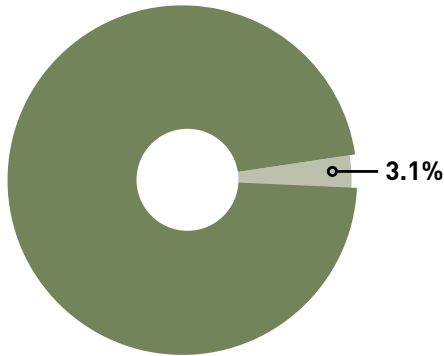
**Source:** Franchise fees are revenues derived from fees levied on companies in exchange for the right to use public right of way and otherwise operate as a franchise. Franchise fees for the City are generated from a negotiated franchise license with Xcel Energy for gas and electric service in the City as well as cable franchise fees with Comcast and Century Link. 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 Century Link 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 Century Link is at the rate of 5.0% for cable service provided to City residents.

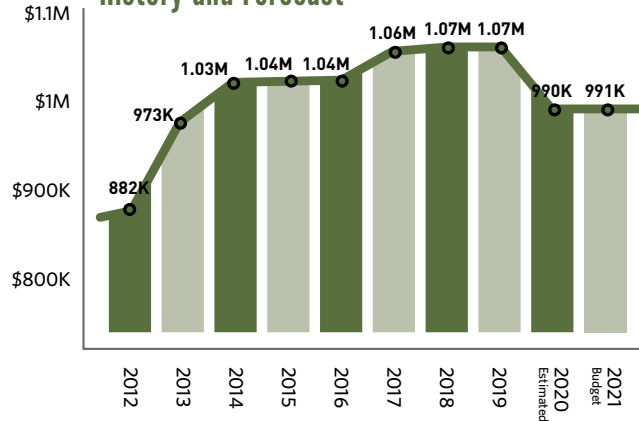
The electric and gas franchise fee and cable franchise fee are estimated to remain flat in 2021 compared to 2020 based on a conservative estimate as a result of 2020 activity and limited new housing growth in the City anticipated for 2021.

**Total Franchise Fees Revenue: \$990,600**



**2021 Budget Total Revenue: \$31,584,918**

**FRANCHISE FEES History and Forecast**



**Trends:** Fluctuations from year-to-year are due to changes in gross revenue received from Comcast and Century Link 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 2019. 2020 estimated and 2021 projected are expected to remain 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.

## INTERGOVERNMENTAL REVENUE

## BUDGET MESSAGE

**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.

**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

# 3

## FINANCIAL SUMMARIES

# INTERGOVERNMENTAL REVENUE (CONT.)

### BUDGET MESSAGE

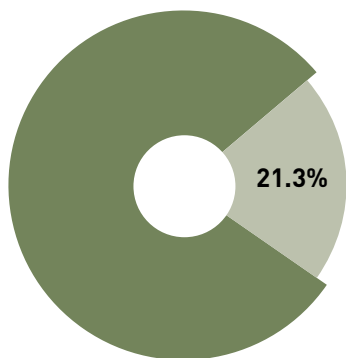
and the property tax is collected from all areas, the State requires that Douglas County return one half of the road and bridge levy to each municipality. The formula used to compute the amount returned to Lone Tree is as follows:

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

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

**Total Intergovernmental Revenue: \$6,733,056**

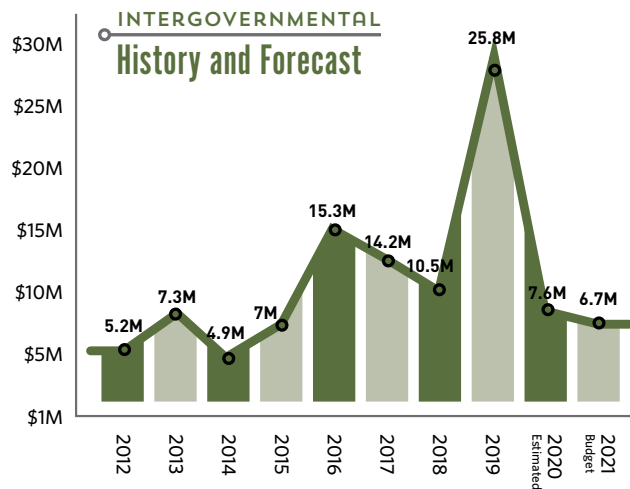


**2021 Budget Total Revenue: \$31,584,918**

**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 2021 is based on known capital projects where the City is partnering with other entities to fund the projects.



**Trends:** Intergovernmental revenues fluctuate year to year primarily due to reimbursable costs and the 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 is the result of the RidgeGate Parkway Widening Project (originally budgeted in 2018, but moved to 2019), 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, as the majority of partner funds were received in 2019.

# 3

## FINANCIAL SUMMARIES

# LICENSES, FEES, AND CHARGES REVENUE

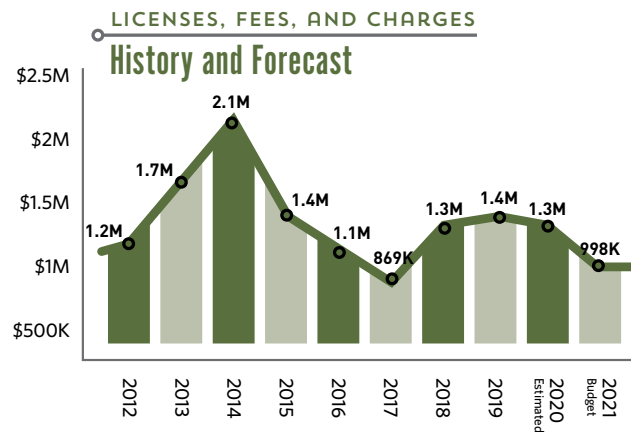
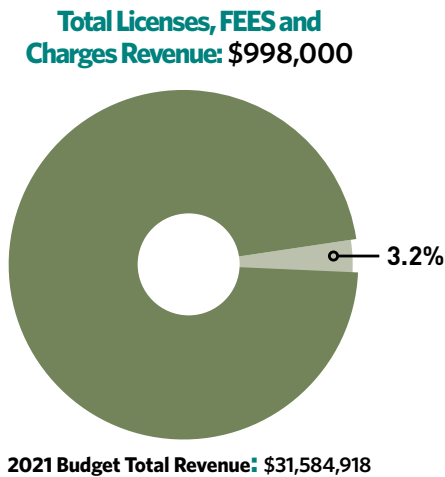
### BUDGET MESSAGE

**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 2021 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.



**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. The increase in 2019 is due to a couple large projects, including a corporate campus building and parking garage for Kiewit as well as an apartment building. 2020 estimates include a couple of large projects including a second corporate campus building for Kiewit, as well as construction in a single-family residential home community. In 2021, the projected amount is based on historical trends as well the construction of two apartment projects and the start of a new residential community in RidgeGate East.

# 3

## FINANCIAL SUMMARIES

# FINES AND FORFEITURES REVENUE

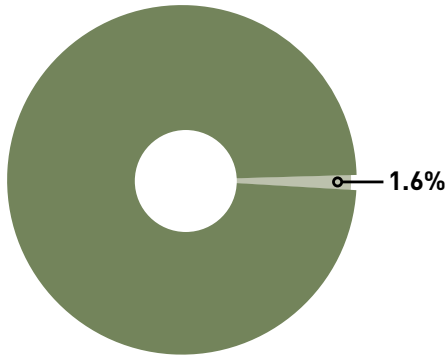
### BUDGET MESSAGE

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

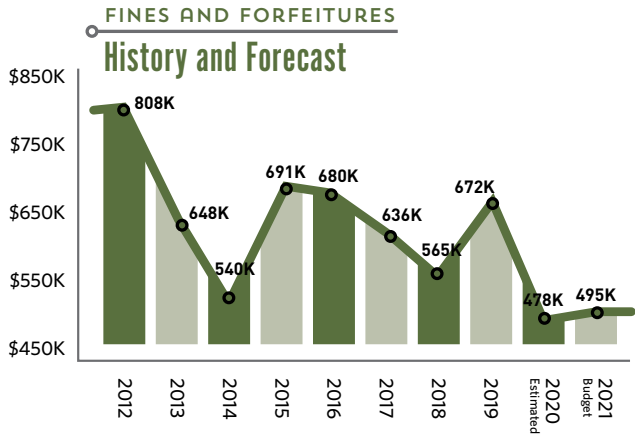
**Rationale:** The 2021 budget is estimated based on historical trends. Historically, this area can fluctuate, depending on the number and types of citations issued, as well as staffing levels in the

police department. As a result of the unprecedented COVID-19 pandemic, traveling patterns shifted due to an increase in remote work and other factors in 2020. The 2021 budget anticipates a slight increase in court fees, vehicle and other code violation fines to remain conservative on revenue projections.

**Total Fines and Forfeitures Revenue: \$495,000**



**2021 Budget Total Revenue: \$31,584,918**



**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 increased enforcement efforts related to traffic violations in the City. The decrease in 2020 was primarily due to the COVID-19 pandemic with a significant decrease in the volume of cars on City roads.

# 3

## FINANCIAL SUMMARIES

### LONE TREE ARTS CENTER REVENUE

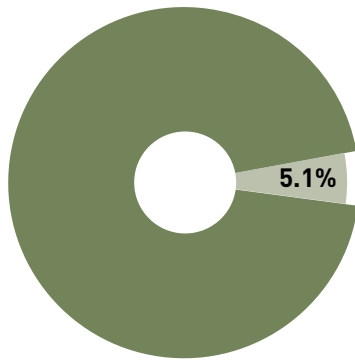
#### BUDGET MESSAGE

**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.

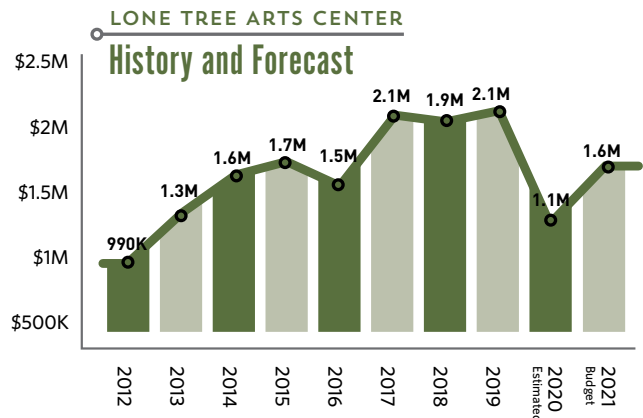
**Rationale:** The 2021 operating revenue generated from the Lone Tree Arts Center is estimated based primarily on the programming schedule and availability of space for event rentals, while utilizing historical trends and past performances as

a guide. Impacts of COVID-19 include a temporary closure of the Arts Center facility, as well as restrictions on public gatherings with significant impacts on Lone Tree Arts Center revenues. The 2021 budget anticipates an increase in revenues with performances on a smaller scale that can be streamed virtually in the first half of the year, and with the programming broadening and aligning with traditional performances the second half of the year. With the creation of the 501(c)(3), grant and contribution opportunities have been broadened.

**Total Lone Tree Arts Center Revenue: \$1,608,717**



**2021 Budget Total Revenue: \$31,584,918**



**Trends:** 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 increased from 2018 and was 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 a significant drop in ticket sales revenue as a result of the COVID-19 pandemic, which caused the Arts Center to close from March through May, as well as restrictions on public gatherings. 2021 increased from 2020 due to projections for a gradual recovery from the pandemic with virtual and creative performances the first half of the year, while more traditional performances are planned for the second half of the year.

# 3

## FINANCIAL SUMMARIES

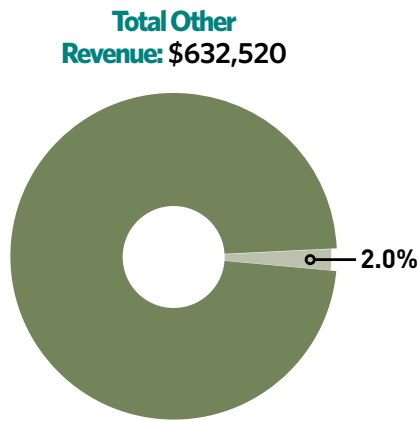
### OTHER REVENUE

#### BUDGET MESSAGE

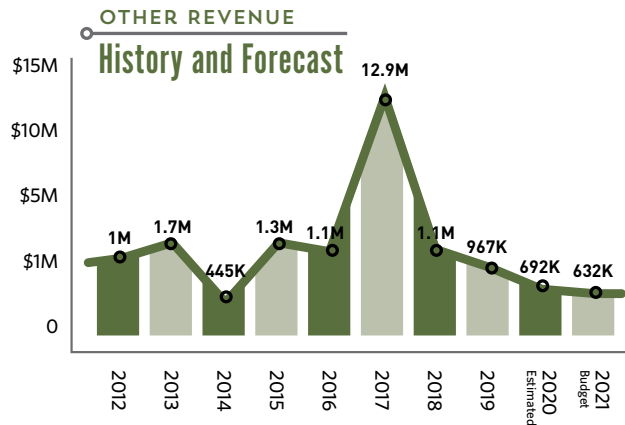
**Source:** Various other revenue sources are anticipated to be received by the City including interest income, tenant rental income received by parties leasing space in the Municipal Office Building, police department fees and miscellaneous revenue received.

**Rationale:** The 2021 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.



2021 Budget Total Revenue: \$31,584,918



**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 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 decrease in 2020 is primarily due to the COVID-19 pandemic, which caused a decline in investment income as interest rates dropped; off-duty contract billings also decreased as demands for this service decreased due to COVID-19. 2021 projects a decrease in comparison to 2020 primarily due to anticipated low interest rates in 2021.

# 3

## FINANCIAL SUMMARIES

### EXPENDITURES

#### BUDGET MESSAGE

The 2021 budget evaluates available resources and allocates revenues to maintain a 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.

<b>TOTAL EXPENDITURES</b>	<b>2019 Actual</b>	<b>2020 Estimated</b>	<b>2021 Adopted</b>
General Government	\$ 446,4172	\$ 4,971,781	\$ 4,639,618
Municipal Court	\$ 309,063	\$ 314,561	\$ 335,226
Community Development	\$ 1,000,326	\$ 1,110,198	\$ 1,187,358
Police Department	\$ 8,216,629	\$ 8,634,211	\$ 8,822,675
Public Works	\$ 5,920,622	\$ 5,778,071	\$ 6,079,113
Arts and Cultural	\$ 3,231,119	\$ 1,936,775	\$ 2,597,723
Parks and Recreation	\$ 481,014	\$ 104,500	\$ 602,500
Capital Outlay	\$20,013,816	\$18,653,176	\$ 9,877,738
Debt Service	\$ 2,673,600	\$ 2,715,700	\$ 2,783,300
<b>Total</b>	<b>\$46,310,361</b>	<b>\$44,218,974</b>	<b>\$36,925,252</b>



# 3

## FINANCIAL SUMMARIES

# GENERAL GOVERNMENT EXPENDITURES

### BUDGET MESSAGE

**Source:** This area of the budget includes the Administrative Services Department, Finance, City Clerk's Office, and the City Manager's Office. The Administrative Services Department is responsible for providing and maintaining technology and human resources. 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 two divisions including Human Resources and Information Technology. 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 goal of the City Clerk's Office is to provide exceptional customer service to the citizens and businesses of Lone Tree through timely, accurate and courteous responses to inquiries and requests. 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

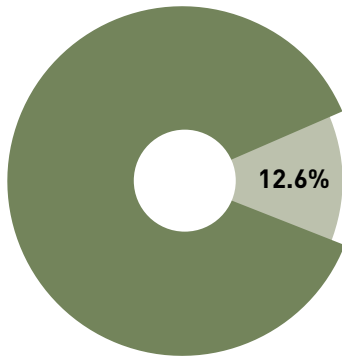
with various state and federal requirements related to having up to date, accurate financial information.

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.

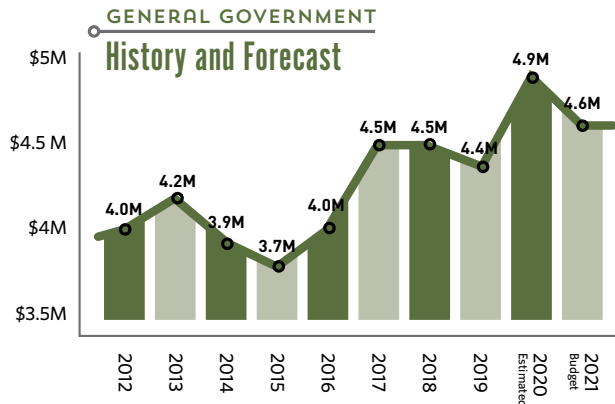
Other costs reflected under General Government include legal, insurance, and other City programs.

**Rationale:** 2021 estimates for General Government have been determined based on historical costs and projected cost decreases mainly related to cost saving measures as a result of the COVID-19 pandemic.

**2021 Budget Total General Government Expenditures: \$4,639,618**



**2021 Budget Total Expenditures: \$36,925,252**



**Trends:** 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, improvements to City buildings, consulting costs, budgeting software tool implementation and banking services fees. The decrease in 2019 is due to lower costs in legal fees as the City switched to a different law firm in September 2018, as the previous contract had ended. The increase in 2020 is related to an allocation for COVID-19 related expenses and an increase in consulting fees. The decrease in 2021 from 2020 is primarily due to an allocation for COVID-19 related expenses in 2020, as well as no budgeted merit increase, a reduction in health benefit cost and a hiring freeze of a Graduate Management Assistant position as a result of expense cuts due to impacts of COVID-19 on revenues.

# 3

## FINANCIAL SUMMARIES

# COMMUNITY DEVELOPMENT EXPENDITURES

### BUDGET MESSAGE

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

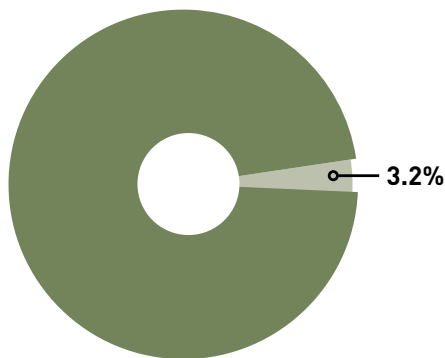
The Planning Division administers land use projects including site improvement plans, subdivision plats and zoning changes. The Planning Division also provides long-range planning services including the preparation and periodic update of various planning regulations and tools, as well as other services 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.

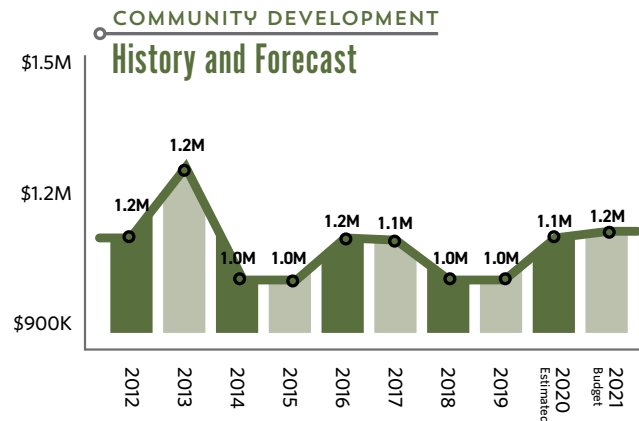
It should also be noted that a majority of these costs are offset with building permit fees as well as licenses, fees and other charges.

**Rationale:** The 2021 budget is based on historical trends and reflects an increase of 6.95% from 2020. This increase is the result of having a Planner I position that was hired in June of 2020 for a full year. Additionally, due to more construction and development activity, cost for plan review and other inspections is higher compared to 2020. 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: \$1,187,358**



2021 Budget Total Expenditures: \$36,925,252



**Trends:** The decrease in 2014 is due to a reduction in engineering fees related to the RidgeGate area, based on the timing of projects being completed. 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 decrease in 2018 is due to the transitioning of development review engineering costs being reallocated to public works as a result of bringing positions in-house. Additionally, the decrease is due to a reduction in five-year witness inspections for elevators that are due for review in 2019 compared to 2018. The increase in 2020 is primarily due to the addition of the Planner I position, as well as increased costs for elevator inspections due to a higher volume of elevators in the City. The increase in 2021 is primarily due to having a Planner I position that was hired in June of 2020 for a full year in anticipation of increased workloads due to the development in RidgeGate East.

# 3

## FINANCIAL SUMMARIES

# POLICE DEPARTMENT EXPENDITURES

### BUDGET MESSAGE

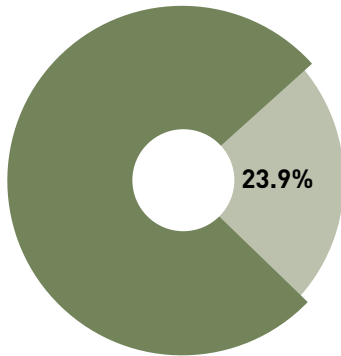
**Source:** The Police Department is dedicated to protecting, defending, and serving the residents, businesses and visitors of Lone Tree. A commitment to maintaining a safe community can be seen through the City’s community outreach programs and the implementation of local laws backed by the Police Department’s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

The 2021 budget includes payroll and related benefit expenditures for a total of 59 full-time and 5 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

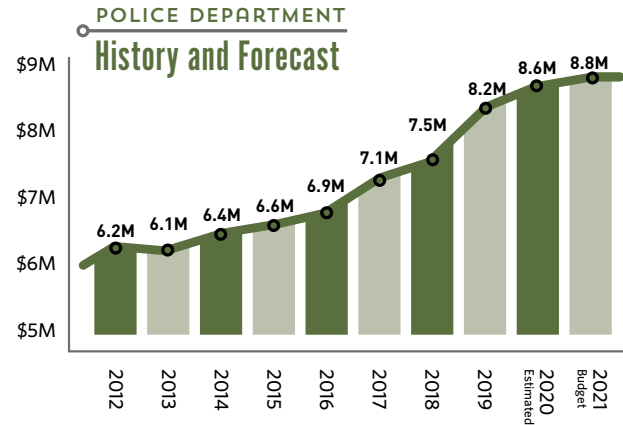
intergovernmental agreements with the Town of Parker for dispatch services and evidence processing and storage.

**Rationale:** The 2021 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 2021 there was an increase of approximately 2% which is detailed below.

**Total Police Department Expenditures: \$8,822,675**



**2021 Budget Total Expenditures: \$36,925,252**



**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, Project Assistant, to oversee the off-duty contracts with local businesses, as well as the Police Department pay structure being updated to lower the numbers 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. Finally, in 2020 the Police Department upgraded their body camera and taser equipment to meet the new Senate Bill 217 requirements. The slight increase in 2021 from 2020 is mainly due to the increase in intergovernmental agreements with the Town of Parker for dispatch services and evidence processing and storage as a result of no increase in the prior year. The slight increase in salaries and benefits is primarily due to the addition of a new Victim Advocate position that is 95% grant funded. In addition, the 2021 budget includes the restructuring of two positions in the Police Department to create two Lieutenant positions with no impact to the overall employee count. This restructuring effort increases the number of night supervisors on the team for better service to the community and to reduce liability related to Senate Bill 217. The increase in salaries and benefits was partially offset by a hiring freeze of two officers which was the result of expense cuts due to impacts on revenues from COVID-19. The decrease in cost for vehicles and equipment is due to the deferral of multiple vehicle purchases due to expense cuts related to the pandemic.

# 3

## FINANCIAL SUMMARIES

# PUBLIC WORKS EXPENDITURES

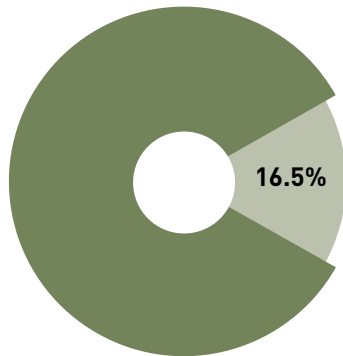
### BUDGET MESSAGE

**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

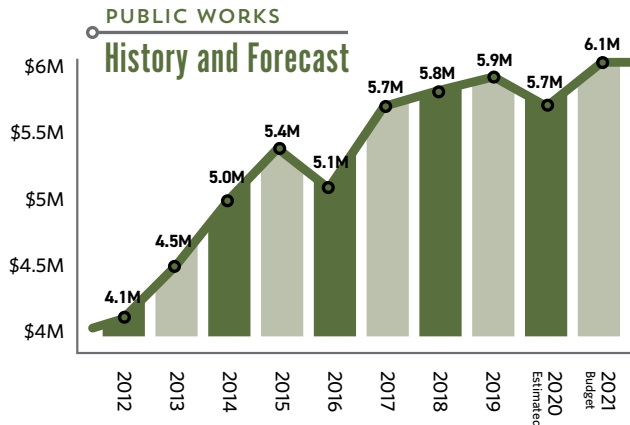
citizen requests and concerns and represents the City on technical committees of numerous regional organizations. Additionally, solid waste pickup as well as recycling is provided to all single-family residents in the City.

**Rationale:** The 2021 budget is based on historical trends for the public works operation, facilities costs and costs related to surveying and design. In 2019, the facilities division was 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: \$6,079,113**



**2021 Budget Total Expenditures: \$36,925,252**



**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. 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. Additionally, the increase is due to shifting the Development Review Engineer costs from Community Development to Public Works. 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 decrease from 2019 to 2020 is primarily due to cost saving measures as a result of COVID-19 impacts on City revenues. This includes decreases in facilities costs, as repair and maintenance items were deferred. In addition, cost savings were achieved by a temporary suspension and reduced operation of the Lone Tree Link shuttle service. The increase in 2021 is due to restoring costs for signage and striping and facilities related costs for repair and maintenance back to historical trends. In addition, the increase includes cost related to the Lone Tree Link shuttle service being operational for a full year, but still at reduced capacity.

# 3

## FINANCIAL SUMMARIES

### ARTS AND CULTURAL EXPENDITURES

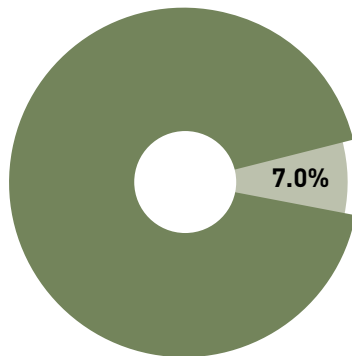
#### BUDGET MESSAGE

**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.

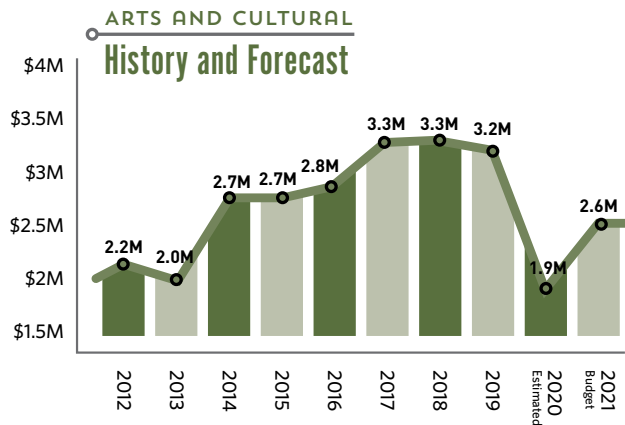
Expenditures for the Lone Tree Arts Center include the administration, programming, marketing, development, annual City events, and arts and cultural events.

**Rationale:** The 2021 operating expenditures for the Lone Tree Arts Center are estimated based primarily on the programming schedule, while utilizing historical trends and forward-looking planning, especially with impact from COVID-19. The primary expenditures are related to programming and marketing costs as well as payroll and related benefits. The 2020 expenditures for the Lone Tree Arts Center were reduced by 37%, while the 2021 budget sees an increase of 31% which is detailed below.

**Total Arts and Cultural Expenditures: \$2,597,723**



**2021 Budget Total Expenditures: \$36,925,252**



**Trends:** The decrease shown in 2013 is due to a change in allocation of the Arts Center facility maintenance costs from the Special Revenue Fund - Cultural and Community Services to the General Fund. The increases from 2013 to 2014-2019 is 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 large decrease in 2020 from 2019 is due to the impacts of the COVID-19 pandemic requiring the Arts Center to close their facility from March through May, as well as restrictions on the number of people at public gatherings. The increase in 2021 from 2020 is due to projections for a gradual recovery from COVID-19 with virtual and creative performances the first half of the year, while more traditional performances are planned for the second half of the year.

# 3

## FINANCIAL SUMMARIES

# CAPITAL OUTLAY EXPENDITURES

## BUDGET MESSAGE

**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 2021 budget provides for reoccurring capital expenditure costs including street construction and overlay, City-owned building improvements, and traffic signalization improvements. Additionally, due to projected revenues continuing to be impacted from the COVID-19 pandemic, the only nonrecurring capital expenditure for 2021 is the completion of the multi-year project described below:

- **RidgeGate Parkway Widening — \$340,000**  
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 has been primarily reimbursed from project partners and grant revenue with the City overseeing the project. This project began in 2019 and carries over into 2021 for final close out.

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 Mall, 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.



Photo taken in 2020 - Kiewit construction site

# 3

## FINANCIAL SUMMARIES

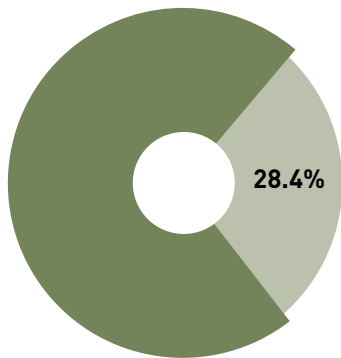
### CAPITAL OUTLAY EXPENDITURES (CONT.)

#### BUDGET MESSAGE

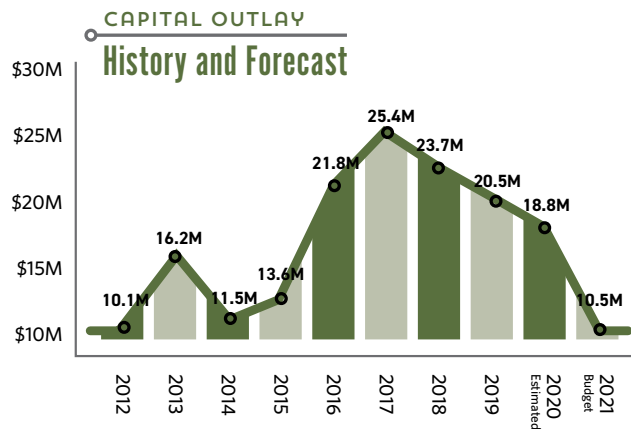
**Rationale:** The 2021 budget is based on scheduled capital projects for the year per the City’s five-year capital plan; however, with the continued revenue impact from COVID-19, the capital projects on the five-year plan were reevaluated and prioritized. Only projects with a high priority rating were considered to be completed in 2021. Capital projects were 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: \$10,480,238**



**2021 Budget Total Expenditures: \$36,925,252**



**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. The decrease in 2020 from 2019 is due to the COVID-19 pandemic, which resulted in significant expense cuts due to impacts on City revenues. Multiple capital projects were deferred to future years, including overlay, traffic signalization improvements, and RidgeGate concrete crosswalk improvements. The 2021 budget displays a significant decrease from 2020 largely due to the majority of the RidgeGate Parkway Widening project being completed in 2020. Additionally, only high priority projects were approved for 2021 with continued anticipated impacts on revenues from the COVID-19 pandemic.

# 3

## FINANCIAL SUMMARIES

### ADDITIONAL EXPENDITURES

#### BUDGET MESSAGE

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 increase slightly in 2021 due to administrative and municipal judge costs for a full year, since municipal court was closed for a period of time in 2020 due to COVID-19 restrictions.

**Parks and Recreation:** Parks and recreation services for the City are provided by the South Suburban Park and Recreation District (SSPRD). The 2021 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 the budget for 2021 is a placeholder for pickleball courts or other projects, 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. However, due to impacts from COVID-19 on projected 2021 revenues, no budgeted merit increase is included in the 2021 budget.



**Reserve Funds:** The City has provided for an emergency reserve equal to at least 3% of the fiscal year spending for 2021, 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 in past years 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. However, due to projected impacts to revenues as a result of COVID-19, the 2021 budget includes the utilization of the reserve for operating expenditures related to maintaining certain service levels for the community. Thus, the working reserve balance is being reduced to 17.65%, which is still above the required minimum of 16.7% of the current year's budgeted operating expenditures. The City also has designated certain funds as capital reserves specific to future capital maintenance costs and new capital projects. As a result of COVID-19, the 2021 budget includes the utilization of the capital reserve to fund capital projects that are not funded by partnerships, grants or other funding sources.



Photo taken in 2020 - Kiewit Topping Off Ceremony

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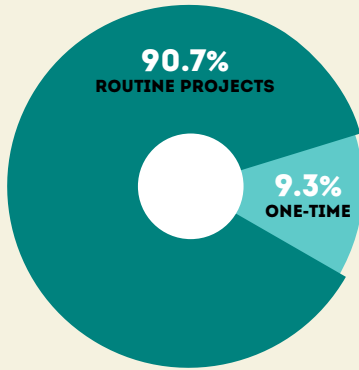
CAPITAL  
& DEBT

4

# 4

## CAPITAL & DEBT

### CAPITAL EXPENDITURES



#### One-Time Capital Projects

Traffic Improvements	-
Transportation	340K
Roads (non-overlay)	-
One-Time Capital Projects	-
Other	-
<b>Total One-Time Capital Projects</b>	<b>\$340K</b>

#### Routine

Vehicles	\$104K
Technology	35K
Storm Sewer	-
Buildings	259K
Roads (non-overlay)	-
Street Overlay	2.5M
Other	711K
<b>Total Routine</b>	<b>\$3.6M</b>

**Total Capital** **\$3,949,250**

This section of the budget highlights the City's capital investments for 2020 that qualify to be capitalized and are therefore depreciated using the straight-line method over the assets' useful life. These amounts differ from the capital outlay described on pages 54-55, as the main budget document includes capital spending for various areas based on functionality. Additionally, tax shareback amounts are included under capital outlay, which would not be a depreciable asset. The capital/fixed asset section above focuses on showing all capital expenditures comprehensively, regardless of departmental function.

The City defines capital expenditures to be purchases over \$5,000 that have a useful life of over one year. The 2021 budget contains \$3,949,250 million in total capital expenditures. As displayed in the graph, most of these expenditures (\$3.6 million or 90.7%) are projects that are routine capital improvements. The remainder (\$340K or 9.3%) are one-time 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 the ongoing RidgeGate Parkway Widening in 2021 (with the majority of partnership funding received and spent in 2020). Without these critical partnerships, the City would

be limited on capital funding each year. Due to impacts of COVID-19 on City revenues, all capital projects that are included in the 2021 budget are funded by either partnerships, grants, or out of the City's capital reserve.

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 2021 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. The 2021 budget includes projects that will ultimately assist with traffic improvement but have been categorized in the transportation section below.

### **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. The 2021 budget includes the large-scale project on RidgeGate Parkway that carried over from 2020 that will be completed in 2021. This project widened the road by two lanes and included 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.

### **Roads**

The Public Works Department is responsible for the management of all the capital projects related to street/road improvements in the City. The 2021 budget does not include funding for this category, as there has not been an area identified requiring replacement/improvements at this time.

### **Buildings**

The 2021 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.

## **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 2021 budget includes two replacement vehicles with emergency equipment for the Police Department.

### **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 2021 budget accounts for new equipment to sustain current operation workloads and for replacement cycles. Specifically, the replacement of the phone system, since the current system was antiquated, and hardware support was going to be unavailable. The 2021 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 2021 budget does not include funding for storm sewer improvements, as there has not been an area identified 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 2021 budget incorporates improvements at the Municipal Office Building for carpet replacement in the Police Department and elevator modernization improvements. The elevator modernization improvement is due to the elevator being beyond its serviceable life without the ability to find replacement parts, so any major outage or repair job would require the elevator to be shut down indefinitely.

Additionally, the 2021 budget includes improvements at the Lone Tree Arts Center, which include a video system control rebuild and main stage house light LED conversion.

## 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 2021 budget does not include funding for such improvements but has 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 2021 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 prioritizes streets that need improvements based on their structural quality and according to the remaining life of the street. A pavement assessment was completed during 2020 to help the City prioritize the roads that are most in need of repair. In 2021, 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 2021 budget includes replacing the existing traffic signal span wire at Yosemite Street and County Line Road, due to the age of the span wire and the associated significant maintenance costs each year.



Photo taken in 2020 - RidgeGate Parkway Expansion Project

# 4

## CAPITAL & DEBT

# 2021 ASPHALT OVERLAY PROGRAM

<b>Category</b>	Roads	<b>Project Sponsor</b>	City of Lone Tree
<b>Project Name</b>	2021 Concrete Replacement/ Asphalt Overlay	<b>Project Management</b>	City of Lone Tree Public Works
<b>Location(s)</b>	Lincoln Ave (City Limits to I-25) & Crooked Stick Trail	<b>Total Project Cost</b>	\$2,600,000
<b>Estimated Start Date</b>	May 2021	<b>2021 Estimated Cost</b>	\$2,500,000
<b>Estimated End Date</b>	October 2021	<b>City of Lone Tree Cost</b>	\$1,675,000

### PROJECT DESCRIPTION

The project includes the mill and overlay of Lincoln Avenue from the western city limits to I-25. Damaged concrete along this path, including curb and gutter, sidewalk, and crosspans, will also be replaced as part of this project.

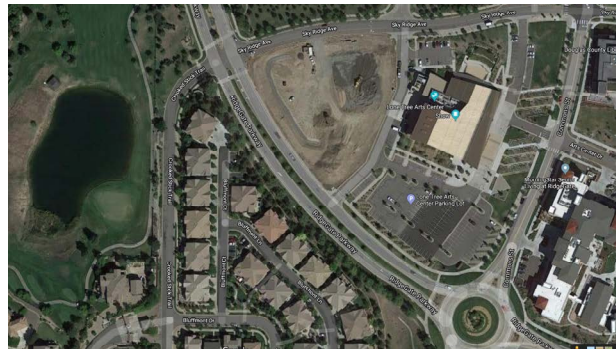
This activity has the following subtasks:

- Damaged concrete replacement
- Asphalt milling and resurfacing
- \$350,000 to be used for Asphalt Overlay and Roadway Widening of Crooked Stick Trail

### BENEFITS

The 2020 City Wide Pavement Assessment performed in May 2020 prioritized the streets in accordance with a pavement condition index (PCI). Lincoln Avenue from the western city limit to I-25 is currently rated with an PCI of 32-53, which is considered 'poor.' Crooked Stick Trail is also in poor condition based on PCI ratings generated in 2020. This project was anticipated to be performed in 2020, however the project was deferred as a result of impacts on City revenues due to the COVID-19 pandemic.

### PROJECT LOCATION



Crooked Stick Trail (Ridgegate Parkway South to just north of Bluffs Regional Park Parking lot)

When pavement conditions indexes get below 56, into the poor condition category, the rate of deterioration increases thus making the timeframe between fair and failing short. The cost for replacing failed pavement, as compared to milling and overlaying pavement, in fair condition or better, is approximately 4 times more expensive. It is recommended in order to prevent this increased cost to proceed with this overlay project in 2021 as to not incur additional replacement costs.

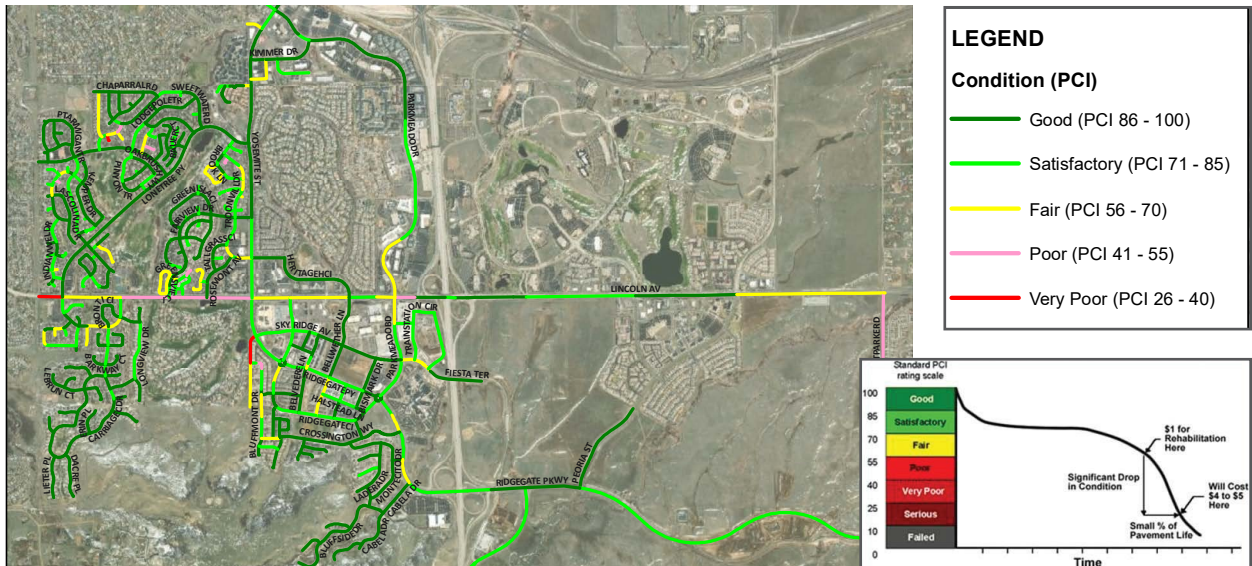
**FINANCIAL SUMMARY PHASE 2B**

	Prior Funding	2021 Budget	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	TOTAL
<b>EXPENDITURES</b>							
Planning/Design	\$ 100,000	Completed					\$ 100,000
Construction		\$2,500,000					\$2,500,000
<b>TOTAL</b>	<b>\$ 100,000</b>	<b>\$2,500,000</b>					<b>\$2,600,000</b>
<b>FUNDING SOURCES</b>							
Park Meadows Metro District		\$ 500,000					\$ 500,000
Heritage Hills Metro District		\$ 25,000					\$ 25,000
Omni Park Metro District		\$ 25,000					\$ 25,000
Rampart Range Metro District		\$ 225,000*					\$ 225,000*
Douglas County		\$ 150,000**					\$ 150,000**
City of Lone Tree	\$ 100,000	\$ 1,575,000					\$ 1,675,000
<b>TOTAL</b>	<b>\$ 100,000</b>	<b>\$2,500,000</b>					<b>\$2,600,000</b>

\* Rampart Range Metropolitan District has a 1 mill pledge to the City for regional improvements annually. Projects like repaving Lincoln Avenue are an example of how these contributions are used each year.

\*\* Contribution from Douglas County for work related to Crooked Stick Trail to increase access to the Bluffs regional park.

**PROPOSED CAPITAL IMPROVEMENT PROGRAM**





# 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. The revenue bond coverage for the Park and Recreation Improvement Bonds are listed below for 2019 actuals, 2020 estimated and 2021 projected amounts. In addition, the estimated 2021 ending fund balance for the Park and Recreation Improvement fund is \$1,203,703.

	Gross Revenue	Operating Expenses	Available for Debt Service	Principal Payment	Interest Payment	Total	Coverage
2019 Actual	\$ 1,391,091	\$400	\$ 1,390,691	\$ 855,000	\$196,600	\$ 1,051,600	132%
2020 Estimated	\$1,009,095	\$600	\$1,008,495	\$900,000	\$179,500	\$1,079,500	94%
2021 Projected	\$ 1,072,487	\$600	\$ 1,071,887	\$ 940,000	\$152,500	\$1,092,500	99%

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. The revenue bond coverage for the Arts and Cultural Improvement Bonds are listed below for 2019 actuals, 2020 estimated and 2021 projected amounts. In addition, the estimated 2021 ending fund balance for the of Arts and Cultural Improvement fund is \$1,235,480.

	Gross Revenue	Operating Expenses	Available for Debt Service	Principal Payment	Interest Payment	Total	Coverage
2019 Actual	\$2,066,778	\$600	\$2,066,178	\$1,325,000	\$ 296,000	\$1,621,000	127%
2020 Estimated	\$ 1,501,569	\$600	\$1,500,969	\$1,385,000	\$ 243,000	\$1,628,000	93%
2021 Projected	\$ 1,599,973	\$600	\$ 1,599,373	\$1,495,000	\$ 187,600	\$1,682,600	95%

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

# 4

## CAPITAL & DEBT

### DEBT & DEBT SERVICE SCHEDULES

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 below, as well as a description of the debt obligations.

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

Year	Principal	Interest	Total
2021	940,000	152,500	<b>1,092,500</b>
2022	1,020,000	105,500	<b>1,125,500</b>
2023	1,090,000	54,500	<b>1,144,500</b>
<b>TOTAL</b>	<b>\$3,050,000</b>	<b>\$312,500</b>	<b>\$3,362,500</b>

**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
Bond Rating	AA+
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
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
<b>TOTAL</b>	<b>\$ 4,815,000</b>	<b>\$379,200</b>	<b>\$5,194,200</b>

**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
Bond Rating	AA+
Debt Limit	Not Applicable
Payoff Date	December 1, 2023
Paying Agent	UMB Bank Trust Operations

DEPARTMENTAL  
INFORMATION

5

# 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.

#### 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.

#### ETHICAL STANDARDS:

##### STEWARDSHIP

We will effectively oversee and safeguard our resources.

##### HONESTY

We will conduct ourselves in a straightforward and truthful manner.

##### ACCOUNTABILITY

We will be conscientious and trustworthy in our actions.

##### RESPONSIBILITY

We will meet our obligations and commitments.

##### ENGAGEMENT

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.

#### 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

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### 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

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### 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 2020 and goals for 2021 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

	2019	2020	2021
<b>City Manager's Office</b>			
City Manager	1.00	1.00	1.00
Deputy City Manager	1.00	1.00	1.00
Economic Development Director	1.00	1.00	1.00
Administrative Services Director	1.00	1.00	1.00
Assistant City Manager	1.00	1.00	1.00
Communications Manager	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Management Analyst *	1.00	1.00	1.00

#### Administrative Services Department

Human Resources	2.50	2.50	2.50
Information Technology	3.00	3.00	3.00
City Clerk	3.00	3.00	3.00

#### Finance

Finance Director	1.00	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	-	-
Budget and Revenue Analyst	-	1.00	1.00

#### Municipal Court

Court Clerk	2.00	2.00	2.00
Teen Court Coordinator	1.00	1.00	1.00

#### Community Development

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

#### Arts & Cultural

Administration	1.84	1.84	1.84
Programming	15.83	15.08	15.08
Marketing *	1.75	1.75	1.75
Development	2.33	2.33	2.33
Events *	1.00	2.00	2.00



## Police

	2019	2020	2021
Chief	1.00	1.00	1.00
Commander	3.00	3.00	3.00
Lieutenant	-	2.00	2.00
Sergeant	9.00	9.00	9.00
Corporal	8.00	8.00	8.00
Investigations	5.00	5.00	5.00
Patrol *	22.00	22.00	22.00
Community Resource Officers	2.00	2.00	2.00
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	4.00	4.00	4.00
Community Safety Officers	2.00	2.00	2.00
Victim Services	1.25	1.25	2.00
Administrative Assistant - Off-Duty Contracts	-	0.25	0.25

## Public Works

Director of Public Works and Mobility	1.00	1.00	1.00
Capital Projects Manager	1.00	1.00	1.00
City Engineer	1.00	1.00	1.00
Operations Manager	-	1.00	1.00
Field Manager	1.00	-	-
Field Inspector	1.00	1.00	1.00
Field Technician	1.00	1.00	1.00
Service Specialist	1.00	1.00	1.00
GIS Analyst	1.00	1.00	1.00
Traffic Signal Technician	1.00	1.00	1.00
Mobility Manager	1.00	1.00	1.00
Facilities Manager	1.00	1.00	1.00
<b>TOTAL</b>	<b>127.50</b>	<b>132.00</b>	<b>132.75</b>

**Note:** Position changes between 2019 and 2020 include two new Community Development positions (Planner I & Electrical Inspector), one new Arts Center position (Events and Rental Assistant), and a part-time Project Assistant in the Police Department for off-duty contract administration. The position change between 2020 and 2021 include the change of a part-time Victim Advocate position to a full-time position that is 95% grant funded. The City outsources legal.

\* A total of six positions were not filled in 2020 and remain at a hiring freeze to offset impacts on revenues as a result of the COVID-19 pandemic.

# 5

## DEPARTMENTAL INFORMATION

### ADMINISTRATIVE SERVICES

The Administrative Services Department includes two primary functions: Information Technology and Human Resources. 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.

#### 2020 HIGHLIGHTS:

##### Information Technology

- Trained, equipped and transitioned staff to remote work during COVID-19 enabling uninterrupted delivery of services with minimal loss of efficiency
- Implemented new remote support tool to provide service to remote workers allowing for virtual IT customer service and the protection of vulnerable individuals
- Transitioned to new City storage infrastructure improving reliability, reducing operational costs, streamlining backup operations and facilitating future cloud based archiving
- Completed Phase II of the cybersecurity assessment identifying network and business process vulnerabilities and employed concrete mitigation strategies

##### Human Resources

- Conducted a comprehensive update of the Operations Manual providing clarity, reducing redundancies and aligning the document with current practices
- Implemented a new Employee Assistance Program that provided expanded services to employees and /or family members
- Opened the Lone Tree City Store to support the consolidation of workplace culture and reinforce the City brand by allowing employees to purchase City branded items

- Updated the Employee Handbook providing clarity, reducing redundancies and aligning the document with law and current practices
- Transitioned HR paperwork from hardcopy to electronic versions in support of sustainability, remote work and adherence to pandemic best practices
- HR Manager certified in Emergenetics to assist employees in gaining greater self-awareness and promote team building in the organization

#### GOALS FOR 2021:

##### Our Innovative, Customer-Focused and Efficient City Government

- Consolidate all computer hardware budget to better manage the entire City's IT inventory
- Implement cloud-based phone solution to replace end-of-life equipment, increase capability, and meet the needs of the City's new remote work force
- Transition to a third-party support provider to reduce hardware support costs while maintaining operational reliability
- Revise and improve the performance review process to simplify it while aligning it more directly the City's big ideas and goals
- Establish a compensation philosophy and plan that clearly communicates the City's intent and provides clarity and transparency to staff
- Provide Emergenetics training to new staff and refresher sessions to assist employees in gaining greater self-awareness and promote team building in the organization
- Revise and improve the employment page on COLT website to clearly communicate the City's vision, mission and values and attract high quality applicants
- Offer creative and engaging wellness programs and employee appreciation activities to positively impact the workplace culture

EXPENDITURES	2020 Estimated Actuals	2021 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$ 567,299	\$ 564,789	(0.40%)
Information Technology	\$ 502,770	\$ 526,405	4.7%
Human Resources	\$ 118,039	\$ 97,000	(17.8%)
<b>TOTAL</b>	<b>\$1,188,108</b>	<b>\$1,188,194</b>	<b>0.0%</b>

The increase in Information Technology is due to additional software licenses for the Police Department, as well as moving software costs that were previously included in other departments. Human Resources decreases due to moving software cost to IT as well as a reduction in employee appreciation costs.



Photo taken in 2019 - Independence Day Celebration

# 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.

#### 2020 HIGHLIGHTS:

##### Organizational Leadership and Management

- Implemented the Emergency Operation and Continuity of Operations plans which facilitated the COVID-19 pandemic response
- Hosted a warming shelter Table Top Exercise defining partner capabilities and responsibilities
- Implemented safety warden training for COVID-19 and emergency response to better prepare staff for unforeseen circumstances
- Established Emergency Management and COVID-19 response portals to consolidate information facilitating the staff's rapid access to critical information
- Liaison to the Youth Commission as they presented recommendations on tobacco use to the City Council

##### Partnerships and Negotiations

- Supported major economic development projects including Kiewit Infrastructure, Cochlear Americas, Lockheed Martin, In-N-Out Burger, and RidgeGate East
- Commenced the Lone Tree Business Retention and Expansion (BRE) initiative, in collaboration with Denver South

- Completed east side parks and open space transfer, transferring over 400 acres of parks and open space to the City
- Participation in the State's sales tax simplification efforts and joined the states centralized portal for sales tax collection

##### Communications and Public Outreach

- Connected retailers, restaurants, and small business with COVID-19 resources including SBDC, OEDIT, Tri-County Health, Arapahoe/Douglas Works, financial service professionals, business grant programs, and PPP
- Supported the Douglas County COVID-19 variance requests and completed the successful Park Meadows Retail Resort gradual reopening plan
- Provided regional leadership role in the County's COVID-19 response
- Kept community and HOAs informed on COVID-19 updates and public health orders through a dedicated webpage, social media and targeted outreach
- Transitioned Timberlines, which has historically been printed and mailed to residents, to an electronic version and increased frequency to once a month and expanded reach to include businesses and visitors
- Hosted first-ever virtual Town Hall with Mayor Millet to address questions and concerns from the community regarding City's response to COVID-19
- Hosted a virtual HOA Summit with Mayor Millet and City Council to provide residents an update on impacts of COVID-19 on City's budgets and services
- Produced Lone Tree Feeds videos to help promote local restaurants during shutdown

## Economic Development

- Developed and implemented COVID-19 response initiatives to hasten restoration of standard operations while lessening short- and long-term health and economic impacts
- Coordinated & implemented Metropolitan District ordinance changes
- Launched the Lone Tree Business Alliance
- Provided economic support to Lone Tree businesses by promoting safe shopping and dining in the City via the Winter Cheer campaign and the distribution of outdoor dining igloos

## GOALS FOR 2021:

### Attracting and Growing Top-Tier Businesses and a Diverse Economy

- Execute the Lone Tree economic recovery and retail/office attraction plans
- Support development and redevelopment of business districts including Park Meadows, the Entertainment District, Sears Outlet, Lincoln Commons, and RidgeGate
- Establish and grow the Lone Tree Business Alliance

## Our Innovative, Customer-Focused and Efficient City Government

- Develop a hybrid Timberlines model that will provide a printed version one to three times a year, in addition to a monthly electronic version
- Continue to improve staff newsletter to further strengthen internal communications
- Produce series of videos to promote local businesses, budget messaging and economic recovery
- Revise the Natural Hazards Mitigation Plan and enroll in the Community Rating System to show the City's commitment to uphold high standards of flood mitigation and secure residents' discounts on the National Flood Insurance Program
- Conduct a Table Top Exercise for a high consequence multi-jurisdictional response scenario
- Revise Continuity of Operations Plan and conduct staff training on the plan
- Revisit and update the City's Strategic Plan
- Oversee community outreach and preparation in consideration for a 2021 election

EXPENDITURES	2020 Estimated Actuals	2021 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$1,043,189	\$1,038,152	(0.40%)
Dues & Memberships	\$ 124,823	\$ 125,379	0.45%
Community Support	\$ 61,433	\$ 69,450	13.1%
Communications	\$ 52,160	\$ 40,800	(21.8%)
Economic Development	\$ 79,671	\$ 95,000	19.2%
Legal	\$ 401,700	\$ 401,700	0.0%
Risk Management	\$ 448,450	\$ 466,308	4.0%
Miscellaneous	\$ 246,661	\$ 193,665	(21.5%)
<b>TOTAL</b>	<b>\$2,458,087</b>	<b>\$2,430,454</b>	<b>(1.1%)</b>

Community support shows an increase primarily due to City Boards and Commissions costs. Communications costs show a decrease in 2021 due to costs associated with the 25th Anniversary in 2020. Risk management shows an increase in 2021 due to an increase in annual insurance premiums. The decrease in miscellaneous costs is due to 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 that occurred in 2020.

# 5

## DEPARTMENTAL INFORMATION

# COMMUNITY DEVELOPMENT

The Community Development Department is comprised of three divisions: Planning, Building and Zoning Enforcement/City Forestry. This team of employees 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.

### 2020 HIGHLIGHTS:

- Provided remote building inspections and continued offering online submittal of building permit and electronic plan review to provide safe, uninterrupted services to residential customers and commercial projects including Kiewit, Schwab parking garage/commercial wrap, Cochlear, Lockheed-Martin, In-N-Out Burger, Pinnacle office building, The Retreat, RidgeGate Retail and Horizon Daycare
- Completed upgrades to Building permitting software, Accela, to improve the functionality of remote building inspections. Upgrades were made possible because of the shared technical support we receive through the IGA with South Metro Fire Rescue
- Assisted businesses with temporary relaxed sign policies, expedited temporary use permits and addressed property maintenance challenges due to impacts of COVID-19
- Coordinated, developed and maintained a comprehensive business database with GIS integration for use by the entire organization to quickly identify and communicate with businesses
- Developed a comprehensive online platform to enter and track growth projections for use across the organization
- Evaluated, drafted and proposed amendments to City subdivision regulations and planning fees intended to improve clarity and transparency, protect the City's financial interests, and better off-set costs associated with development review
- Processed the Shea Home preliminary plan for the Southwest Village, including extensive coordination and review of associated plans and materials
- Developed a new webpage specific to the east side to provide transparent, up to date information about the project and expanded opportunities for public review and comment

- Adapted to virtual Planning Commission meetings, developing new protocol and best practices for commissioner and public experience through the online platform
- Processed proposed land use applications including Tall Tales Ranch, RidgeGate Station Apartments, and a host of SIP amendments

**GOALS FOR 2021:**

**Building a Great Community Known for Exceptional Places**

- Successfully process the Shea Homes preliminary plan and associated applications and agreements to establish a foundation for phased build out of the project over the next several years

**Our Innovative, Customer-Focused and Efficient City Government**

- Initiate update to Chapter 16, Zoning Code
- Implement a proposed program for tree replacement at City facilities using staff and volunteers as part of an Arbor Day celebration
- Continue to provide uninterrupted, exceptional service and assistance to our residential and business customers

PERFORMANCE MEASURES	2017 Actuals	2018 Actuals	2019 Actuals	2020 Estimated	2021 Projected
Building Permits Issued	750	720	806	680	650
Building Inspections Conducted	5,720	4,691	4,279	4,200	4,000

EXPENDITURES	2020 Estimated Actuals	2021 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$ 935,352	\$ 988,213	5.7%
Planning	\$ 1,018	\$ 2,550	150.5%
Building	\$ 171,767	\$ 193,615	12.7%
Code Enforcement	\$ 2,061	\$ 2,980	44.6%
<b>TOTAL</b>	<b>\$1,110,198</b>	<b>\$1,187,358</b>	<b>7.0%</b>

The increase in salaries and benefits is due to having a Planner I position that was hired in June of 2020 for a full year. The increase in the planning division is due to restoring the planning commission budget to align with pre-pandemic historical trends. The increase in the building division is due to an increase in plan review and electrical inspections. All increases 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.

### 2020 HIGHLIGHTS:

- Presented most successful and popular 1st quarter of programs in LTAC history
- Continued LTAC's leadership commitment to diversity in programming by hiring and featuring a wide range of cultural and heritage artists
- Led and staffed two of the City of Lone Tree's most impactful community initiatives to date, Lone Tree Feeds and the Mask Project, as a response to COVID-19
- Created professional virtual programming streams to continue LTAC community impact program delivery
- Served as thought leaders and technical resources to theatres across a five-state region through the Rocky Mountain Arts Consortium
- Successfully created and exceeded the goal of an emergency \$180,000 fundraising campaign, inspiring the confidence and support of patrons and LTAC Fund board members
- Created alternative Independence Day celebration opportunities for residents
- Was the first theatre in the state of Colorado to reopen in summer 2020, after the shutdown due to COVID-19
- In response to COVID-19 restrictions, provided technical broadcast expertise and in-person support for all public City Council meetings

### GOALS FOR 2021 :

#### Creating Signature Cultural and Recreational Opportunities

- Activate the Arts Center as fully as possible all year long to retain the confidence and financial support of ticket buyers, rental clients, and donors
- Meet the needs of underserved communities through signature LTAC programs, no matter what the delivery method
- Gather the community together in celebration at signature City events
- Lead the cultural community in returning to "business as normal" as already demonstrated in 2020 as one of the few active theatres in the region



EXPENDITURES	2018 Estimated Actuals	2019 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$1,296,193	\$ 1,383,743	6.8%
Development	\$ 19,060	\$ 22,490	18.0%
Programming	\$ 388,494	\$ 616,550	58.7%
Marketing	\$ 109,254	\$ 275,700	152.3%
Administration	\$ 4,875	\$ 7,950	63.1%
Arts and Cultural	\$ 22,817	\$ 19,440	(14.8%)
Events	\$ 40,349	\$ 145,100	259.6%
Facilities	\$ 6,983	\$ 4,500	(34.1%)
<b>TOTAL</b>	<b>\$1,888,025</b>	<b>\$ 2,475,473</b>	<b>31.1%</b>

The increase in salaries and benefits is due to 2020 having furlough days for staff, as well as the reduced need of part time staff during 2020. Development costs increased due to an increase in donor relations to pre-pandemic historical trends. Programming costs increased due to an increase in contracted personnel for a full year of operations, as 2020 was abnormally low due to the COVID-19 pandemic related closure, as well as public gathering restrictions for the majority of the year. Marketing costs increased due to advertising, design, printing and postage costs based on a full year of operations. The budget for City events increased due to the cancellation of many City events in 2020 due to the COVID-19 pandemic.



Photo taken in 2019 - Independence Day Celebration

# 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.

#### 2020 HIGHLIGHTS:

- Updated the financial components of the Operations Manual
- Created cross-training manuals for business continuity purposes
- Implemented digital expense report process for City issued purchasing cards
- Updated City Council and City leadership on budget impacts due to COVID-19 on an ongoing basis to help drive budget decisions
- Developed 2020 Amended budget to reflect impacts of the pandemic
- Researched CARES Act funding eligible expenditures and successfully recommended additional uses
- Implemented procedures for COVID-19 related expense tracking and reimbursement
- Enrolled into State Sales Tax Collection Portal
- Developed and evaluated external audit services RFP and onboard new audit firm
- Collaborated with the departments to produce the 2021 budget

#### GOALS FOR 2021 :

##### Our Innovative, Customer-Focused and Efficient City Government

- Develop 15-year projection of revenues, expenditures and capital needs
- Continue participation in the GFOA Certificate of Achievement for Excellence in Financial Reporting and Distinguished Budget Presentation Award programs
- Develop internal budget policy document to assist staff with clear guidelines and goals
- Evaluate ways to increase online tax filings
- Develop policies and internal controls related to Single Audit requirements

EXPENDITURES	2020 Estimated Actuals	2021 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$561,854	\$619,178	10.2%
Financial Services and Audit	\$ 42,690	\$ 44,690	4.7%
<b>TOTAL</b>	<b>\$604,544</b>	<b>\$663,868</b>	<b>9.8%</b>

The increase in salaries and benefits is primarily due to an extended vacancy in 2020.

# 5

## DEPARTMENTAL INFORMATION

### POLICE 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), 10 civilian personnel, and 22 volunteers. The officers are distributed between multiple functions which include Patrol, Park Meadows Retail Resort Unit, Investigations Division, and Community Partnership 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. 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 73,825 hours of service since 2007 and their service has been invaluable to the department and the community.

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

#### 2020 HIGHLIGHTS:

- Continued implementation of Crime Free programs
- Renewed emphasis on community in engagement in Patrol
- Awarded a two-year VOCA Grant to hire a full time Victim Advocate
- Implemented improved Employee Wellness program
- Implemented the TEACH (Truthful, Encouraging, Accountable, Collaborative, Humility) vision and values
- Renegotiated intergovernmental agreement with Parker to stabilize costs related to dispatch services
- Began work on building a Culture of Fitness
- Conducted officer leadership, promotional preparation and oral board assessment training
- Completed review of policy manual
- Expanded roles of CSOs to include animal control
- Worked with e911 board to replace outdated failing radio repeaters at the Park Meadows sub-station
- COVID-19 related measures included:
  - Assisting with Lone Tree's mask-making project
  - Working with businesses to ensure compliance with orders
  - Community engagement through increased patrols, supporting community events and conducting drive by birthday celebrations for kids
  - Implementing safety precautions to prevent officer exposure
  - Collaborating with other Douglas County agencies throughout pandemic

- Senate Bill 217 related activity included:
  - Updated key policies to comply with SB217
  - Provided training to officers regarding SB217
  - Implemented Community Police Advisory Committee
  - Upgraded Axon cameras and Tasers to meet new SB217 directives
  - Restructured sworn positions to create two Lieutenant positions in order to increase night supervision and reduce liability
  - Provided interactive anti-bias and cultural diversity training
  - Increased transparency to the public

## GOALS FOR 2021 :

### Deep, Active Commitment to Public Safety

- Develop additional strategies to improve our community policing philosophy
- Actively participate in the Douglas County Community Response Team program

### Our Innovative, Customer-Focused and Efficient City Government

- Fully implement strategies to create a Culture of Fitness
- Develop a supervisor training program
- Conduct advanced training for officers in investigations, de-escalation, crisis response, and active shooter response



Photo taken in 2019 - Special Olympics Tip-A-Cop

PERFORMANCE MEASURES	2017 Actuals	2018 Actuals	2019 Actuals	2020 Estimated	2021 Projected
Accidents	1,160	1,058	846	534	1,068
Citations Issued	4,135	4,674	4,497	2,471	2,546

EXPENDITURES	2020 Estimated Actuals	2021 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$6,898,585	\$7,176,505	4.0%
Office and Administration	\$ 101,500	\$ 99,500	(2.0%)
Uniforms and Equipment	\$ 173,577	\$ 177,504	2.3%
Vehicles and Equipment	\$ 486,900	\$ 354,890	(27.1%)
General Equipment	\$ 80,780	\$ 26,616	(67.1%)
Intergovernmental Agreements	\$ 823,934	\$ 903,665	9.7%
Training, Recruitment & Testing	\$ 52,700	\$ 58,250	10.5%
Community Outreach & Misc.	\$ 16,235	\$ 25,745	58.6%
<b>TOTAL</b>	<b>\$8,634,211</b>	<b>\$8,822,675</b>	<b>2.2%</b>

The salary and benefits increase include one new full-time Victim Advocate position that is 95% grant funded, as well as the restructuring of two positions in the Police Department to create two Lieutenant positions with no impact to the overall employee count. This restructuring effort increases the number of night supervisors on the team for better service to the community and to reduce liability related to Senate Bill 217. The decrease in vehicles and equipment is due to the deferral of multiple vehicle purchases due to expense cuts related to the pandemic. General equipment decreased due to the upgrade of body camera and taser equipment in 2020 to meet the new Senate Bill 217 requirements. Intergovernmental agreements with the Town of Parker for dispatch services and evidence processing and storage increased as a result of no increase in the prior year. Finally, the increase in community outreach is due to community education related costs to bring budget in line with pre-pandemic costs.

# 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

#### 2020 HIGHLIGHTS:

##### Facilities

- Implemented a new facilities work request system to streamline the communication process and create efficiencies in maintenance
- Completed an RFP for custodial services for all City facilities

##### Engineering, Operations and Mobility

- Installed adaptive signal technology on 21 traffic signals within the City of Lone Tree along the Yosemite Street Corridor and began full operation of the system
- Completed the installation of a new warranted traffic signal and the related intersection improvements at Crooked Stick Trail and RidgeGate Parkway
- Completed the 2020 Transportation Asset Data Collection Project
- Updated the floodplain code in compliance with FEMA requirements
- Was successfully awarded a CDOT grant for two future traffic signal projects

- Was successfully awarded a DRCOG grant for future adaptive traffic signal technology on RidgeGate Parkway
- Completed Phase 1 and the major portion of phase 2 of the RidgeGate Parkway expansion project
- Completed the construction of the Park Meadows Drive Regional Pond upgrade
- Worked with In-N-Out burger restaurant to approve construction plans and a traffic mitigation plan for the grand opening
- Worked with Douglas County to apply for CDOT Revitalize and Safer Main Streets funding
- Worked in strong coordination with Shea Homes, and Coventry Development to create updated technical supplements and engineering standards for the Southwest Village development
- Re-directed available staff to assist with COVID-19 recovery efforts including:
  - Helped prepare detailed mapping services for Lone Tree Eats, critical businesses and other mapping needs
  - Assisted with employee and community well-being initiatives and mask making and distribution
  - Modified facility cleaning procedures and schedules to meet State and Local Guidance
- Worked with Mile High Flood district to improve numerous drainage ways within the City
- Worked to provide an emergency storm sewer lining project in coordination with the City of Centennial and Southeast Metro Stormwater Authority

#### GOALS FOR 2021:

##### Our Innovative, Customer-Focused and Efficient City Government

- Continue to update policies and procedures as needed to support the Public Works Department
- Continue to identify and apply for grants and partnering opportunities for capital projects

### Visionary Transportation Network

- Begin design of Acres Green Pedestrian and Bike Bridge
- Repave Lincoln Avenue from the City of Lone Tree westerly border to I-25
- Begin the 3-year Interchange study and analysis at I-25 and Lincoln Avenue
- Continue to operate Link On Demand in a manner that balances safety and demand

PERFORMANCE MEASURES	2017 Actuals	2018 Actuals	2019 Actuals	2020 Estimated	2021 Projected
Street Overlaid (miles)	7.90	14.97	7.43	-	7.43
Streets (miles)	160.76	160.76	161.10	165.00	175.00
Traffic Signals	49	50	53	54	56
Storm Drainage (miles)	43.12	43.36	43.36	44.50	48.00

EXPENDITURES	2020 Estimated Actuals	2021 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$1,166,017	\$1,180,263	1.2%
Consulting and Surveying	\$ 75,000	\$ 50,000	(33.3%)
Trash and Recycling Service	\$ 597,400	\$ 600,000	0.4%
Street Lighting	\$ 380,000	\$ 400,000	5.3%
Street Maintenance	\$ 710,000	\$ 730,000	2.8%
Snow Removal	\$1,200,000	\$1,150,000	(4.2%)
Traffic Signal Maintenance	\$ 175,000	\$ 157,000	(10.3%)
Signage/Striping	\$ 75,000	\$ 125,000	66.7%
Link On Demand	\$ 243,404	\$ 300,000	23.3%
Other Public Works Operations	\$ 296,800	\$ 441,800	48.9%
Facilities	\$ 859,450	\$ 945,050	10.0%
<b>TOTAL</b>	<b>\$5,778,071</b>	<b>\$6,079,113</b>	<b>5.2%</b>

The increase in salary and benefits costs for the Public Works Department is due to a full year of being fully staffed in 2021. The decrease in traffic signal maintenance is due to realigning the budget to historical trends. The increase in signage/striping is due to realigning the budget with pre-pandemic trends. The increase in Link On Demand is due to the service being temporarily discontinued for multiple months in 2020 due to the COVID-19 pandemic. The increase in other Public Works operations is primarily due to shifting drainage maintenance work from 2020 to 2021.

# 5

## DEPARTMENTAL INFORMATION

### CITY CLERK AND MUNICIPAL COURT

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.

#### 2020 HIGHLIGHTS:

##### City Clerk Accomplishments

- Adoption of amended language to Chapter 6 of the Lone Tree Municipal Code concerning liquor licensing and alcohol / marijuana regulations
- Administered the May 5, 2020 City Council Election
- Amended the following chapters as part of the comprehensive update of the Operations Manual: Chapter 9-Records Management; Chapter 11-Council Meetings and Agendas; Chapter 12-Commission, Boards & Committees
- Improved City records request process for customers and staff
- Appointments and Reappointments to City Commissions, Boards & Committees
- Amendments to the City Fee Schedule
- In response to 2019 legislation, the Municipal Court Clerks passed an audit and site visit from the State Office of Alternative Defense Counsel (OADC)
- Staff continued professional development by joining groups like Engaging Local Government Leaders and Colorado Women Leading Government
- Joined the Leadership Team of the Douglas County Healthy Youth Coalition
- Continued to innovate Teen Court processes

to improve program access for teens and their families

- In response to COVID-19
  - Shifted Council meeting processes to virtual meetings
  - Assisted Lone Tree restaurants with outdoor seating plans in response to State COVID-19 regulations
  - Communicated changing COVID-19 orders regarding liquor sales to our Lone Tree restaurants
  - Court Clerks settled numerous cases through pleas-by-mail
  - Staff continued to teach virtual classes as a board member of the Colorado Association for Municipal Court Administration (CAMCA)

#### GOALS FOR 2021:

##### Our Innovative, Customer-Focused and Efficient City Government

- Continue professional development for Clerk and Court staff through virtual trainings
- Continue to improve access to city records for the public and staff through the iCompass Document Center
- Improve training tools to help City Departments with better records management practices
- Continue to innovate processes for Teen Court and Municipal Court



PERFORMANCE MEASURES	2017 Actuals	2018 Actuals	2019 Actuals	2020 Estimated	2021 Projected
Number of Court Cases	1,913	1,748	1,432	908	1,250

EXPENDITURES	2020 Estimated Actuals	2021 Adopted Budget	Percent Change
Salaries/Wages/Benefits	\$ 484,794	\$ 488,427	0.7%
City Clerk	\$ 18,180	\$ 39,700	118.4%
Court	\$ 95,630	\$ 114,700	19.9%
<b>TOTAL</b>	<b>\$ 598,604</b>	<b>\$ 642,827</b>	<b>11.1%</b>

The increase for City Clerk is due to election costs related to the 2021 election. The increase for Court is due to administration and municipal judge costs, as well as teen court expenditures. The costs in 2020 were lower than historical costs due to Municipal Court being shut down for a period of time as a result of the pandemic and expense cuts due to COVID-19.



Photo taken in 2019 - 'It's Not Nothing' Teen Court Event

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APPENDIX

6

## GLOSSARY OF TERMS

## 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

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**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

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**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

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**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

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**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.

## I - L

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**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

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**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

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**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.

## R

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**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

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**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

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**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

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**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.

## 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



## CAPITAL RESERVES 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**

## 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 or 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

## 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

# 6

## APPENDIX

# BRICK FENCE REPLACEMENT RESERVE

SUBJECT: **Brick Fence Replacement Reserve**

CAP#: 18-04

ISSUE DATE: December 18, 2012

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**



# CULTURAL & COMMUNITY SERVICES FUND— FUND BALANCE RESERVE POLICY

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.

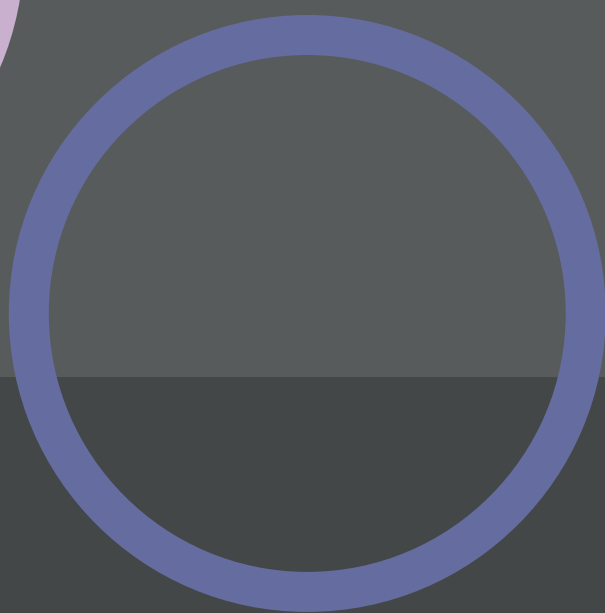
## POLICY REVIEW

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**

*Jay Robb*  
**Attest: Jay Robb, City Clerk**



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