



City of Loveland, Colorado

2017 Comprehensive Annual Financial Report



City of Loveland, Colorado

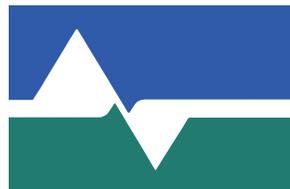
Comprehensive Annual Financial Report

For the fiscal year ended
December 31, 2017

Submitted by
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Finance Director - Brent Worthington

Prepared by the
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Introduction

This section contains the Letter of Transmittal, City Organizational chart, list of City Officials, and the Certificate of Achievement.



CITY OF LOVELAND

FINANCE DEPARTMENT

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(970) 962-2318 • FAX (970) 962-2900 • TDD (970) 962-2620

June 5, 2018

Honorable Mayor, Members of the City Council and Citizens of the City of Loveland, Colorado

The Comprehensive Annual Financial Report for the year ended December 31, 2017, is hereby respectfully submitted. State law requires that every general purpose local government publish within six months of the fiscal year end (fiscal year is the calendar year by Charter) a complete set of audited financial statements. The City's Charter requires an annual audit performed by a certified public accounting firm selected by the City Council. This report is published to fulfill these requirements.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Rubin Brown, LLP, Certified Public Accountants, have issued an unqualified opinion ("clean opinion") on the City of Loveland's financial statements for the year ended December 31, 2017. The Independent Auditors' Report is located behind the Section 2: Financial tab of this report.

Management Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Loveland, incorporated in 1881, is located approximately 50 miles north of Denver, directly east of the Big Thompson River's emergence from the Front Range of the Rocky Mountains. Situated in southeastern Larimer County, the City limits encompass 35.32 square miles and an estimated current population of 75,655 representing approximately 31,922 households.

The City operates as a home rule city and as a council-manager form of government under the provisions of a City Charter and local ordinances. Council is comprised of nine members. The City is divided into four representation wards. There are two council members from each of those wards that serve staggered four-year terms and a Mayor elected at large that serves a two-year term. The Mayor runs the City Council meetings and has an equal vote.

The City of Loveland is a full service organization including electric power services and solid waste/recycling services. Services also include water, wastewater, golf courses, storm water, police, library, culture (museum, theater, Arts in Public Places, programming), parks and recreation, cemetery, maintenance and construction related to transportation, transit (COLT), development services, and a variety of support services. The Loveland Fire Rescue Authority provides services mainly to the City. The City jointly operates and maintains the Northern Colorado Regional Airport with the City of Fort Collins, Colorado. A separate report is issued for that operation which includes federal grant requirement compliance and passenger facility charge reporting. All governing and reporting relationships are disclosed in the footnotes to the financial statements.

The budget is required to be submitted to City Council by the first Tuesday of October each year. It is required to include the capital improvements for the budget year plus an additional four years, however, a 10-Year capital improvement program is included. It must provide a complete financial plan for the City in a format acceptable to City Council. Except as otherwise provided by the Charter, the proposed budget must be prepared in accordance with the State statutes establishing the local government budget laws and the local government uniform accounting

laws. A public hearing is required and two readings of applicable budget ordinances, followed by a majority “yes” vote by City Council, adopts the budget, setting the appropriation for the year at the fund level. Any supplemental appropriations must be approved using the same procedures outlined above for the original adoption of the budget. Currently, departments have the flexibility, with the appropriate approvals, to move money between divisions within the same accounting fund. However, any funding moved between accounting funds requires a supplemental appropriation, public hearing and two readings of the ordinance.

Local Economy

Major employers in the City include the school district, several technology companies, a discount store distribution center, and the healthcare industry. There are two hospital facilities and several substantial medical office facilities. Most of the economic models indicate that the healthcare sectors of the economy are growing more rapidly than the rest of the economy.

Overall, the local economy has returned to pre-recession levels. According to Colorado Department of Labor and Employment data, the local unemployment rate at the end of 2017 was 2.8%, slightly higher than the 2016 rate of 2.6%

The continuation of the economic recovery depends heavily on job growth. We suspect that there may still be many people who are under-employed, where they are overqualified for the jobs they currently hold. Anecdotally, we have heard that many people stay in the area even after their employment status changes due to the extraordinary quality of life and natural resources in the area. Council has continued to give economic and business development policies and programs to retain and expand jobs as one of their highest priorities, along with investment in infrastructure.

Similar to 2016, 2017 brought continued recovery from the flood event of September 2013. Total recovery expenditures as of December 31, 2017 were \$36,801,214 (total costs are estimated to be \$38.8 million). Recovery from the flood damage will continue through 2018 and beyond. The City will continue to be reimbursed for much of these costs through the Federal Emergency Management Agency, the State of Colorado Division of Homeland Security and Emergency Management, the City’s insurer, the Federal Highway Administration, and other disaster relief granting entities. It is important to note, however, that the City has a 12.5% match for all FEMA and State reimbursements; 20% match for Federal Highway Authority grants; and a \$200,000 insurance deductible.

Long-Term Financial Planning

The City of Loveland prepares a 10-Year Financial Master Plan and Capital Improvement Plan with the operational impact of the capital projects linking the two plans together. They are dynamic documents, updated at least annually. The City’s target is to meet all anticipated expenditure obligations and reserve targets leaving resources that flow through to the next year within the first five years.

As we moved through 2017, several indicators suggest cautious optimism:

- Sales tax collections over the same months last year were higher in 11 of 12 months, and finished with total collections 4.1% above 2016.
- The City budgeted for 5.0% growth in the 2017 Revised forecast over 2016 Actuals; actual sales tax collections came in at -0.9% of budget. 2012, 2013, and 2014 saw sales tax increases over prior year of 7.10%, 6.75%, and 6.75% respectively. 2015, 2016, and 2017 saw sales tax increase over prior year of 3.13%, 4.59%, and 4.13%. So, the most recent three years of actuals sales tax growth has been considerably lower than the three years prior to that. For 2018, it is currently forecast that 2018 sales tax will be 3.5% higher than 2017 Actuals.
- Building activity in both the residential and commercial/industrial sectors showed continued growth in 2017. 645 housing permits were pulled for single-family, duplex, and multi-family units, 13.8% higher compared to 2016. 600 housing permits are currently projected for 2018, an increase of 5.8% over 2017.

However, the 10 Year Financial Master Plan shows reason for concern, as the projected Unassigned Fund Balances in upcoming years appear to be insufficient to fund the complete 10 Year Capital Plan. (The Financial Master Plan does demonstrate the ability to cover General Fund Operating Expenses). Management and Staff will re-evaluate the Capital Projects budget and make the necessary amendments to preserve Unassigned Fund balance at an acceptable level.

The Financial Master Plan revenue projections for future years are purposely developed in a conservative manner, which sets the parameters for resources available to deliver services. The basic revenue assumptions in the Plan are continued growth in sales tax collections, property tax growth slowly returning to historic growth rates; and improvement in the building sector over the near term.

Major Initiatives

Four major capital projects were completed in 2017: the FEMA Alternative Solar Field and Substation at \$5.1 million and \$3.7 million respectively, as well as Open Land acquisitions of \$3.5 million and Longview Trail at \$1.2 million.

Three major projects continued in 2017: Wastewater Treatment Plant Extension – budgeted at \$40.1 million with a cost-to-date of \$12.1 million; Windy Gap Firing Project – budgeted at \$61.2 million with a total cost-to-date of \$4.7 million; and the Foundry Project – budgeted at \$18.1 million with a total cost-to-date of \$9.3 million.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Loveland, Colorado for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016. This was the thirty-seventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for 2017. It is the thirty-third consecutive year that the City will have received the budget presentation award. In order to qualify for the Distinguished Budget Presentation Award, the City’s budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Preparation of a CAFR is a complex task and one that requires considerable expertise and experience. More importantly, the ongoing maintenance and reporting of the City’s financial condition at the level to which Loveland has been accustomed to requires professionalism and dedication. The City is fortunate to have a very talented accounting staff willing to undertake these efforts year after year. We express sincere thanks to the entire accounting staff of the City, while Accounting Manager Joyce Robinson deserves particular recognition for her efforts in preparing representative financial statements. We would also like to express appreciation to the independent certified public accounting firm, Rubin Brown, LLP for not only their professionalism extended to our staff as they conducted their audit engagement, but also for their guidance and technical assistance.

Finally, we would like to express our gratitude and appreciation to the members of the Loveland City Council, the Citizens Finance Advisory Commission, the City Manager’s Office and City departments for their policy guidance which is contained in this document. As the governing body, your commitment to ensure accurate and reliable financial accounting and reporting systems establishes an environment which influences all other decisions made. We are very proud to convey the City Council’s commitment to excellence to our citizens and all readers of the Fiscal Year Ending 2017 CAFR.

Respectfully Submitted,

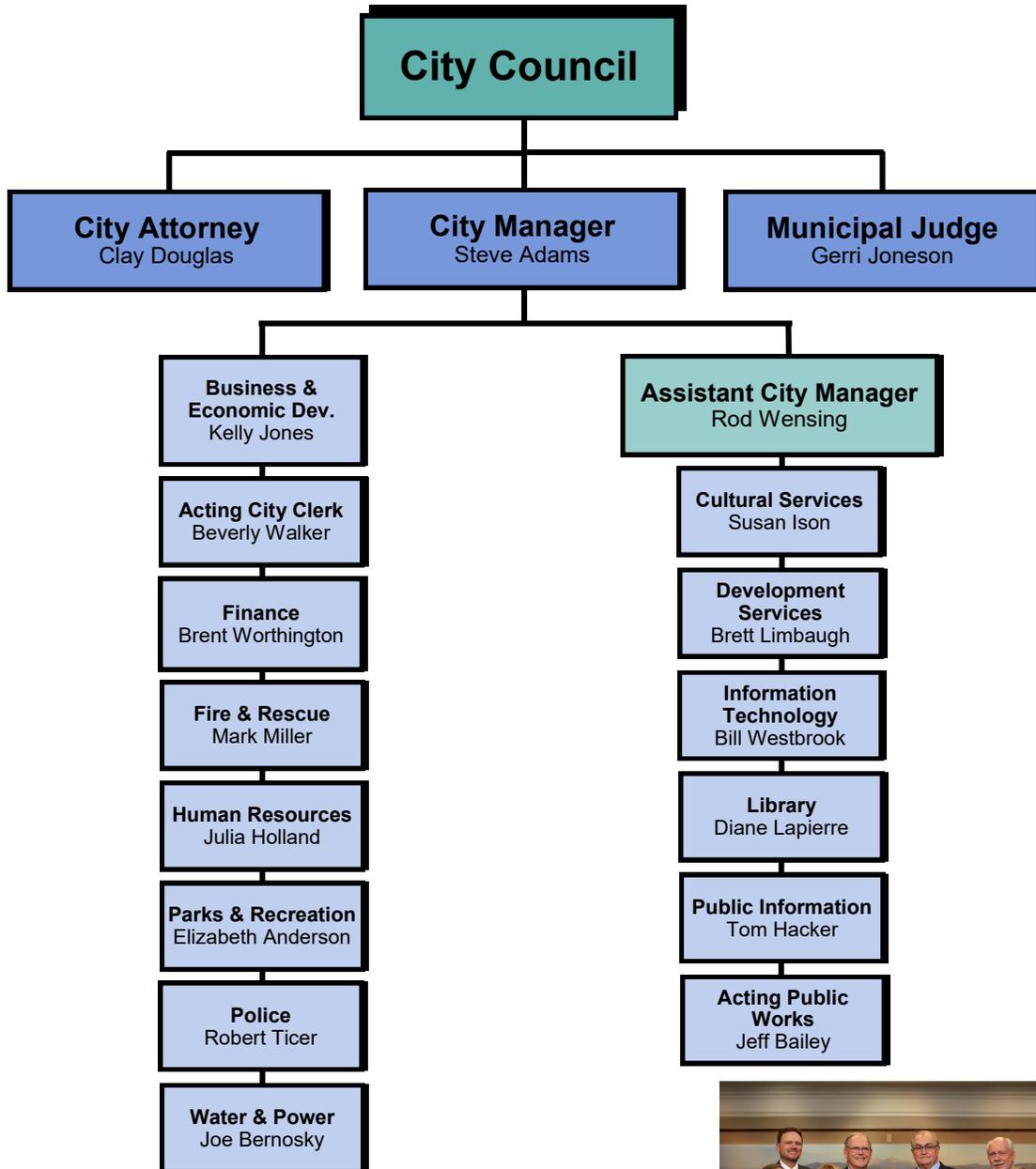


Stephen C. Adams
City Manager



Brent Worthington
Finance Director

CITY OF LOVELAND ORGANIZATIONAL CHART 2017



Front Row: Don Overcash, Leah Johnson, Mayor
Jacki Marsh, Kathi Wright, Richard Ball
Back Row: Jeremy Jersvig, Steve Olson, John
Fogle, Dave Clark





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Loveland
Colorado**

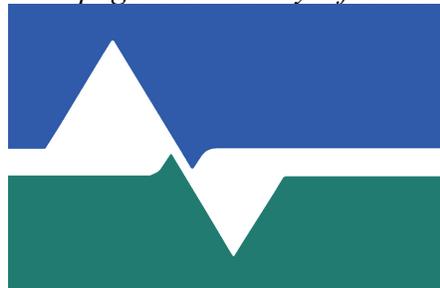
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

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Cover Photo Credit: Freeman Photography

Financial

This section contains the auditors' report, management discussion and analysis, the basic financial statements with related footnote disclosures, required supplementary information and other supplemental information.



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Independent Auditors' Report

Honorable Mayor and Members
of the City Council
City of Loveland, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Loveland, Colorado (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matter

As discussed in Note 13, the City restated capital assets, accumulated depreciation, depreciation expense and the change in net position as a result of physical counts and reconciliations of capital assets for the Water, Wastewater and Storm Water funds in the December 31, 2016 financial statements. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of contributions, schedule of changes in the plan's net pension liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules; the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance); the Local Highway Finance Report and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RubinBrown LLP

June 5, 2018

Management Discussion & Analysis

Our discussion and analysis of the City of Loveland's financial performance provides an overview of the City's financial activities for the year ended December 31, 2017.

Major Initiatives and Impacts

2017 saw the continuation of three major capital projects:

Wastewater Treatment Plant Expansion: Required to implement regulatory changes, capacity needs and aging infrastructure. Includes a complete renovation of the existing anaerobic digester complex. Budget- \$40.1 million; 2017 cost-to-date- \$12.1 million.

Windy Gap Firming Project: A collaboration between 12 Northeastern CO water providers to improve the reliability of the 1985 Windy Gap Project which is operated by Northern Water's Municipal district. The firming project proposes to build a new East Slope reservoir called Chimney Hollow to provide dedicated storage to supply a reliable 30,000 acre-feet of water each year for future generations. The reservoir will be immediately west of the existing Carter Lake in southern Larimer County. Budget- \$61.2 million; 2017 cost-to-date- \$4.7 million.

The Foundry Project: The City invested \$4.8 million in land and property acquisition in the southern part of Loveland's downtown area to be used in a major urban renewal project. Demolition of existing structures and site preparation occurred in 2016; 2017 construction costs-to-date were \$9.3 million. Under the terms of the agreement with Brinkman Partners the City will invest \$17.7 million in public improvements, including the parking structure and a public plaza. Funding for the \$17.7 million: \$3 million in cash and \$14.7 million funded by Certificates of Participation. The City will provide an additional \$2.2 million over ten years as an incentive for the movie theater.

Large capital projects completed in 2017:

- FEMA Alternative Project-Solar Field: \$5.1 million
- FEMA Alternative Project-Substation: \$3.7 million
- Open Land Acquisitions: \$3.5 million
- Longview Trail: \$1.2 million

Impacts of 2013 Flood:

On September 11, 2013, extended steady rainfall caused extensive flooding throughout northern Colorado, including the Big Thompson River, which flows through the City of Loveland. Due to zoning changes that were brought forward by the City in the late 1970's (in response to the flood in 1976), residential and commercial development in the flood zone was prohibited; however, damage to City Facilities was extensive.

Two significant flood-related projects will carry into 2018:

- Viestenz-Smith Mountain Park: Budget- \$4.2 million; 2017 cost-to-date- \$3.3 million
- Railroad Avenue Reconstruction Budget- \$5.6 million; 2017 cost-to-date- \$609K

Costs for these projects will be reimbursed in large part by FEMA, the State of Colorado, and the Federal Highway Authority, however the City was required to fund all flood response and recovery projects out of cash on hand. The State of Colorado, who is administering the funds for FEMA, holds 10% of all projects reimbursable expenses until they are closed out by FEMA. The City has met this withholding percentage on all of our projects except for a few small projects. The 10% and the small few projects that have not hit that withholding percentage yet, will be paid when the project is closed out by FEMA. As of December 31, 2017, the City incurred recovery expenses of \$36,801,214, and received total reimbursements of \$27,567,432, broken out as follows:

FEMA	\$17,795,436
Insurance	\$7,304,825
Other	\$2,467,171

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those

outside of the government. This information should be read in conjunction with the Letter of Transmittal and the City's financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances: "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. The City's net position—the difference between assets and liabilities—is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. There are other non-financial factors, however, that affect the overall health of the City, such as changes in the City's property tax base and the condition of the City's roads.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental Activities**—Most of the City's basic services are reported here, including general administration, police, fire, parks & recreation, community services, public works, library and cultural services. Sales taxes, property taxes, franchise taxes, user fees, fines, and intergovernmental revenue including state and federal grants finance most of these activities.
- **Business-Type Activities**—The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's power, water, wastewater, storm water, solid waste collection, and golf operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like Capital Expansion Fees). The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- **Governmental Funds**—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental Fund information can be used to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between Governmental Activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds in a reconciliation at the bottom of the fund financial statements.
- **Proprietary Funds**—When the City charges customers for the services it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's Enterprise Funds are the same as the Business-Type Activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

The City as a Trustee

Reporting the City's Fiduciary Responsibilities

All of the City's fiduciary activities are reported separately from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The City As A Whole

As previously noted, net position may serve over time as a useful indicator of a government's financial position. In the City of Loveland's case, assets exceeded liabilities by \$1,054,946,120 as of December 31, 2017.

Net Position

Combined net position of the City of Loveland at December 31, 2017 were as follows:

CITY OF LOVELAND, COLORADO STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2017	2016	2017	2016	2017	2016	
Current and other assets	\$ 182,848,324	\$ 167,195,818	\$ 111,205,927	\$ 108,651,298	\$ 294,054,251	\$ 275,847,116	6.6 %
Capital assets	379,748,116	352,854,699	476,501,564	453,005,017	856,249,680	805,859,716	6.3 %
Total Assets	562,596,440	520,050,517	587,707,491	561,656,315	1,150,303,931	1,081,706,832	6.3 %
Deferred Outflow of Resources	245,978	242,331	-	-	245,978	242,331	1.5 %
Total Assets and Deferred Outflows of Resources	562,842,418	520,292,848	587,707,491	561,656,315	1,150,549,909	1,081,949,163	6.3 %
Long-term liabilities	24,815,202	9,222,648	14,811,242	14,953,974	39,626,444	24,176,622	63.9 %
Other liabilities	14,748,036	11,566,882	16,782,189	17,297,399	31,530,225	28,864,281	9.2 %
Deferred Inflows of Resources	24,447,120	21,205,384	-	-	24,447,120	21,205,384	15.3 %
Total Liabilities and Deferred Inflows of Resources	64,010,358	41,994,914	31,593,431	32,251,373	95,603,789	74,246,287	28.8 %
Net Position:							
Net investment in capital assets	370,968,085	349,269,785	463,351,560	439,794,339	834,319,645	789,064,124	5.7 %
Restricted- Nonspendable	1,162,585	1,084,779	-	-	1,162,585	1,084,779	7.2 %
Restricted	41,041,716	18,804,597	44,650,171	38,620,559	85,691,887	57,425,156	49.2 %
Unrestricted	85,659,674	109,138,773	48,112,329	50,990,044	133,772,003	160,128,817	(16.5)%
Total Net Position	\$ 498,832,060	\$ 478,297,934	\$ 556,114,060	\$ 529,404,942	\$ 1,054,946,120	\$ 1,007,702,876	4.7 %

As of December 31, 2017, the City is able to report positive balances in all three categories of net position, both for the City as a whole and the separate Governmental and Business-Type Activities. The same situation held true for the prior fiscal year.

The \$294,054,251 current and other assets include \$225,731,995 in cash and investments. The restricted balance of cash and investments is \$53,253,417 for acquisition or construction of future capital assets.

The largest portion of the City's total net position (81%) is the investment in capital assets (land, buildings, improvements, equipment, etc.); less related outstanding debt used to acquire those assets. The City of Loveland uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, primarily future revenue.

The City does not have a significant level of long-term debt. Long-term debt reported in the Governmental Activities is Certificates of Participation of \$15,900,000, compensated absences of \$4,757,727, and oversizing agreements of \$2,808,389. Long-term debt in the Business-Type Activities includes compensated absences of \$1,661,242 and water and wastewater bonds of \$12,600,000 and \$550,000 respectively.

Changes In Net Position

Revenues and transfers in 2017 of \$276,976,054 exceeded program expenses of \$233,660,923 for an increase in net position of \$43,315,131. This increase includes \$25,997,294 from contributed assets and revenue restricted for capital spending. The remaining \$17,317,837 represents the amount of on-going revenues and additional revenues from rate

increases exceeding operating expenses. Descriptions of significant activities for Governmental and Business-Type follow the next table.

**CITY OF LOVELAND, COLORADO
CHANGES IN NET POSITION**

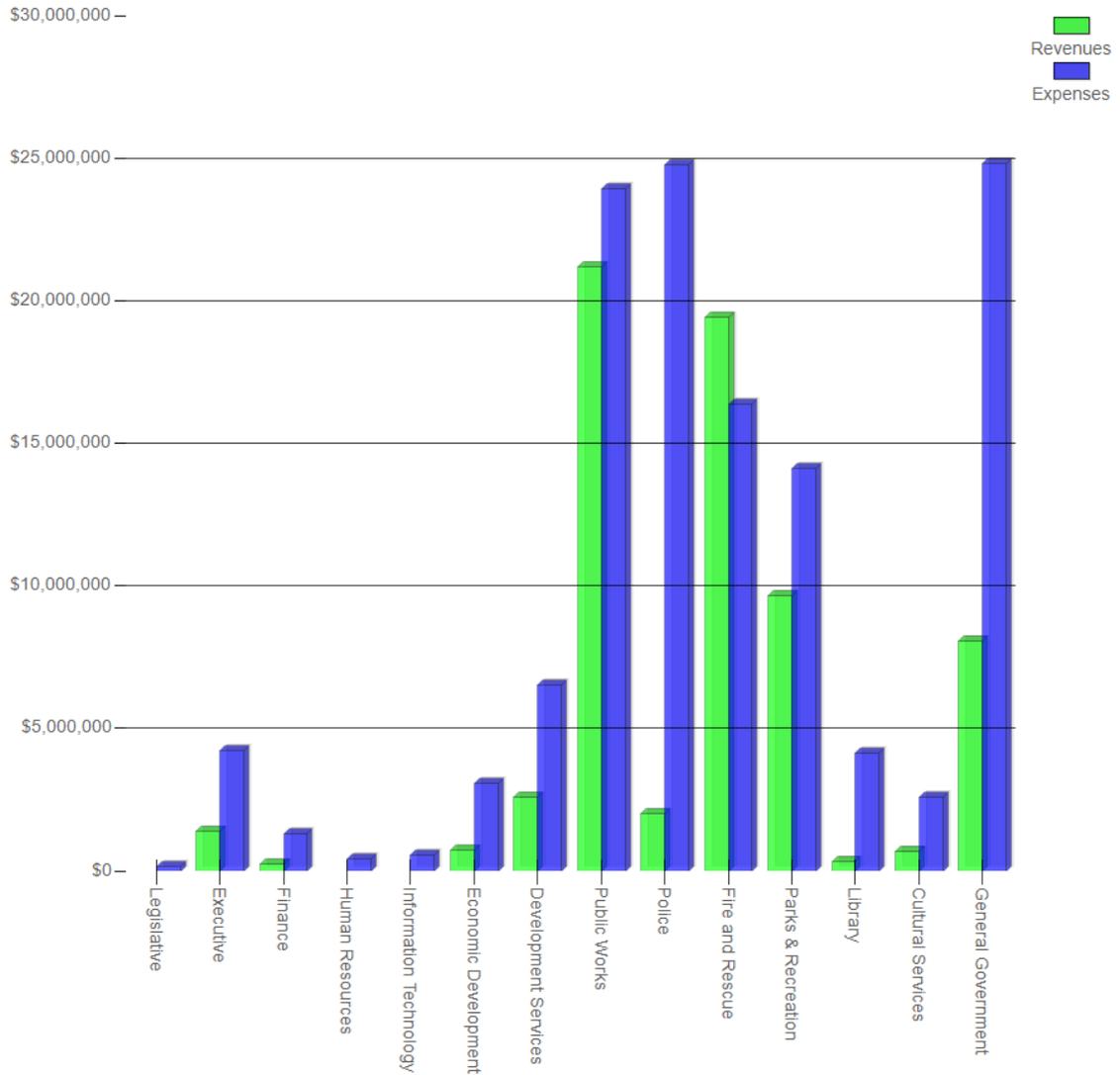
	Governmental		Business-Type		Total		Total % of Change
	Activities		Activities				
	2017	2016	2017	2016	2017	2016	
Program Revenue							
Charges for service	\$ 30,470,760	\$ 24,649,570	\$ 109,908,836	\$ 102,586,603	\$ 140,379,596	\$ 127,236,173	10.3 %
Operating							
grants/contributions	22,130,784	18,282,481	275,738	211,522	22,406,522	18,494,003	21.2 %
Capital grants/contributions	13,680,064	21,755,995	17,720,613	22,466,304	31,400,677	44,222,299	(29.0)%
General Revenues:							
Property Taxes	21,680,942	20,904,830	-	-	21,680,942	20,904,830	3.7 %
Sales and Use Taxes	54,481,516	50,527,501	-	-	54,481,516	50,527,501	7.8 %
Franchise and Other Taxes	4,216,750	3,010,143	-	-	4,216,750	3,010,143	40.1 %
Investment Earnings	1,373,292	589,669	1,005,237	546,251	2,378,529	1,135,920	109.4 %
Other	31,522	170,947	-	-	31,522	170,947	(81.6)%
Total Revenues	148,065,630	139,891,136	128,910,424	125,810,680	276,976,054	265,701,816	4.2 %
Program Expenses:							
Legislative	159,913	151,146	-	-	159,913	151,146	5.8 %
Executive	4,216,699	2,199,258	-	-	4,216,699	2,199,258	91.7 %
Finance	1,295,259	1,846,402	-	-	1,295,259	1,846,402	(29.8)%
Human Resources	420,729	358,285	-	-	420,729	358,285	17.4 %
Information Technology	556,131	983,766	-	-	556,131	983,766	(43.5)%
Economic Development	3,090,713	4,046,522	-	-	3,090,713	4,046,522	(23.6)%
Development Services	6,509,167	7,391,751	-	-	6,509,167	7,391,751	(11.9)%
Public Works	23,931,894	22,454,121	-	-	23,931,894	22,454,121	6.6 %
Police	24,783,280	21,508,676	-	-	24,783,280	21,508,676	15.2 %
Fire & Rescue	16,365,941	13,968,518	-	-	16,365,941	13,968,518	17.2 %
Parks & Recreation	14,103,788	14,149,386	-	-	14,103,788	14,149,386	(0.3)%
Library	4,123,625	3,598,465	-	-	4,123,625	3,598,465	14.6 %
Cultural Services	2,600,450	2,522,341	-	-	2,600,450	2,522,341	3.1 %
General Government	24,815,615	24,003,139	-	-	24,815,615	24,003,139	3.4 %
Water	-	-	16,075,296	15,666,363	16,075,296	15,666,363	2.6 %
Wastewater	-	-	9,679,668	9,078,498	9,679,668	9,078,498	6.6 %
Stormwater	-	-	5,850,696	4,342,427	5,850,696	4,342,427	34.7 %
Power	-	-	64,494,714	58,211,434	64,494,714	58,211,434	10.8 %
Solid Waste	-	-	6,714,450	6,453,721	6,714,450	6,453,721	4.0 %
Golf	-	-	3,872,895	4,558,219	3,872,895	4,558,219	(15.0)%
Total Expenses	126,973,204	119,181,776	106,687,719	98,310,662	233,660,923	217,492,438	7.4 %
Increase in net position before transfers	21,092,426	20,709,360	22,222,705	27,500,018	43,315,131	48,209,378	(10.2)%
Transfers	(558,300)	(308,505)	558,300	308,505	-	-	- %
Increase in net position	20,534,126	20,400,855	22,781,005	27,808,523	43,315,131	48,209,378	(10.2)%
Net Position-Beginning	478,297,934	447,603,524	529,404,942	501,596,419	1,007,702,876	949,199,943	6.2 %
Restatement	-	10,293,555	3,928,113	-	3,928,113	10,293,555	(61.8)%
Net Position -Ending	\$ 498,832,060	\$ 478,297,934	\$ 556,114,060	\$ 529,404,942	\$ 1,054,946,120	\$ 1,007,702,876	4.7 %

Governmental Activities

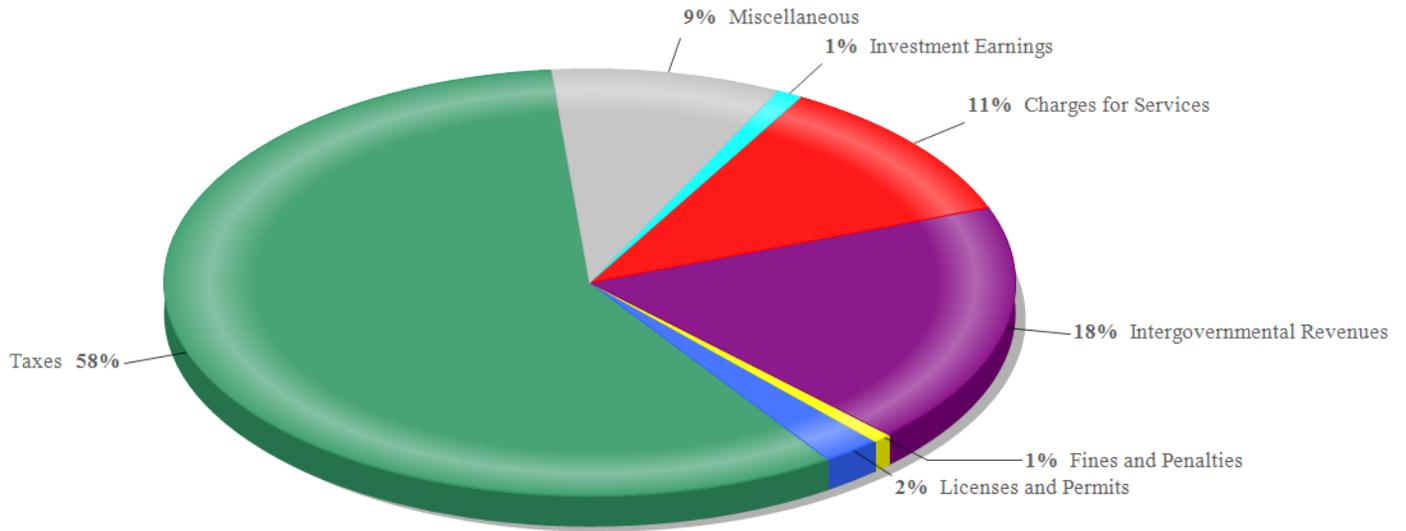
Governmental Activities increased the City's net position by \$20,534,126. Developer donated streets make up \$8,274,767 (39.2%) of this increase. Of the remaining increase, \$5,160,622 relates to general revenues. Earnings on investments increased in 2017 by 133% from \$589,669 in 2016 to \$1,373,292 in 2017. This increase is due to the sale of certain investments as part of a managed portfolio, market interest rates, and accounting adjustments for the unrealized losses. Property tax revenue increased in 2017 by \$776,112.

The graph compares program revenues and expenses of Governmental Activities in 2017. This graph illustrates that the majority of those expenses are related to public services and safety.

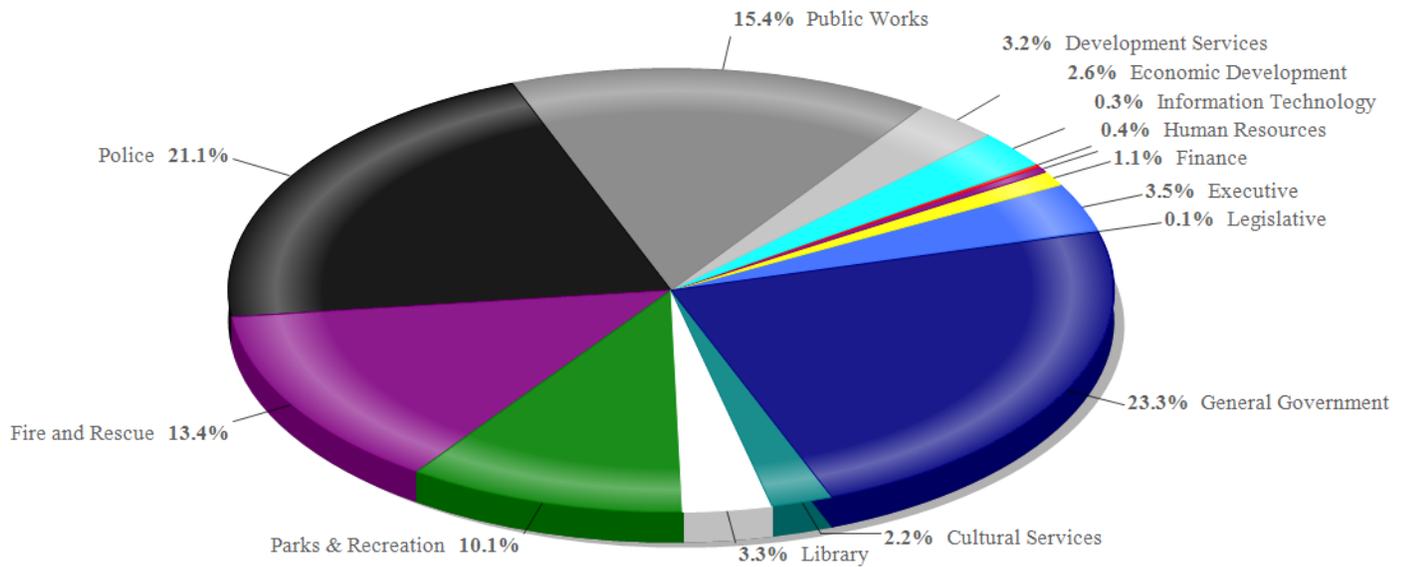
Program Revenues & Expenses Governmental Activities



**Revenue By Source
Governmental Funds**



**Expense By Source
Governmental Funds**



Business-Type Activities

Business-Type Activities include the city-owned utilities (Water, Power, Wastewater and Stormwater), Solid Waste

collection and recycling services, and three municipal golf courses. All of these activities charge user fees designed to fully cover operating expenses. In addition, system impact fees and water acquisition fees are charged to provide funds for expansion as needed. In developing areas, system improvements, such as water and wastewater lines are built by the developer and contributed to the City.

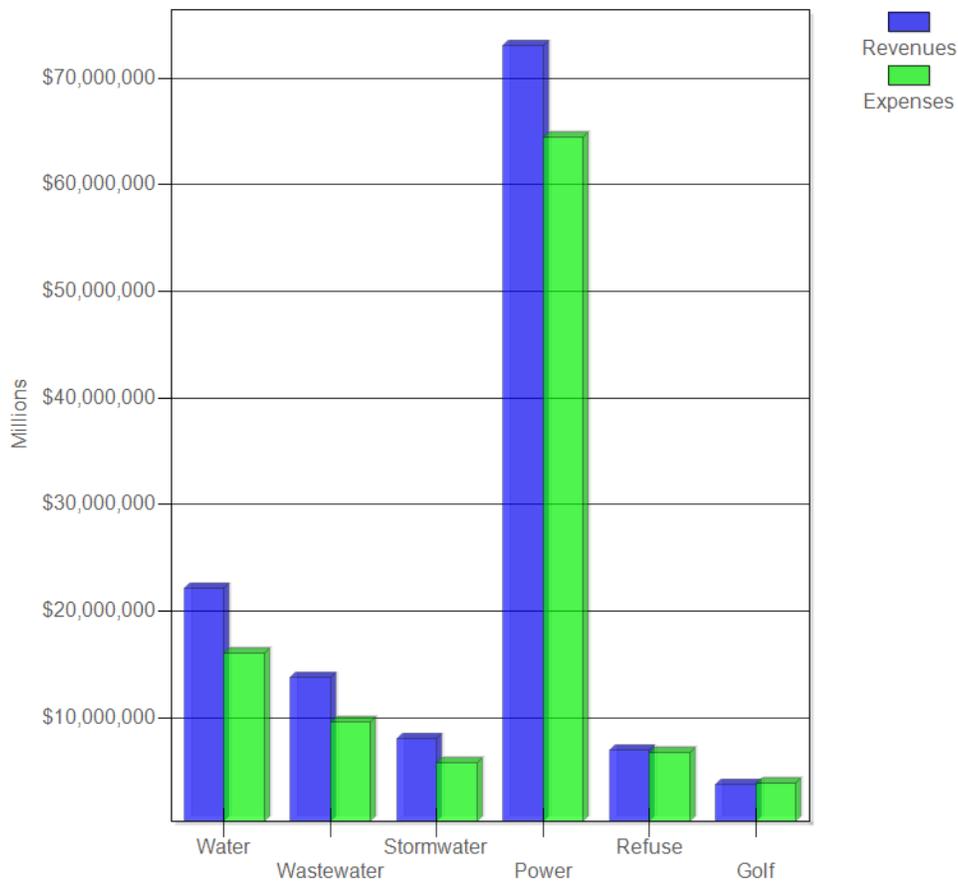
In the graph below, all activities had higher revenues in comparison to expenses except for the Wastewater fund and the Golf fund.

All of the business activities will conduct rate studies over the next three years to determine the appropriate rates.

For year-end 2017, net position for the Business-Type Activities increased by \$22,781,005. Earnings on investments increased from \$546,251 in 2016 to \$1,005,237 in 2017 in the Statement of Revenues, Expenses and Changes in Net Position.

Expenses increased from the prior year in all of the Business-Type Activities except for the Stormwater utility.

**Program Revenues & Expenses
Business-Type Activities**



The City’s Funds

Information on the City’s major governmental funds begins on page 25. These funds are accounted for using the modified accrual basis of accounting. Overall, the balances of these funds increased by \$5,295,358, and the City ended the year with a combined fund balance of \$110,950,355.

The City’s Governmental Funds collected less revenue than the constitutional limits (TABOR) by \$(3,375,729) in 2017. The City is allowed to keep and spend these revenues for public safety, parks maintenance and construction and street maintenance and construction of the revenue collected from prior years.

The Total Government Funds are reported in accordance with the requirements of the Governmental Accounting Standards Board (GASB) statement No. 54, which the City implemented in 2010. Further details of GASB No. 54, and definitions of each fund balance type, can be found in the notes to the financial statements.

- Nonspendable includes payments for perpetual care \$1,098,718.
- Restricted balance of \$41,041,716 includes \$9,928,354 in Unspent Proceeds for Capital Projects, \$12,284,605 reserve for excess TABOR, \$2,665,909 reserved for emergencies; \$7,743,421 for Open Space Acquisitions; funds for Parks & Recreation; Urban Revitalization; Convention & Tourism; Fire & Rescue; and Law Enforcement.
- Committed balances include \$37,746,691 for future capital improvements; the Council Capital Reserve; Art in Public Places; public education; affordable housing and downtown maintenance.
- Assigned balances of \$13,783,293 are for items such as Parks Improvements, Fiber Network, as well as other governmental capital improvements.
- Unassigned General Fund is \$10,591,361, which includes the reserve policy adopted in 2011. This policy sets aside 15% of expenditures to be held in reserve as a guard against economic uncertainties.

The City has a policy to maintain a reserve in the Risk & Insurance Fund, as well as a reserve in expenditures in the Employee Benefits Fund (which is a self-funded plan). For the Risk & Insurance Fund, Risk Management reviews our IBNR/Claims Liability in conjunction with trend to monitor the adequacy of the reserves. The balance in the fund is \$4,574,226. The reserve will cover uninsured claims and litigations, as well as open claims from prior years to account for Incurred But Not Reported (IBNR) losses.

The City's claims administration firm has developed a similar estimate of the potential future health claims. The City targets a reserve sufficient to cover 20% of existing claims plus the estimate for future expenditures. The current target reserve is \$3,728,000; the current fund balance is \$3,865,405.

Financial Analysis Of The Governmental Funds

The General Fund accounts for all of the general governmental services provided by the City. These include public safety (police and fire), public works, parks & recreation, community services, culture, library, and general administration. Funding for these services comes from a variety of sources, but is heavily funded by sales and use taxes. The General Fund balance decreased by \$(6,103,617), (14%); total General Fund revenue of \$81,085,397 increased by 3.28% for the year. Tax revenue of \$62,667,898, (77% of the total General Fund revenue) increased by 3% in 2017. There were no changes made to the City's mill levy or sales tax rate in 2017.

The Loveland Urban Renewal Authority (LURA) Fund revenues increased in 2017 to \$13,862,535. Tax revenues of \$13,834,386 (100% of total revenues) increased by \$1,595,712 or 13% from 2016. Total 2017 expenditures of \$13,816,361 include the distribution of tax increment financing \$11,620,833, school district fund \$944,662, and other services \$1,250,866.

Total revenues in the Capital Expansion Fees (CEF) fund decreased by \$3,452,999, (35%) from 2016. The fund balance in the CEF Fund increased by \$4,031,759 or 11%.

Including transfers, the total revenue for the Loveland Fire Rescue Authority Fund was \$18,378,079. Total expenditures were \$16,388,401, leaving a fund balance of \$2,090,854

Financial Analysis Of The Proprietary Funds

The City's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the Proprietary Funds at year-end was \$556,114,060, an increase of \$26,709,119. Each of the Proprietary Funds with the exceptions of Golf and Wastewater had net position increases. The most significant increase was in the Water Fund \$7,160,284.

General Fund Budgetary Highlights

The majority of the General Fund departments ended the year within budget. The budgeted transfers to other funds was

increased from \$23,125,296 to \$36,773,125; the majority of this increase funded capital projects. Overall, there was an increase of \$13,647,829 from the original Schedule of Budgetary Comparison Schedule budget appropriation.

The largest variance within the General Fund from the 2017 Adopted to the 2017 Revised Budget was interfund transfers. Supplemental Appropriations throughout the year increased the interfund transfers, with the largest impact stemming from the Re-Appropriation Supplemental mid-year. Funding lapses and returns to the fund of origin at the end of every fiscal year.

Capital projects spanning multiple years must have the total project cost budgeted in the first year and the remaining funding at the end of the year must be re-appropriated the following year. Transfers to the Transportation Fund increased \$10,636,486 from the adopted to revised budget. In addition, there are two large variances between the final and actual budget. Timing of capital outlay purchases is reflected as a savings of \$7,327,170 in Capital Projects Fund and \$7,514,125 in the Transportation Fund.

Proprietary Fund Budgetary Highlights

Proprietary Funds increased the original budget for several large capital projects, such as the Raw Water Windy Gap Firming Project \$903,000, Wastewater Treatment Plant Expansion \$25,572,829, Wastewater Southside Lift Station Improvements \$1,472,120, West Power Substation Replacement \$4,000,000, Big Thompson Canyon Flood-related Environmental Restoration \$5,349,494, and Stormwater Airport Basin Regional Detention Pond Outfall \$1,492,278.

Capital Assets And Debt Administration

Capital Assets

At the end of 2017, the City had \$856,249,676 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, wastewater, and power lines. (See table below.)

Overall in the Statement of Net Position, buildings and equipment increased by 3% and construction in process increased by 21% in total for both Governmental and Business-Type Activities. This increase funded the following projects:

Foundry Project	\$ 8,986,819
Wastewater Treatment Plant Expansion Project	\$ 7,461,367
Viestenz-Smith Park Improvement Project	\$ 3,273,422
Taft Avenue Improvements at Big Barnes Ditch	\$ 1,326,354
Wastewater Southside Lift Station Project	\$ 1,321,203
Windy Gap Firming Project	\$ 1,260,713

More detailed information about the City’s capital assets is presented in the Note 4 to Financial Statements.

**CITY OF LOVELAND, COLORADO
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION**

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2017	2016	2017	2016	2017	2016	
	Land	\$ 56,256,169	\$ 54,652,347	\$ 9,565,414	\$ 3,453,971	\$ 65,821,583	
Art Collection	6,777,601	6,650,761	-	-	6,777,601	6,650,761	1.9 %
Buildings	52,169,667	52,134,505	9,788,656	9,684,565	61,958,323	61,819,070	0.2 %
Improvements	31,282,478	31,873,727	204,147,244	191,038,495	235,429,722	222,912,222	5.6 %
Equipment	12,904,638	12,021,776	7,908,795	7,445,762	20,813,433	19,467,538	6.9 %
Water rights	2,624,520	2,624,520	75,789,023	65,942,651	78,413,543	68,567,171	14.4 %
Infrastructure	190,649,995	181,251,985	113,028,514	116,875,431	303,678,509	298,127,416	1.9 %
Easements	4,603,893	4,072,283	13,696,479	12,454,626	18,300,372	16,526,909	10.7 %
Construction in Progress	22,479,153	7,572,795	42,577,437	46,109,515	65,056,590	53,682,310	21.2 %
Total	\$ 379,748,114	\$ 352,854,699	\$ 476,501,562	\$ 453,005,016	\$ 856,249,676	\$ 805,859,715	6.3 %

This year's major additions included the following assets:

FEMA Alternative Project-Solar Field	\$ 5,108,478	Open Land Acquisitions	\$ 3,467,191
FEMA Alternative Project-Substation	\$ 3,771,157	Longview Trail	\$ 1,274,074

Debt

At year-end, the City had a number of oversizing agreements related to Streets totaling \$2,808,389. There were no contract amendments in 2017. Between 2013 and 2015, the City secured \$13,200,000 for improvements to the Water Treatment Plant. All \$13,200,000 of the water bonds has been drawn and the City paid down \$600,000 of this debt in 2017. Additionally in 2017, the City issued \$15,900,000 in Certificates of Participation and wastewater bonds of \$550,000.

The details of the City's debt are provided in Note 5 to the financial statements.

Next Year's Budgets and Rates

The City of Loveland continues to be in a strong financial position moving into 2018 and beyond. The 2018 Adopted Budget continues the City's practice of conservative financial planning as well as budget reduction strategies.

The Adopted Budget complies with the financial management policies approved by the City Council and is structured to meet the Council's priorities. For 2018, those priorities include economic vitality, public safety, infrastructure quality, and financial responsibility.

Rates for the utility funds are set to cover operating costs and capital needs. Water rates will increase by 9% in 2018 to fund capital projects both at the Water Treatment Plant and for the distribution system in order to address aging infrastructure and improve reliability and redundancy. Wastewater rates will increase by 11% in 2018, to fund capital projects at the Wastewater Treatment Plant and for the collection system in order to address aging infrastructure, improve reliability and redundancy, and for regulatory compliance. Power rates will increase by 5% in 2018 to fund increases in wholesale power costs and additional rehabilitative capital needs.

Capital items for 2018 include: Police Regional Training Facility, \$3 million; Road projects (Hwy 402 at I-25 interchange, and US34 Bridge over I-25), in partnership with the Colorado Dept. of Transportation, \$2 million; Wastewater Treatment Plant expansion and improvement, \$3.8 million; the Water Line Replacement project, \$5.4 million; Viestenz-Smith Mountain Park redevelopment, \$900 thousand; recreation trails and open space acquisition; and natural area development.

Flood recovery projects will continue through 2018. The City anticipates recovering 85-90% of recovery costs from insurance, FEMA, the State of Colorado, and other funding sources. The City received total reimbursements of \$5,455,264 in 2017. Additional expenses and reimbursements will continue into 2018 and beyond.

Contacting The City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to illustrate the City's accountability for the revenue it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 500 East Third Street, Loveland, Colorado, 80537.



Cover Photo Credit: Freeman Photography

Basic Financial Statements

Basic financial statements are accounting reports compiled in conformity with the provisions of GAAP. These statements are necessary for the fair evaluation of operations of an entity that include the balance sheet, income statement (profit and loss account), and the cash-flow statement.

City of Loveland, Colorado
Statement of Net Position
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 9,365	\$ 5,350	\$ 14,715
Equity in Pooled Cash	24,692,148	5,166,487	29,858,635
Equity in Pooled Investments	99,427,209	43,178,019	142,605,228
Receivables (Net):			
Taxes	30,668,034	-	30,668,034
Accounts	5,601,109	12,729,678	18,330,787
Grants	2,698,185	1,421,669	4,119,854
Accrued Interest	344,525	265,447	609,972
Inventory of Supplies	850,206	3,789,104	4,639,310
Equity in Northern Colorado Regional Airport	9,954,299	-	9,954,299
Restricted Assets:			
Equity in Pooled Restricted Cash	8,603,244	12,075,337	20,678,581
Equity in Pooled Restricted Investments	-	32,574,836	32,574,836
Capital Assets:			
Land, Water Rights and Other Assets not Being Depreciated	70,262,183	99,050,916	169,313,099
Building, Improvements and Equipment, Net of Depreciation	287,006,779	334,873,210	621,879,989
Construction in Progress	22,479,154	42,577,438	65,056,592
Total Assets	562,596,440	587,707,491	1,150,303,931
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Investments	245,978	-	245,978
Liabilities			
Accounts Payable	10,318,310	12,358,353	22,676,663
Accrued Liabilities	3,479,121	1,482,426	4,961,547
Deposits	950,605	2,941,410	3,892,015
Noncurrent Liabilities:			
Due Within One Year	3,203,932	1,533,683	4,737,615
Due in More Than One Year	20,262,184	13,277,559	33,539,743
Pension Liability	1,349,086	-	1,349,086
Total Liabilities	39,563,238	31,593,431	71,156,669
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	24,447,120	-	24,447,120
NET POSITION			
Net Investment in Capital Assets	370,968,085	463,351,560	834,319,645
Restricted - Nonexpendable	1,162,585	-	1,162,585
Restricted:			
Future Capital Improvements	-	44,650,171	44,650,171
Unspent Proceeds for Capital Projects	9,928,354	-	9,928,354
Tabor 3% Emergency Reserve	2,665,909	-	2,665,909
Conservation Trust Fund	3,880,032	-	3,880,032
Open Space Acquisitions	7,743,421	-	7,743,421
Reserve for Excess Tabor	12,284,605	-	12,284,605
Other	4,539,395	-	4,539,395
Unrestricted	85,659,674	48,112,329	133,772,003
Total Net Position	\$ 498,832,060	\$ 556,114,060	\$ 1,054,946,120

The notes to the financial statements are an integral part of this statement.

City of Loveland, Colorado
Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities:				
Legislative	\$ 159,913	\$ -	\$ -	\$ -
Executive	4,216,699	1,041,189	358,912	-
Finance	1,295,259	264,016	191	-
Human Resources	420,729	-	-	-
Information Technology	556,131	-	-	-
Economic Development	3,090,713	611,278	114,324	-
Development Services	6,509,167	2,567,529	-	-
Public Works	23,931,894	6,506,628	6,006,564	8,675,492
Police	24,783,280	1,444,770	164,402	385,339
Fire and Rescue	16,365,941	4,839,718	14,200,606	362,779
Parks & Recreation	14,103,788	4,757,024	1,182,023	3,731,667
Library	4,123,625	72,431	45,566	210,612
Cultural Services	2,600,450	431,274	58,196	176,874
General Government	24,815,615	7,934,903	-	137,301
Total Governmental Activities	126,973,204	30,470,760	22,130,784	13,680,064
Business-Type Activities				
Business-Type Activities				
Water	16,075,296	16,756,753	-	5,379,315
Wastewater	9,679,668	11,937,729	-	1,897,672
Stormwater	5,850,696	6,483,986	275,738	1,290,591
Power	64,494,714	63,851,914	-	9,153,035
Refuse	6,714,450	7,053,445	-	-
Golf	3,872,895	3,825,009	-	-
Total Business-Type Activities	106,687,719	109,908,836	275,738	17,720,613
City Total	\$ 233,660,923	\$ 140,379,596	\$ 22,406,522	\$ 31,400,677

General Revenues:

Property Taxes
Sales and Use Taxes
Franchise Taxes
Other Taxes
Investment Earnings
Gain on Sale of Assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Beginning as Restated

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenue and
Change in Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (159,913)	\$ -	\$ (159,913)
(2,816,598)	-	(2,816,598)
(1,031,052)	-	(1,031,052)
(420,729)	-	(420,729)
(556,131)	-	(556,131)
(2,365,111)	-	(2,365,111)
(3,941,638)	-	(3,941,638)
(2,743,210)	-	(2,743,210)
(22,788,769)	-	(22,788,769)
3,037,162	-	3,037,162
(4,433,074)	-	(4,433,074)
(3,795,016)	-	(3,795,016)
(1,934,106)	-	(1,934,106)
(16,743,411)	-	(16,743,411)
(60,691,596)	-	(60,691,596)
-	6,060,772	6,060,772
-	4,155,733	4,155,733
-	2,199,619	2,199,619
-	8,510,235	8,510,235
-	338,995	338,995
-	(47,886)	(47,886)
-	21,217,468	21,217,468
\$ (60,691,596)	\$ 21,217,468	\$ (39,474,128)
21,680,942	-	21,680,942
54,481,516	-	54,481,516
2,018,640	-	2,018,640
2,198,110	-	2,198,110
1,373,292	1,005,237	2,378,529
31,522	-	31,522
(558,300)	558,300	-
81,225,722	1,563,537	82,789,259
20,534,126	22,781,005	43,315,131
478,297,934	529,404,942	1,007,702,876
-	3,928,113	3,928,113
\$ 478,297,934	\$ 533,333,055	\$ 1,011,630,989
\$ 498,832,060	\$ 556,114,060	\$ 1,054,946,120

City of Loveland, Colorado
Balance Sheet
Governmental Fund Types
December 31, 2017

ASSETS	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Loveland Fire Rescue Authority
Cash	\$ 9,265	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash	4,845,535	-	84,543	1,528,166	563,765
Equity in Pooled Investments	31,608,625	-	1,000,002	36,631,436	2,090,620
Receivables (Net):					
Taxes	15,806,439	14,246,548	25,276	-	-
Accounts	413,216	1,157,045	543,166	200,000	1,291,548
Grants	366,170	-	600,184	3,471	23,000
Due from Other Funds	560	-	-	-	-
Accrued Interest	95,755	5,436	-	105,576	9,370
Interfund Loan Receivable	47,650	-	-	3,413,048	-
Inventory	-	-	480,570	-	-
Restricted Assets:					
Equity in Pooled Restricted Cash	2,386,586	1,966,044	-	-	-
Total Assets	55,579,801	17,375,073	2,733,741	41,881,697	3,978,303
LIABILITIES					
Accounts Payable	2,856,452	54,816	1,611,933	514,528	345,702
Accrued Liabilities	1,451,173	-	296,640	3,959	686,067
Due to Other Funds	-	-	-	-	-
Deposits	-	-	-	-	-
Interfund Loan Payable	1,816,492	2,057,045	-	-	-
Total Liabilities	6,124,117	2,111,861	1,908,573	518,487	1,031,769
DEFERRED INFLOWS OF RESOURCES					
Deferred Other Revenue	449,248	-	825,168	203,471	855,681
Deferred Property Taxes	10,157,458	14,244,316	-	-	-
Total Deferred Inflows of Resources	10,606,706	14,244,316	825,168	203,471	855,681
Total Liabilities and Deferred Inflows of Resources	16,730,823	16,356,177	2,733,741	721,958	1,887,450
Fund Balances:					
Nonspendable	47,650	-	-	-	-
Restricted	25,715,544	1,018,896	-	-	2,090,853
Committed	2,494,422	-	-	41,159,739	-
Assigned	-	-	-	-	-
Unassigned	10,591,362	-	-	-	-
Total Fund Balances	38,848,978	1,018,896	-	41,159,739	2,090,853
Total Liabilities and Fund Balances	\$ 55,579,801	\$ 17,375,073	\$ 2,733,741	\$ 41,881,697	\$ 3,978,303

The notes to the financial statements are an integral part of this statement.

City of Loveland, Colorado

ASSETS	Capital Project Funds	Other Governmental Funds	Total Governmental Funds
Cash	\$ -	\$ 100	\$ 9,365
Equity in Pooled Cash	12,558,313	2,472,606	22,052,928
Equity in Pooled Investments	930,198	11,118,695	83,379,576
Receivables (Net):			
Taxes	-	589,771	30,668,034
Accounts	697,317	52,527	4,354,819
Grants	1,468,437	236,922	2,698,184
Due from Other Funds	-	-	560
Accrued Interest	32,454	42,386	290,977
Interfund Loan Receivable	-	-	3,460,698
Inventory	-	16,217	496,787
Restricted Assets:			
Equity in Pooled Restricted Cash	-	3,896,089	8,248,719
Total Assets	15,686,719	18,425,313	155,660,647
LIABILITIES			
Accounts Payable	3,698,588	129,277	9,211,296
Accrued Liabilities	-	98,934	2,536,773
Due to Other Funds	-	560	560
Deposits	950,605	-	950,605
Interfund Loan Payable	-	-	3,873,537
Total Liabilities	4,649,193	228,771	16,572,771
DEFERRED INFLOWS OF RESOURCES			
Deferred Other Revenue	1,235,710	121,122	3,690,400
Deferred Property Taxes	-	45,347	24,447,121
Total Deferred Inflows of Resources	1,235,710	166,469	28,137,521
Total Liabilities and Deferred Inflows of Resources	5,884,903	395,240	44,710,292
Fund Balances:			
Nonspendable	-	1,114,935	1,162,585
Restricted	-	12,216,423	41,041,716
Committed	-	717,238	44,371,399
Assigned	9,801,816	3,981,477	13,783,293
Unassigned	-	-	10,591,362
Total Fund Balances	9,801,816	18,030,073	110,950,355
Total Liabilities and Fund Balances	\$ 15,686,719	\$ 18,425,313	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	374,486,246
City's joint venture equity interest in Northern Colorado Regional Airport	9,954,299
City's Net Pension Liability	(1,349,086)
Certain deferred inflows of resources represent deferred revenue relating to grant expenses	3,690,400
Certain deferred outflows of resources represent deferred expenses relating to pension expenses	245,978
An internal service fund is used by management to charge the costs of employee benefits, risk and insurance, and vehicle maintenance to individual funds. The assets and liabilities of the internal service fund are included in government activities in the statement of net position.	24,132,936
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
(Accrued Leave \$4,570,679, Certificates of Participation \$15,900,000 and developer oversizing agreements \$2,808,389)	(23,279,068)
Net Position of Governmental Activities	\$ 498,832,060

The notes to the financial statements are an integral part of this statement.

City of Loveland, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types
For the Year Ended December 31, 2017

	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Loveland Fire Rescue Authority
Revenues:					
Taxes	\$ 62,667,898	\$ 13,834,386	\$ -	\$ -	\$ -
Licenses and Permits	2,695,383	-	212,803	-	217,928
Fines and Penalties	972,875	-	-	-	-
Intergovernmental	935,466	-	6,209,465	-	14,343,370
Charges for Services	4,387,456	-	2,673,228	5,761,771	2,265,251
Investment Earnings	563,150	28,149	-	398,994	31,721
Miscellaneous	8,863,169	-	9,689	135,298	1,519,809
Total Revenues	81,085,397	13,862,535	9,105,185	6,296,063	18,378,079
Expenditures:					
Current:					
Legislative	159,913	-	-	-	-
Executive	3,640,822	-	-	-	-
Finance	1,282,258	-	-	-	-
Human Resources	445,725	-	-	-	-
Information Technology	-	-	-	-	-
Economic Development	1,632,062	-	-	-	-
Development Services	3,625,112	-	-	-	-
Public Works	3,762,812	-	13,224,984	-	-
Police	24,258,829	-	-	-	-
Fire	-	-	-	-	15,165,261
Parks & Recreation	10,237,565	-	-	59,583	-
Library	3,762,506	-	-	-	-
Cultural Services	2,540,385	-	-	-	-
General Government	12,958,325	13,716,310	-	-	-
Capital Outlay	1,868,159	33,113	8,710,329	1,048,000	1,223,140
Debt service	-	-	-	-	-
Interest and debt service costs	401,956	66,938	-	-	-
Total Expenditures	70,576,429	13,816,361	21,935,313	1,107,583	16,388,401
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,508,968	46,174	(12,830,128)	5,188,480	1,989,678
Other Financing Sources (Uses):					
Transfers In	2,484,569	-	12,886,254	362,898	-
Transfers (Out)	(34,997,154)	-	(56,126)	(1,519,619)	-
Proceeds from Issuance of Long- Term Debt	15,900,000	-	-	-	-
Total Other Financing Sources (Uses)	(16,612,585)	-	12,830,128	(1,156,721)	-
Net Change in Fund Balance	(6,103,617)	46,174	-	4,031,759	1,989,678
Fund Balances--Beginning	44,952,595	972,722	-	37,127,980	101,176
Fund Balances--Ending	\$ 38,848,978	\$ 1,018,896	\$ -	\$ 41,159,739	\$ 2,090,854

The notes to the financial statements are an integral part of this statement.

City of Loveland, Colorado

Capital Project Funds	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,730,932	\$ 80,233,216
-	-	3,126,114
-	-	972,875
1,735,340	2,018,706	25,242,347
-	135,261	15,222,967
102,937	248,342	1,373,293
1,328,018	201,032	12,057,015
<u>3,166,295</u>	<u>6,334,273</u>	<u>138,227,827</u>
-	-	159,914
-	395,397	4,036,219
-	-	1,282,258
-	-	445,725
105	316,418	316,523
219,720	1,166,011	3,017,793
-	(1,458)	3,623,654
79,579	639,243	17,706,618
-	-	24,258,829
154,919	-	15,320,180
101,154	1,165,476	11,563,778
-	-	3,762,506
-	-	2,540,385
-	14,628	26,689,263
15,001,749	5,152,139	33,036,629
-	-	-
-	-	468,894
<u>15,557,226</u>	<u>8,847,854</u>	<u>148,229,168</u>
<u>(12,390,931)</u>	<u>(2,513,581)</u>	<u>(10,001,341)</u>
19,874,627	400,000	36,008,348
(13,750)	(25,000)	(36,611,649)
-	-	15,900,000
<u>19,860,877</u>	<u>375,000</u>	<u>15,296,699</u>
7,469,946	(2,138,581)	5,295,358
<u>2,331,870</u>	<u>20,168,654</u>	<u>105,654,997</u>
<u>\$ 9,801,816</u>	<u>\$ 18,030,073</u>	<u>\$ 110,950,355</u>

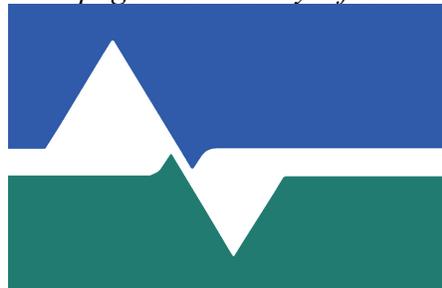
City of Loveland, Colorado
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2017

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

Net change in fund balances - total governmental funds	\$ 5,295,358
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$33,036,629 exceeded depreciation \$19,332,324 in the current period.	13,704,305
The net effect of various miscellaneous transactions involving capital assets (i.e. deletions, sales, trade-ins, and donations) is to increase net position. This includes contributions of streets and easements by developers and gain on disposal of capital assets.	12,099,500
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This includes accounts receivable not collected in 60 days.	2,068,857
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes a decrease in accrued leave \$255,942; a decrease for developer oversizing agreements, net of accrued interest \$776,525; and a increase in pension costs due to the change in the Net Pension Liability \$(585,273).	447,194
Expenses that are recorded for the Airport joint venture in the statement of activities that are not reported as expenses in the funds.	186,118
Issuance of Long-Term Debt not reported in Statement of Activities.	(15,900,000)
Internal service funds are used by management to charge the costs to various services to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental funds.	2,632,794
<hr/>	
Change in net position of governmental activities	<hr/> \$ 20,534,126 <hr/>

The notes to the financial statements are an integral part of this statement.

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City of Loveland, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2017

	Business-Type Activities - Enterprise Funds		
	Water	Waste Water	Stormwater
ASSETS			
Current Assets:			
Cash	\$ -	\$ -	\$ -
Equity in Pooled Cash	2,724,180	18,225	638,140
Equity in Pooled Investments	3,530,675	11,256,232	7,802,464
Receivables, Net	1,606,409	1,608,698	1,144,964
Accrued Interest	93,016	62,788	31,743
Inventory, at Cost	281,963	4,971	13,399
Total Current Assets	8,236,243	12,950,914	9,630,710
Non-current Assets:			
Interfund Loan Receivable	-	-	-
Restricted Assets:			
Future Raw Water Projects	7,664,386	-	-
Future Easement Improvements	-	-	-
Equity in Pooled Restricted Cash	454,330	9,773	-
Reservoir Improvements	-	-	-
System Impact Fees	13,711	220,595	2,794,361
Equity in Pooled Restricted Investments	21,164,478	7,902,936	-
Total Restricted Assets	29,296,905	8,133,304	2,794,361
Capital Assets:			
Land	508,866	380,222	6,212,999
Intangible Assets/Easements	3,318,723	3,344,691	3,513,443
Buildings	3,467,553	3,441,799	94,184
Equipment	2,351,199	3,105,992	2,780,118
Improvements Other Than Buildings	177,622,146	75,327,909	47,618,477
Water Rights	75,694,522	-	-
Construction in Progress	5,427,396	15,659,897	793,414
Total Capital Assets	268,390,405	101,260,510	61,012,635
Accumulated Depreciation	(52,541,901)	(30,224,053)	(14,785,790)
Net Capital Assets	215,848,504	71,036,457	46,226,845
Total Non-Current Assets	245,145,409	79,169,761	49,021,206
Total Assets	\$ 253,381,652	\$ 92,120,675	\$ 58,651,916

The notes to the financial statements are an integral part of this statement.

City of Loveland, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2017
(Continued)

				Governmental Activities	
Power	Refuse	Golf	Totals	Internal Service	
\$ 1,350	\$ 1,050	\$ 2,950	\$ 5,350	\$ -	
2,319	570,358	1,213,265	5,166,487	2,639,221	
15,266,333	3,280,960	2,041,354	43,178,018	16,047,633	
8,748,480	837,575	205,221	14,151,347	1,246,290	
56,852	11,258	9,797	265,454	53,548	
3,238,768	146,166	103,837	3,789,104	353,419	
27,314,102	4,847,367	3,576,424	66,555,760	20,340,111	
3,000,000	-	-	3,000,000	412,839	
-	-	-	7,664,386	-	
-	-	89,877	89,877	-	
-	592,605	-	1,056,708	354,525	
-	-	173,700	173,700	-	
61,998	-	-	3,090,665	-	
3,507,421	-	-	32,574,835	-	
3,569,419	592,605	263,577	44,650,171	354,525	
1,407,824	-	1,055,502	9,565,413	209,516	
3,519,623	-	-	13,696,480	-	
4,067,961	378,098	4,267,724	15,717,319	1,976,509	
3,685,258	6,826,075	2,688,113	21,436,755	11,767,716	
161,787,846	129,238	8,248,531	470,734,147	-	
-	-	94,500	75,789,022	-	
20,603,662	93,068	-	42,577,437	416,210	
195,072,174	7,426,479	16,354,370	649,516,573	14,369,951	
(59,213,902)	(4,645,303)	(11,604,064)	(173,015,013)	(9,108,081)	
135,858,272	2,781,176	4,750,306	476,501,560	5,261,870	
142,427,691	3,373,781	5,013,883	524,151,731	6,029,234	
\$ 169,741,793	\$ 8,221,148	\$ 8,590,307	\$ 590,707,491	\$ 26,369,345	

City of Loveland, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2017
(Continued)

	Business-Type Activities - Enterprise Funds		
	Water	Waste Water	Stormwater
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 1,020,018	\$ 3,985,415	\$ 1,019,374
Accrued Liabilities	484,440	244,809	113,118
Deposits	-	-	-
Compensated Absences	832,690	186,533	64,555
Total Current Liabilities	2,337,148	4,416,757	1,197,047
Long-Term Liabilities:			
Compensated Absences	174,019	152,618	52,818
Loan Payable	11,980,000	550,000	-
Interfund Loan Payable	3,000,000	-	-
Total Long-Term Liabilities	15,154,019	702,618	52,818
Total Liabilities	17,491,167	5,119,375	1,249,865
NET POSITION			
Net Investment in Capital Assets	203,248,504	70,486,457	46,226,845
Restricted for Future Capital Improvements	29,296,905	8,133,304	2,794,361
Unrestricted	3,345,076	8,381,539	8,380,845
Total Net Position	\$ 235,890,485	\$ 87,001,300	\$ 57,402,051

The notes to the financial statements are an integral part of this statement.

City of Loveland, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2017
(Continued)

					Governmental Activities
Power	Refuse	Golf	Totals	Internal Service	
\$ 5,776,149	\$ 194,006	\$ 363,390	\$ 12,358,352	\$ 1,107,013	
378,029	157,677	104,353	1,482,426	942,347	
2,941,410	-	-	2,941,410	-	
279,407	60,869	109,629	1,533,683	102,877	
9,374,995	412,552	577,372	18,315,871	2,152,237	
228,606	49,802	89,697	747,560	84,172	
-	-	-	12,530,000	-	
-	-	-	3,000,000	-	
228,606	49,802	89,697	16,277,560	84,172	
9,603,601	462,354	667,069	34,593,431	2,236,409	
135,858,272	2,781,176	4,750,306	463,351,560	5,261,870	
3,569,419	592,605	263,577	44,650,171	354,525	
20,710,501	4,385,013	2,909,355	48,112,329	18,516,541	
\$ 160,138,192	\$ 7,758,794	\$ 7,923,238	\$ 556,114,060	\$ 24,132,936	

City of Loveland, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	Business-Type Activities- Enterprise Funds		
	Water	Waste Water	Stormwater
Operating Revenues:			
Charges for Services	\$ 14,639,075	\$ 11,853,578	\$ 6,451,166
Miscellaneous	1,290,789	84,151	32,819
Total Operating Revenue	15,929,864	11,937,729	6,483,985
Operating Expenses:			
Personal Services	4,596,382	3,417,149	1,465,631
Supplies	1,181,355	495,059	63,787
Purchased Services	4,385,001	2,785,833	2,487,753
Purchased Power	-	-	-
Payment for Services	1,007,641	817,023	441,998
Depreciation	4,407,953	2,118,101	1,513,887
Total Operating Expenses	15,578,332	9,633,165	5,973,056
Net Operating Income (loss)	351,532	2,304,564	510,929
Nonoperating Revenues (Expenses):			
Investment Earnings	349,024	221,676	110,119
Interest Expense	(448,216)	19,862	-
Bond Expenses	-	(66,365)	-
Intergovernmental	-	-	275,738
Gain (Loss) on Sale of Capital Assets	(47,998)	-	122,360
Windy Gap	(750)	-	-
Total Nonoperating Revenues (Expense)	(147,940)	175,173	508,217
Net Income (Loss) Before Contributions and Transfers	203,592	2,479,737	1,019,146
Capital Contributions:			
System Impact/Development Fees	2,240,556	1,151,821	292,328
Contributed Assets	2,992,851	745,851	998,263
Aid to Construction	-	-	-
Raw Water Development Fees	851,825	-	-
Cash in Lieu of Water Rights	120,972	-	-
Capital Grant Contributions	-	-	-
Transfers In	768,735	7,920	5,884
Transfers (Out)	(18,247)	(83,980)	(10,136)
Insurance Recoveries	-	-	-
Change in Net Position	7,160,284	4,301,349	2,305,485
Total Net Position - Beginning	220,961,145	87,332,881	54,304,579
Prior Period Adjustment	7,769,056	(4,632,930)	791,987
Net Position - Beginning as Restated	228,730,201	82,699,951	55,096,566
Total Net Position - Ending	\$ 235,890,485	\$ 87,001,300	\$ 57,402,051

The notes to the financial statements are an integral part of this statement.

Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
Power	Refuse	Golf	Totals	
\$ 62,027,931	\$ 7,063,300	\$ 3,822,583	\$ 105,857,633	\$ 23,713,670
1,823,984	(9,854)	2,427	3,224,316	305,114
63,851,915	7,053,446	3,825,010	109,081,949	24,018,784
3,827,441	2,491,329	2,126,564	17,924,496	2,025,774
661,817	201,484	482,461	3,085,963	2,067,508
5,552,229	2,898,332	674,142	18,783,290	16,267,507
42,489,833	-	-	42,489,833	-
4,234,135	467,261	114,677	7,082,735	-
4,275,105	806,924	487,651	13,609,621	1,058,043
61,040,560	6,865,330	3,885,495	102,975,938	21,418,832
2,811,355	188,116	(60,485)	6,106,011	2,599,952
231,877	56,798	35,742	1,005,236	176,572
-	-	-	(428,354)	-
-	-	-	(66,365)	-
-	-	-	275,738	-
(3,454,154)	150,880	12,600	(3,216,312)	(188,730)
-	-	-	(750)	-
(3,222,277)	207,678	48,342	(2,430,807)	(12,158)
(410,922)	395,794	(12,143)	3,675,204	2,587,794
2,477,214	-	-	6,161,919	-
305,620	-	-	5,042,585	-
2,945,663	-	-	2,945,663	-
-	-	-	851,825	-
-	-	-	120,972	-
3,424,538	-	-	3,424,538	-
6,330	-	-	788,869	45,000
(117,276)	(931)	-	(230,570)	-
-	-	-	-	-
8,631,167	394,863	(12,143)	22,781,005	2,632,794
151,507,025	7,363,931	7,935,381	529,404,942	21,500,142
-	-	-	3,928,113	-
151,507,025	7,363,931	7,935,381	533,333,055	21,500,142
\$ 160,138,192	\$ 7,758,794	\$ 7,923,238	\$ 556,114,060	\$ 24,132,936

City of Loveland, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds		
	Water	Waste Water	Stormwater
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 14,971,429	\$ 11,593,002	\$ 6,270,496
Cash Received from Interfund Services	-	-	-
Cash Payments for Goods and Services	(8,330,026)	(1,495,348)	(3,378,046)
Cash Payment to Employees	(4,622,071)	(3,385,807)	(1,484,704)
Miscellaneous	1,336,060	84,150	32,820
Other Receipts	3,213,353	1,151,821	292,328
Net Cash Provided (Used) by Operating Activities	6,568,745	7,947,818	1,732,894
Cash Flows from Non-Capital Financing Activities:			
Transfers In	853,534	632,818	5,884
Transfers (Out)	(809,947)	(708,877)	(10,136)
Net Cash Provided (Used) by Non-Capital Financing Activities	43,587	(76,059)	(4,252)
Cash Flows from Capital and Related Financing Activities			
Proceeds on Sale of Capital Assets	-	-	122,360
Payments for Capital Acquisition	(3,895,506)	(13,161,811)	(1,156,774)
Capital Grant Contributions	5,239	-	131,156
Aid to Construction	-	-	-
Debt Principal Proceeds (Payment)	(1,350,000)	550,000	-
Bond Expenses	(750)	(46,163)	-
Interest Paid	(406,516)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,647,533)	(12,657,974)	(903,258)
Cash Flows from Investing Activities:			
Purchase of Investments	(2,437,829)	(4,483,884)	(2,916,065)
Proceeds from Sale of Investments	4,757,997	4,925,612	468,901
Investment Earnings	325,691	210,883	102,442
Net Cash Flows Provided (Used) by Investing Activities	2,645,859	652,611	(2,344,722)
Net Increase in Cash and Cash Equivalents	3,610,658	(4,133,604)	(1,519,338)
Cash and Cash Equivalents - Jan. 1	7,245,949	4,382,196	4,951,839
Cash and Cash Equivalents - Dec. 31	\$ 10,856,607	\$ 248,592	\$ 3,432,501
Reconciliation of Operating Income (Loss) to Net			
Operating Income (Loss)	\$ 351,532	\$ 2,304,564	\$ 510,929
Other Receipts	3,213,353	1,151,821	-
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	4,407,953	2,118,101	1,513,887
(Increase) Decrease in Accounts Receivable	(308,488)	(252,368)	111,658
(Increase) Decrease in Inventory	(45,051)	(1,616)	10,349
(Increase) Decrease in Prepaid Expense	-	-	-
Increase (Decrease) in Current Liabilities	(1,050,554)	2,627,316	(413,929)
Total Adjustments	3,003,860	4,491,433	1,221,965
Net Cash Provided (Used) by Operating Activities	\$ 6,568,745	\$ 7,947,818	\$ 1,732,894
Noncash Investing, Capital and Financing Activities:			
Contributed Assets from Subdividers	\$ 2,992,851	\$ 745,851	\$ 998,263
Unrealized Loss on Investments	(125,472)	(36,871)	(20,319)
Reconciliation of cash and cash equivalents to statement of net position:			
Cash and cash equivalents	2,724,180	18,225	638,140
Restricted Assets - cash and cash equivalents	8,132,427	230,367	2,794,361
	\$ 10,856,607	\$ 248,592	\$ 3,432,501

The notes to the financial statements are an integral part of this statement.

Business-Type Activities - Enterprise Funds				Governmental Activities
Power	Refuse	Golf	Totals	Internal Service
\$ 60,565,185	\$ 6,957,254	\$ 3,861,591	\$ 104,218,957	\$ -
-	-	-	-	24,269,319
(54,370,965)	(3,718,300)	(1,200,551)	(72,493,236)	(19,132,205)
(3,795,294)	(2,507,396)	(2,128,482)	(17,923,754)	(2,059,355)
1,823,983	(9,855)	2,426	3,269,584	259,765
5,422,877	-	-	10,080,379	-
9,645,786	721,703	534,984	27,151,930	3,337,524
6,330	-	-	1,498,566	45,000
(117,276)	(931)	-	(1,647,167)	-
(110,946)	(931)	-	(148,601)	45,000
60,041	150,880	-	333,281	93,602
(13,767,761)	(1,558,256)	(300,143)	(33,840,251)	(1,596,755)
3,438,160	-	-	3,574,555	-
(814,543)	-	-	(814,543)	-
750,000	-	-	(50,000)	44,224
-	-	-	(46,913)	-
(18,506)	-	-	(425,022)	-
(10,352,609)	(1,407,376)	(300,143)	(31,268,893)	(1,458,929)
(1,842,856)	(2,729,096)	(1,171,713)	(15,581,443)	2,643
639,811	2,044,955	1,213,668	14,050,944	904,985
225,738	57,983	33,959	956,696	162,506
(977,307)	(626,158)	75,914	(573,803)	1,070,134
(1,795,076)	(1,312,762)	310,755	(4,839,367)	2,993,729
1,860,743	2,476,775	1,169,037	22,086,539	17
\$ 65,667	\$ 1,164,013	\$ 1,479,792	\$ 17,247,172	\$ 2,993,746
\$ 2,811,355	\$ 188,116	\$ (60,485)	\$ 6,106,011	\$ 2,599,952
5,422,877	-	-	9,788,051	8
4,275,105	806,924	487,651	13,609,621	1,058,043
(1,462,746)	(106,047)	39,008	(1,978,983)	(19,337)
(443,513)	(10,471)	-	(490,302)	(31,046)
-	-	(11,661)	(11,661)	-
(957,292)	(156,819)	80,471	129,193	(270,096)
1,411,554	533,587	595,469	11,257,868	737,564
\$ 9,645,786	\$ 721,703	\$ 534,984	\$ 27,151,930	\$ 3,337,524
\$ 305,620	\$ -	\$ -	\$ 5,042,585	\$ -
(18,692)	(7,744)	(5,738)	(214,836)	(370,111)
3,669	571,408	1,216,215	5,171,837	2,639,221
61,998	592,605	263,577	12,075,335	354,525
\$ 65,667	\$ 1,164,013	\$ 1,479,792	\$ 17,247,172	\$ 2,993,746

City of Loveland, Colorado
Statement of Assets and Liabilities
Agency Funds
December 31, 2017

ASSETS		
Equity in Pooled Cash and Cash Equivalents	\$	446,625
Equity in Pooled Investments		9,711
Accrued Interest		1,324
<hr/>		
Total Assets	\$	457,660
<hr/>		
LIABILITIES		
Due to Improvement District	\$	456,656
Accounts Payable		1,004
<hr/>		
Total Liabilities	\$	457,660

The notes to the financial statements are an integral part of this statement.

City of Loveland, Colorado
Notes to Financial Statements
December 31, 2017

Note 1: Summary of Significant Accounting Policies

The City of Loveland is a Colorado Home Rule City operating under a charter provided by the authority of the Constitution of the State of Colorado, and adopted by its citizens on May 21, 1996. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, museum, library, parks and recreation, public improvements, planning and zoning, electrical power, water, wastewater, stormwater, solid waste collection, cemetery, and general administrative services.

The accounting policies of the City of Loveland conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Reporting Entity

Management has considered all potential component units in defining the City for financial reporting purposes. As required by generally accepted accounting principles, these financial statements present the City of Loveland (the primary government) and its component units. None of the component units issue a separate report. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City:

Blended Component Units

1. General Improvement District (GID) #1: This District is reported as a Special Revenue Fund. The District provides for the operation, maintenance, and construction of downtown parking lots and landscaping. The City Council serves as an ex-officio Board of Directors.
2. Loveland/Larimer Building Authority (LLBA): This Authority is reported as a Special Revenue Fund. The Authority is responsible for the maintenance of the Police and Courts Building. Expenses are paid by the City and Larimer County based on square-foot usage with the City being the primary user. The Authority is governed by a three-member board consisting of the City Manager, County Manager, and one other volunteer board member.
3. Loveland Urban Renewal Authority (LURA): This Authority is reported as a Special Revenue Fund. The Authority receives tax increment financing for property and sales taxes within its boundaries and uses that revenue source for urban renewal projects. The City Council also serves as the governing board of LURA.
4. Loveland Fire Rescue Authority: This Authority is reported as a Special Revenue Fund. The Authority receives revenue for operating and capital expenses primarily from contributions from the City and the Loveland Rural Fire District. Additional revenues are generated from fees charged for services provided by both the Suppression and Prevention Divisions. Expenses are limited to the operations and capital needs of the Authority. The Fund is managed by the Fire Authority, but the Authority has a governing body substantively the same as the City and a financial benefit/burden relationship exists. The Authority also provides service that almost exclusively benefits the City.
5. Downtown Development Authority (DDA): The Authority was established to aid in the development and redevelopment of property within the boundaries of the Authority. As of December 31, 2017, the Authority does not have any financial assets to report. The election held on November 8, 2016 for an increase in the property taxes of not more than 5.00 mills for the Authority passed.

Joint Ventures

1. Northern Colorado Regional Airport (hereinafter referred to as "Airport"): The Airport is jointly owned and operated by the cities of Loveland and Fort Collins, Colorado. Annual contributions are made by both cities to subsidize expenditures in excess of revenues for operations and to enhance the value of the Airport. As of December 31, 2017, ownership was (based on contributed capital): Fort Collins 50%, and Loveland 50%. Separately-issued financial statements are available upon request from the Accounting Division at the City of Loveland, Civic Center, 500 East Third Street, Loveland, Colorado, 80537.

Note 1: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Financial Information

A summary of financial information is as follows:

As of December 31, 2017	
Total Current Assets	\$ 2,613,225
Total Capital Assets (net of accumulated depreciation)	<u>17,684,896</u>
Total Assets	20,298,121
Total Current Liabilities	<u>(389,523)</u>
Total Net Position	<u><u>\$ 19,908,598</u></u>

For the Year Ended December 31, 2017	
Total operating revenue	\$ 703,831
Total operating expenses	(2,453,568)
Interest income	25,965
Non-operating revenue	520,000
Capital contributions	<u>831,535</u>
Change in Net Position	<u><u>\$ (372,237)</u></u>

2. Platte River Power Authority (PRPA): On September 5, 1974, the City of Loveland, Colorado entered into a contract with PRPA wherein PRPA provides electrical power and energy to the City. Under the terms of the agreement, the rate charged by PRPA is reviewed annually and revised as necessary to provide sufficient revenues to enable Platte River to make payments of principal and interest on its indebtedness.

On June 3, 1975, Ordinance 1427 authorized the creation of the PRPA as a separate governmental entity with the Cities of Fort Collins, Longmont, Loveland, and Estes Park as participants. The PRPA is governed by an eight-member Board. Each city has two members on this Board. These members are appointed by the respective City Councils.

Separately-issued financial statements for PRPA are available from its corporate headquarters at PRPA, 2000 East Horsetooth Road, Fort Collins, Colorado, 80525. The City does not have an equity interest in any of the joint ventures in which it participates. None of the joint ventures are accumulating financial resources or are experiencing fiscal stress that are expected to create a significant financial benefit or burden on the City in the foreseeable future.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide and Fund Financial Statements

The City government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. *Governmental Activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-Type Activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other

Note 1: Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are presented on an *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following Major Governmental Funds:

1. **General Fund**: This is the City's primary operating fund. It accounts for all activities of the general government, except those required to be accounted for in another fund.
2. **Loveland Urban Renewal Authority (LURA)**: This Special Revenue Fund accounts for tax increment financing and operating costs of the Authority.
3. **Transportation Fund**: This Special Revenue Fund is used to account for all revenues and costs to maintain the existing street infrastructure and the construction of new infrastructure. The primary funding sources are Highway User Tax Funds (HUTF) and other state revenue sharing, the Larimer County Road and Bridge tax revenue sharing, and the Transportation Utility Fee.
4. **Capital Expansion Fee (CEF) Fund**: This is a Capital Projects Fund that accounts for the expansion of general city facilities. Revenue is derived from fees specifically for the expansion of city facilities collected as part of the building permit process.
5. **Loveland Fire Rescue Authority Fund**: This Fund accounts for the operations and capital needs of the Fire Authority. Funding sources are primarily from the General Fund and the Loveland Rural Fire District.
6. **Capital Projects Fund**: This Fund accounts for the major capital improvements of the City. Substantially all revenues are transfers from other funds.

Proprietary Funds: These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. The City also recognizes as operating revenue in the utility funds the portion of tap fees intended to recover the cost of connecting new customers to the system. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following Proprietary Funds as major:

1. **Water Fund**: This Fund accounts for all activities necessary for the operation, maintenance and improvements

Note 1: Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

- of the water utility.
- 2. Wastewater Fund: This Fund accounts for all activities necessary for the operation, maintenance and improvements of the wastewater utility.
- 3. Stormwater Fund: This Fund accounts for all activities necessary for the operation, maintenance and improvements of the storm drainage utility.
- 4. Power Fund: This Fund accounts for all activities necessary for the operation, maintenance and improvements of the electric utility.
- 5. Refuse Fund: This Fund accounts for all activities necessary for the operation and maintenance of the refuse/recycling collection program.
- 6. Golf Fund: This Fund accounts for all the activities necessary for the operation, maintenance and improvements of the City's three golf courses.

Additionally, the City reports the following fund types:

- 1. Internal Service Fund: This Fund accounts for services provided to other departments or agencies of the City on a cost-reimbursement basis for the employee benefits, risk and insurance, and fleet maintenance.
- 2. Fiduciary Funds: This fund (Loveland Special Improvement District #1) accounts for the special assessment collection for and debt service of the District's special assessment debt.

Certain eliminations have been made in regards to interfund activities, payables, and receivables. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided.

Internally-dedicated resources are reported as general revenues rather than as program revenues. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Reconciliation of the fund financial statements to the government-wide financial statements is provided in the financial statements to explain the differences created by the integrated approach of GASB Statement No. 34.

C. Fair Value

The City categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. See note 2 Cash and Investments for additional disclosure.

D. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in the subsequent year in two installments on February 28 and June 15, or in total on April 30. Property taxes are billed and collected by Larimer County, Colorado. Taxes for the following year are levied no later than December 15 and are recorded as a receivable with a corresponding offset to deferred revenue.

E. Cash and Investments

The City's investment policy authorizes investments in accordance with state statutes for investing of public funds. Current investment holdings of the City include Money Market Funds, Certificates of Deposit, Government Investment Pool, Corporate Securities, US Treasury Notes, Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bureau obligations stated at fair value. The local government investment pools are under the regulatory oversight of the Colorado Securities Commissioner. The fair value of the City's position in the pool is the same as the value of the pool shares. Investments are not made in any derivative types of arrangements.

Investments are stated at fair value.

For purposes of the statement of cash flows, the City defines cash and cash equivalents as amounts in demand

Note 1: Summary of Significant Accounting Policies (continued)

E. Cash and Investments (continued)

deposits as well as short-term, highly liquid investments with original maturities of three months or less. Cash equivalents are both readily convertible to cash and are so near their maturity that they present insignificant risk of change in value due to interest rate changes.

F. Receivables/Payables

Interfund

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet when they are expected to be liquidated within one year. If the receivable or payable is expected to be liquidated after one year, they are classified as Interfund Loan Receivable/Payable.

Receivables

Receivables consist primarily of sales and use tax and other miscellaneous receivables. Receivables are reported net of allowance for uncollectable accounts. At December 31, 2017, the allowance for uncollectable accounts was \$214,446. Revenue from grants and donations is recognized in the period in which all eligibility requirements have been satisfied.

G. Inventories

All inventories are stated at cost on a First-In-First-Out (FIFO) basis. Proprietary Funds' inventories consist of supplies purchased for consumption which will be expensed when actually consumed.

H. Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the acquisition date. The City's policy is to record all capital assets with an initial cost of at least \$5,000. Interest costs are expensed as incurred and, therefore, not capitalized, unless debt is incurred for the purpose of financing a capital asset.. The City developed a Capitalization Policy that defines the recording of capital assets in accordance with Generally Accepted Accounting Principles. The Capitalization Policy includes a physical inventory count of capital assets by fund and department in a three-year cycle. In 2017, the three-year cycle of physical inventories included Airport, Art and Museum, Development Services, Fleet, Parks and Recreation, Public Works Administration and Facilities and Water.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the useful lives of the related capital assets, as applicable. Public domain ("infrastructure") capital assets consisting of roads, streets and sidewalks, bridges and lighting and traffic signal systems are capitalized as a separate category.

Assets are depreciated using the six month convention method on a straight line basis. Depreciation expense is reflected as an operating expense in the government-wide statement of activities and proprietary funds.

Estimated useful lives for asset types are as follows:

Improvements Other Than Buildings	12-50 years	Buildings	20-50 years
Equipment	3-20 years	Infrastructure	10-100 years

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits and compensation time balances. All accumulated vacation and compensation time balances and a portion of accumulated sick leave based on longevity are paid to the employee upon separation of service. These liabilities are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these

Note 1: Summary of Significant Accounting Policies (continued)

I. Compensated Absences (continued)

amounts is reported in the Governmental Funds only if they are payable as a result of employee resignations and retirements. The liability for Governmental Funds compensated absences is typically liquidated by the General Fund.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-Type Activities, or Proprietary Fund type statement of net position. Bond premiums, and discounts, as well as issuance costs, are expensed in the year paid.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as sources or uses in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Deferred Outflows/Inflows of Resources

In 2013, the City implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. The objective of GASB 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either imposed externally by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can be used only for specific purposes pursuant to constraints formally imposed by the City Council through action of an ordinance approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council rescinds or modifies the specified use by action of an ordinance.

Assigned: Amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been established by a body designated for that purpose or by an official designated for that purpose.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

Under City policy, the General Fund is required to maintain a minimum unrestricted fund balance of the greater of 15% of the current fiscal year expenditures or two months of fiscal year expenditures budgeted for the fund.

Note 1: Summary of Significant Accounting Policies (continued)

M. Reclassification

Certain accounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Note 2: Cash and Investments

Cash and investments at December 31, 2017, consisted of the following:

Deposits	\$ 50,998,556
Investments	175,189,775
Total	<u>\$226,188,331</u>

Deposits and investments are displayed within this report as follows:

Cash	\$ 14,715
Equity in Pooled Cash and Cash Equivalent	29,858,635
Equity in Pooled Investments	142,605,228
Equity in Restricted Cash	20,678,581
Equity in Restricted Investments	32,574,836
Equity in Pooled Cash and Cash Equivalent - Agency Fund	446,625
Equity in Pooled Investments - Agency Fund	9,711
Total	<u>\$ 226,188,331</u>

A. Restricted Cash

Restricted cash includes funds at the trustee bank for the Certificates of Participation semi-annual interest payments through August 2019. These funds are controlled by the trustee for the payments and are not included in the deposits and investments total in the above table. The current balance for this restricted cash is \$1,082,453. There is also restricted cash for the Wastewater Revenue bonds that is held by the trustee bank, the current balance for this restricted cash is \$1,195.

B. Fair Value

The City categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments Held in Investment Pools

The City had invested \$14,231,642 in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is valued at amortized cost. The investments conform to its permitted investments and will meet Standard & Poor's investment guidelines to achieve a AAAM rating, the highest attainable rating for a Local Government Investment Pool. Information related to CSAFE can be found at their website, www.csafe.org.

City of Loveland has invested \$2,813 in Colorado Local Government Liquid Asset Trust Plus+ (ColoTrust). ColoTrust is valued using the NAV per share (or its equivalent) of the investments. ColoTrust does not have any unfunded commitments, redemption restrictions or redemption notice periods. ColoTrust has a rating of AAAM. Information

Note 2: Cash and Investments (continued)

B. Fair Value (continued)

related to ColoTrust can be found on their website, www.colotrust.com.

The City has the following recurring fair value measurements as of December 31, 2017:

- U.S. Treasury securities of \$39,809,833 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of \$109,035,629 are valued using matrix pricing techniques (Level 2 inputs)
- Corporate Bonds of \$22,416,533 are valued using matrix pricing techniques (Level 2 inputs)
- Municipal Bonds of \$1,959,487 are valued using matrix pricing techniques (Level 2 inputs)

C. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. The State banking commissioner regulates the eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2017 the City had \$11,872,250 collateralized with securities held by the financial institution's agent but not in the City's name.

D. Investments

The City has an investment policy which specifies the investment instruments including rating, maturity and concentration risk criteria in which the City may invest. These investment instruments include:

- Obligations of the United States and certain US Agency securities
- Certain international agency securities
- General obligation and revenue bonds of US local government entities
- Commercial paper
- Corporate or bank issue debt
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market accounts
- Guaranteed investment contracts
- Local government investment pools

At December 31, 2017, the City had the following investments:

Investment Type	Standard and Poor's Rating	Less than 1	1-3	4-5	More than 5	Total
Governmental and Business-Type Activities						
Certificates of Deposit	N/A	\$ 1,472,020	\$ 496,164	\$ -	\$ -	\$ 1,968,184
U.S. Treasury Notes	N/A	-	20,550,441	14,366,615	4,890,571	39,807,627
U.S. Agency Securities	AA+	19,783,380	29,501,025	45,137,954	14,607,226	109,029,585
Corporate Bonds	AA-/A+/AA/AA+	2,970,172	11,531,360	7,913,758	-	22,415,290
Municipal Bonds	AA/AA+	-	986,316	973,062	-	1,959,378
Total		\$ 24,225,572	\$ 92,118,466	\$ 68,391,389	\$ 19,497,797	\$ 175,180,064
Fiduciary Funds						
Certificates of Deposit	N/A	\$ 81	\$ 28	\$ -	\$ -	\$ 109
U.S. Treasury Notes	N/A	-	1,139	796	271	2,206
U.S. Agency Securities	AA+	1,097	1,635	2,502	810	6,044
Corporate Bonds	AA-/A+/AA/AA+	165	639	439	-	1,243
Municipal Bonds	AA/AA+	-	55	54	-	109
Total		\$ 1,343	\$ 140,056	\$ 3,791	\$ 1,081	\$ 9,711

Note 2: Cash and Investments (continued)

D. Investments (continued)

1. **Local Government Investment Pools:** At December 31, 2017, the City had \$2,813 invested in Colotrust and \$14,231,642 in Colorado Surplus Asset Fund Trust (CSafe), investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. The Pools operate similarly to a money market fund with each share equal in value to \$1.00. The Pools are rated AAAm by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. There is no limitation on withdrawals from the local government investment pools. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. Financial statements can be obtained at www.csafe.org and www.colotrust.com.
2. **Interest Rate Risk:** State statutes and the City's Investment Policy limit investments in US Treasury and Agency securities to an original maturity up to seven years with a minimum credit rating of A+/A1. State Statutes and the City's Investment Policy require all repurchase agreements with a maturity of less than 5 years and collateralized with securities allowed by statute at no less than 102% of fair value. State statutes and the City's Investment Policy limit investments in corporate bonds to an original maturity of five years or less.
3. **Credit Risk:** State statutes and the City's Investment Policy limit investments in US Agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs). State statutes and the City's Investment Policy limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO. State statutes and the City's Investment Policy limit investments in corporate bonds and Foreign Issues to a minimum credit rating of "AA- or Aa3" by two or more NRSROs. At December 31, 2017, the City held corporate bonds with a rating lower than the minimum rating. At the time of purchase, the bonds were rated at or above minimum. The City's investment policy allows the City to hold on to these investments until maturity so a large loss is not taken.
4. **Custodial Credit Risk:** The City's Investment Policy requires that securities purchased from any bank or dealer, including appropriate collateral, be placed with an independent third party for custodial safekeeping. The City has entered into an agency agreement with US Bank-Denver to establish an Investment Management Account pursuant to Colorado Revised Statutes. The City's pooled cash is invested in this account. The Bank purchases investments for the City and maintains an internal accounting record of all investments of the City. All investment transactions are approved by City management. All investments, held and maintained by the Trust Department of the Bank, are specifically separate from the investments of the bank and are identified as being investments of the City of Loveland. Investments of Loveland Special Improvement District #1 are held by other banks in their Trust Departments and are also specifically identified as being investments of the City of Loveland.
5. **Concentration of Credit Risk:** The City's Investment Policy does not limit the amount the City may invest in one issuer. The City had investments in US agency securities greater than 5% of its total portfolio as follows: US Treasury Notes (22.72%), Federal Home Loan Bank (22.33%), Federal National Mortgage Association (16.67%), Federal Home Loan Mortgage Corporation (9.28%) and Federal Farm Credit Bank (13.95%).

E. Restricted Investments

Investments of \$32,574,836 have been restricted in the Parks and Recreation Improvement Fund, General Fund and certain enterprise funds for capital projects.

Note 3: Interfund Receivables, Payables, And Transfers

Interfund balances at December 31, 2017, were as follows:

Due From	Due to	Amount
CDBG Fund	General Fund	\$560
	Total Due To General Fund	\$560

Interfund balance due to the General Fund is for borrowings to cover deficit cash balances until reimbursements are received in the following year.

Advance From	Advance To	Original Amount	Principal Payments	Principal Balance at December 31, 2017
CEF Fund Power Fund	Loveland Urban Renewal Water Fund	\$ 900,000	\$ 70,270	\$ 829,730
CEF Fund General Fund	Loveland Urban Renewal Loveland Urban	6,000,000	3,000,000	3,000,000
CEF Fund General Fund	Renewal Loveland Urban	1,500,000	320,336	1,179,664
CEF Fund Fleet Fund	Renewal General Fund	63,100	15,450	47,650
CEF Fund Fleet Fund	General Fund	1,700,000	296,346	1,403,654
Fleet Fund	General Fund	\$ 500,000	\$ 87,161	\$ 412,839

In 2013, City Council approved an Interfund Loan of \$6,000,000 from Power to Water to help fund the replacement of aging infrastructure. The loan will be paid back in annual installments from 2014 to 2021. The interest rate will be the same as the City's annual return on its investment portfolio. A transfer of \$750,000 per year will come from the General Fund to the Water Fund to pay the principal portion of the loan. This interfund loan has been eliminated in the Statement of Net Position.

Water Fund Payment Schedule

	Beginning Balance	Principal	Interest	Total Payment
2018	\$ 3,000,000	\$ 750,000	\$ 45,000	\$ 795,000
2019	2,250,000	750,000	33,750	783,750
2020	1,500,000	750,000	22,500	772,500
2021	750,000	750,000	11,250	761,250
Total	\$ -	\$ 3,000,000	\$ 112,500	\$ 3,112,500

Interest Rate Projections*

2018	2019	2020	2021 - 2023
1.58%	2.30%	2.70%	2.83%

Note 3: Interfund Receivables, Payables, And Transfers (continued)

*Interest rate will be adjusted annually based on the performance of the City’s portfolio for the previous 12 months (same criteria as established in the City Charter Section 13.3(b) for interfund loans that involve utility funds)

In 2013, City Council approved an interfund loan of \$1,500,000 from the CEF Fund to the Loveland Urban Renewal Authority to help fund a mixed-use building in the downtown area. The entire \$1,500,000 was moved over to LURA in 2013, but interest will only be charged on the portion of funds given to the developer - \$500,000 in 2013 and \$1,000,000 in 2014. The interest is set, it will not be based on the City's annual return on its investment portfolio. In this same Council action, LURA agreed to reimburse the General Fund for waived material use tax, phase II environmental study, and a blight study and plan amendment at 3% for 14 years totaling \$63,100. LURA also agreed to repay \$900,000 to the Museum CEF for the land purchased for the project. The payments began in 2017 on this loan.

Loveland Urban Renewal Authority Payment Schedule					
	Beginning Balance	Principal	Interest	Total Payment	
2018	\$ 1,179,665	\$ 102,903	\$ 35,390	\$ 138,293	
2019	1,076,762	105,990	32,303	138,293	
2020	970,772	109,170	29,123	138,293	
2021	861,603	112,445	25,848	138,293	
2022	749,158	115,818	22,475	138,293	
2023	633,340	119,293	19,000	138,293	
2024	514,048	122,871	15,421	138,292	
2025	391,176	126,557	11,735	138,292	
2026	264,619	131,641	7,939	139,580	
2027	132,976	132,976	4,028	137,004	
Total	\$ -	\$ 1,179,664	\$ 203,262	\$ 1,382,926	

Loveland Urban Renewal Authority Payment Schedule					
	Beginning Balance	Principal	Interest	Total Payment	
2018	\$ 47,650	\$ 4,157	\$ 1,429	\$ 5,586	
2019	43,493	4,281	1,305	5,586	
2020	39,212	4,410	1,176	5,586	
2021	34,802	4,542	1,044	5,586	
2022	30,261	4,678	908	5,586	
2023	25,582	4,819	767	5,586	
2024	20,764	4,963	623	5,586	
2025	15,801	5,112	474	5,586	
2026	10,689	5,265	321	5,586	
2027	5,423	5,423	163	5,586	
Total	\$ -	\$ 47,650	\$ 8,210	\$ 55,860	

Note 3: Interfund Receivables, Payables, And Transfers (continued)

Loveland Urban Renewal Authority Payment Schedule

	Beginning			Total
	Balance	Principal	Interest	Payment
2018	\$ 829,730	\$ 72,378	\$ 24,892	\$ 97,270
2019	757,333	74,549	22,721	97,270
2020	682,803	76,786	20,484	97,270
2021	606,018	79,088	18,182	97,270
2022	526,929	81,462	15,808	97,270
2023	445,467	83,906	13,364	97,270
2024	361,561	86,423	10,847	97,270
2025	275,138	89,015	8,255	97,270
2026	186,123	91,686	5,584	97,270
2027	94,437	94,437	2,833	97,270
Total	\$ -	\$ 829,730	\$ 142,970	\$ 972,700

In January of 2015, City Council approved a \$2,200,000 loan from Fleet and CEF funds to the Economic Incentive fund for an incentive agreement with Evergreen Development Company (Sprouts). The loan will be paid back over a period of ten years, with an annual interest rate of 3%, through the normal collection of sales tax. The annual payment guaranty is \$254,920. In the event the annual sales tax collections do not meet this amount, the project owner shall pay to the City, within 180 days after the expiration of each 12-month period, the amount by which \$254,920 exceeds the sales taxes collected.

Economic Incentive Fund Payment Schedule

	Beginning			Total
	Balance	Principal	Interest	Payment
2018	\$ 1,816,492	\$ 200,425	\$ 54,495	\$ 254,920
2019	1,616,067	206,438	48,482	254,920
2020	1,409,629	212,631	42,289	254,920
2021	1,196,998	219,010	35,910	254,920
2022	977,988	225,580	29,340	254,920
2023	752,408	232,348	22,572	254,920
2024	520,060	239,318	15,602	254,920
2025	280,742	246,498	8,422	254,920
2026	34,244	34,244	1,027	35,271
Total	\$ -	\$ 1,816,492	\$ 258,139	\$ 2,074,631

Note 3: Interfund Receivables, Payables, And Transfers (continued)

Transfers between funds were as follows:

	Transfers In:										
	General	Capital Projects	Transportation	Affordable Housing	Water	Waste Water	Storm Water	Power	Internal Services	CEF's	Total
Transfers Out:											
General	\$2,159,123	\$19,757,678	\$11,528,586	\$ 400,000	\$768,735	\$7,920	\$ 5,884	\$ 6,330	\$ -	\$362,898	\$34,997,154
Capital Projects	13,750	-	-	-	-	-	-	-	-	-	13,750
Lodging Tax	25,000	-	-	-	-	-	-	-	-	-	25,000
Transportation	56,126	-	-	-	-	-	-	-	-	-	56,126
CEF's	-	116,951	1,357,668	-	-	-	-	-	45,000	-	1,519,619
Water	18,247	-	-	-	-	-	-	-	-	-	18,247
Waste Water	83,980	-	-	-	-	-	-	-	-	-	83,980
Power	117,276	-	-	-	-	-	-	-	-	-	117,276
Storm Water	10,136	-	-	-	-	-	-	-	-	-	10,136
Refuse	931	-	-	-	-	-	-	-	-	-	931
	<u>\$2,484,569</u>	<u>\$19,874,629</u>	<u>\$12,886,254</u>	<u>\$ 400,000</u>	<u>\$768,735</u>	<u>\$7,920</u>	<u>\$ 5,884</u>	<u>\$ 6,330</u>	<u>\$ 45,000</u>	<u>\$362,898</u>	<u>\$36,842,219</u>

During the year, transfers are used for varying reasons including but not limited to moving revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, transfers for internal services rendered, capital projects, interfund loans, and unemployment insurance.

The most significant transfers were initiated by the City for the following reasons:

The General Fund transferred \$11,528,586 to the Transportation Fund for various street capital projects throughout the City

The General Fund transferred \$19,757,677 to the Capital Projects Fund for various capital projects throughout the City, approximately \$3.4 million of this total was designated to the Foundry capital project.

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

Governmental Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 54,652,347	\$ 3,711,690	\$ 2,107,868	\$ 56,256,169
Easements	4,072,283	531,610	-	4,603,893
Water Rights	2,624,520	-	-	2,624,520
Art Collection	6,650,761	153,640	26,800	6,777,601
Construction in Progress	7,572,795	19,984,574	5,078,215	22,479,154
Total Capital Assets, not being depreciated	75,572,706	24,381,514	7,212,883	92,741,337
Capital Assets, being depreciated				
Buildings	76,568,329	2,107,868	-	78,676,197
Equipment	41,228,504	10,937,178	10,793,326	41,372,356
Improvements Other Than Buildings	53,071,322	1,814,933	391,287	54,494,968
Infrastructure	281,912,592	19,303,906	11,979,381	289,237,117
Total Capital Assets, being depreciated	452,780,747	34,163,885	23,163,994	463,780,638
Less accumulated depreciation for:				
Buildings	24,433,824	2,072,706	-	26,506,530
Equipment	29,206,728	6,392,646	7,131,656	28,467,718
Improvements Other Than Buildings	21,197,595	2,370,459	355,564	23,212,490
Infrastructure	100,660,607	9,554,556	11,628,042	98,587,121
Total Accumulated Depreciation	175,498,754	20,390,367	19,115,262	176,773,859
Total capital assets, being depreciated, net	277,281,993	13,773,518	4,048,732	287,006,779
Governmental activities capital assets, net	\$ 352,854,699	\$ 38,155,032	\$ 11,261,615	\$ 379,748,116

Business-type Activities	Restated Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 8,282,038	\$ 1,283,376	\$ -	\$ 9,565,414
Easements	12,454,626	1,241,853	-	13,696,479
Water Rights	73,711,707	2,077,420	104	75,789,023
Construction in Progress	46,109,515	23,466,593	26,998,671	42,577,437
Total Capital Assets, not being depreciated	140,557,886	28,069,242	26,998,775	141,628,353
Capital Assets, being depreciated				
Buildings	15,269,470	447,850	-	15,717,320
Equipment	20,666,753	3,055,583	2,285,580	21,436,756
Improvements Other Than Buildings	294,487,943	24,219,080	3,867,417	314,839,606
Infrastructure	147,996,780	7,961,051	63,289	155,894,542
Total Capital Assets, being depreciated	478,420,946	35,683,564	6,216,286	507,888,224
Less accumulated depreciation for:				
Buildings	5,584,905	343,759	-	5,928,664
Equipment	13,220,991	2,048,718	1,741,748	13,527,961
Improvements Other Than Buildings	103,449,448	8,096,164	853,250	110,692,362
Infrastructure	39,790,359	3,120,980	45,311	42,866,028
Total Accumulated Depreciation	162,045,703	13,609,621	2,640,309	173,015,015
Total capital assets, being depreciated, net	316,375,243	22,073,943	3,575,977	334,873,209
Business-type activities capital assets, net	\$ 456,933,129	\$ 50,143,185	\$ 30,574,752	\$ 476,501,562

Depreciation expense was charged to programs of the City as follows:

Note 4: Capital Assets (continued)

Governmental Activities	
Executive	\$ 1,929
Library	327,079
Finance	15,273
Information Technology	272,209
Development Services	2,902,945
Public Works	7,414,395
Police	676,443
Fire	4,562,670
Parks & Recreation	2,772,053
Cultural Services	273,464
Nondepartmental	113,864
Internal Service Fund	1,058,043
Total Governmental Activities	\$ 20,390,367

Business-Type Activities	
Water	\$ 4,407,953
Wastewater	2,118,101
Stormwater	1,513,887
Power	4,275,105
Solid Waste	806,924
Golf	487,651
Total Business-Type Activities	\$ 13,609,621

Note 5: Long-Term Debt

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 4,826,621	\$ 3,170,701	\$ 3,239,595	\$ 4,757,727	\$ 2,616,750
Certificates of Participation	-	15,900,000	-	15,900,000	-
Oversizing Agreements	3,584,914	-	776,525	2,808,389	587,182
Total	\$ 8,411,535	\$19,070,701	\$ 4,016,120	\$23,466,116	\$ 3,203,932
Business-Type Activities					
Water Bonds	\$13,200,000	\$ -	\$ 600,000	\$12,600,000	\$ 620,000
Wastewater Bonds	-	550,000	-	550,000	-
Compensated Absences	1,743,296	1,038,211	1,120,265	1,661,242	913,683
Oversizing Agreements	10,678	-	10,678	-	-
Total	\$14,953,974	\$ 1,588,211	\$ 1,730,943	\$14,811,242	\$ 1,533,683

A. Certificates of Participation

In March, 2017 the City closed the lease certificates of participation financing transaction at 3.39% for a fifteen year term. The amount of proceeds was \$15,900,000. These lease certificates of participation will be used to fund the Foundry parking garage and public plaza.

Note 5: Long-Term Debt (continued)

A. Certificates of Participation (continued)

Certificates of Participation

The City issued Certificates of Participation on March 14, 2017 for the construction of a Parking Facility located at the downtown Foundry project and other public improvements. The debt is secured by the initial leased property pending completion of the Parking Facility of:

- (a) City Hall, located at 500 East 3rd Street
- (b) the Fire Administration Building located at 410 East 5th Street
- (c) the Municipal Operations Center located at 105 West 5th Street

When the construction of the Parking Facility has been completed and is operational and open to the public the Parking Facility will be substituted for the City Property.

Year	Principal	Interest
2018	\$ -	\$ 539,010
2019	-	539,010
2020	360,000	535,959
2021	370,000	523,670
2022	380,000	511,043
2023-2027	2,120,000	2,350,118
2028-2032	12,670,000	1,786,022
Total	\$ 15,900,000	\$ 6,784,832

B. Water and Wastewater Bonds

In July 2013, the City Water Fund authorized revenue bonds in the amount of \$10,000,000 for improvements to the Water Treatment Plant. The bonds have a flexible draw of proceeds beginning on the bond issuance date of July 17, 2013 through July 19, 2016. The bonds have a final maturity date of August 1, 2033 with the first principal payment of \$450,000 paid on August 1, 2017. During 2013 there was a draw of \$100,000 to pay for closing costs. There were additional draws totaling \$6,906,594 in 2015 and the remaining balance was drawn in 2016 totaling \$2,993,406. The rate of interest on the bonds is 3.19% and interest payments began in February 2014. Principal payments are due annually beginning August 1st 2017, and interest payments are due semi-annually on February 1st and August 1st. The 2013 revenue bonds are payable solely from the net revenue of the water utility system, after deduction of operating expenses.

In January 2015, the City Water Fund authorized revenue bonds in the amount of \$3,200,000 for improvements to the Water Treatment Plant. The bonds had a fixed draw of proceeds beginning on May 1, 2015 through December 1, 2015 in the amount of \$400,000 per draw. The bonds have a final maturity date of August 1, 2033 with the first principal payment of \$150,000 paid on August 1, 2017. The rate of interest on the bonds is 2.98% and interest payments began in August 2015. Principal payments are due annually beginning August 1st 2017, and interest payments are due semi-annually on February 1st and August 1st. The 2015 revenue bonds are payable solely from the net revenue of the water utility system, after deduction of operating expenses.

In January 2017, the City Wastewater Fund authorized revenue bonds in the amount of \$24,900,000 for improvements to the Wastewater Treatment Plant. The bonds had a fixed draw of proceeds beginning on January 18, 2017 through August 1, 2018. The fixed draw for 2017 on the bonds totaled \$550,000. The bonds have a final maturity date of August 1, 2037 with the first principal payment of \$665,000 due on August 1, 2019. The rate of interest on the bonds is 3.35% on the borrowing totaling \$4,450,000 and 4.11% on the borrowing totaling \$20,450,000. Interest payments began in August 2017. Principal payments are due annually beginning August 1st 2019, and interest payments are due semi-annually on February 1st and August 1st. The 2017 revenue bonds are payable solely from the net revenue of the wastewater utility system, after deduction of operating expenses.

Note 5: Long-Term Debt (continued)

B. Water and Wastewater Bonds (continued)

Year	Principal			Interest		
	2013 Water Bond	2015 Water Bond	2017 Wastewater Bond	2013 Water Bond	2015 Water Bond	2017 Wastewater Bond
2018	\$ 465,000	\$ 155,000	\$ -	\$ 304,645	\$ 90,890	\$ 20,928
2019	480,000	160,000	550,000	289,812	86,271	12,208
2020	495,000	165,000	-	274,500	81,503	-
2021	515,000	165,000	-	258,709	76,586	-
2022	530,000	170,000	-	242,281	71,669	-
2023-2027	2,910,000	925,000	-	947,111	279,375	-
2028-2032	3,405,000	1,075,000	-	452,183	157,045	-
2033-2037	750,000	235,000	-	23,925	13,112	-
Total	\$ 9,550,000	\$ 3,050,000	\$ 550,000	\$ 2,793,166	\$ 856,451	\$ 33,136

Pledged Revenues

The City has issued revenue bonds which are outstanding through year end. These bonds were issued for improvements to the Water Treatment Plant and the Wastewater Treatment Plant.

The total pledged revenue is not estimable in comparison to pledged debt in that revenues are uncertain to future amounts. However, the debt coverage requirement for each issue must be met or the bonds will be in default. This provides sufficient coverage each year for the pledged debt. The debt service coverage, or comparison of pledged revenue net of specific operating expenses, for each pledged debt is outlined in the Pledged Revenue Table in the Statistical Section.

	Amount Pledged	Term of Commitment
2013 Water Bond	\$ 12,343,166	2033
2015 Water Bond	3,906,451	2033
2017 Wastewater Bond	35,685,378	2037
	\$ 51,934,995	

C. Capital Lease

There were no capital leases in 2017.

D. Special Assessment Bonds

In December, 2015, the City refunded Special Assessment Bonds Series 2007 (“the Refunded Bonds”). The net proceeds of the refunding bonds, along with proceeds in accounts held for the Refunded Bonds were deposited in an escrow account to provide for all future debt service payments on the Refunded Bonds. The outstanding balance of the defeased debt at December 31, 2016 was \$0.

The City authorized the issuance of Special Assessment Refunding Bonds, Series 2015 for \$4,750,000 on December 30, 2015, to refund, pay and discharge all of the outstanding 2007 Bonds.

The City is not obligated in any manner for this debt. This debt will be serviced by special assessments paid by the property owners within the District. The outstanding balance of the bonds at December 31, 2017 is \$4,480,000.

Note 5: Long-Term Debt (continued)

E. Developer Oversizing Agreements

The City has a number of outstanding agreements with developers requiring the City to reimburse the developers for the cost of oversizing public improvements, which are initially completed at the developer’s expense. As of December 31, 2017, the City had oversizing agreements for transportation and water. The City appropriates money annually to make payments on developer agreements with a target of having the agreement paid off by the time the improvement would have been scheduled for construction in the capital improvements program. Contractually, the only agreements with a stated payment plan is the Waterford Place 2nd project. No amount shall be due to developers in any year in which funds have not been appropriated.

Under Municipal Code 16.41.110, the City references the Larimer County Urban Area Street Standards regarding required interest payments to developers on required but unnecessary street oversizing improvements. The street developer may be paid interest at the same rate that the City is earning on its pooled investments during the reimbursement period beginning three months after City acceptance of the approved oversizing street improvements until reimbursement is completed. There are currently three street oversizing improvement agreements that include interest payment requirements.

The City’s Oversizing Developer Agreement Schedule at December 31, 2017 is as follows:

Project	Date of Contract	Orig. Contract Amount	Jan 1, 2017 Balance	Contract Changes	Contract Additions	Contract Payments	December 31, 2017 Balance
*Waterford Place 2nd Sub	12/13/02	\$ 507,205	\$ 400,867	\$ -	\$ -	\$ -	\$ 400,867
Blackbird Knolls 2nd Sub	5/2/05	307,337	307,337	-	-	-	307,337
*Taft and 14th St. SW Intersection	2/6/07	358,706	358,706	-	-	50,000	308,706
Highway 34 @ Sculptor	4/13/07	1,154,569	904,569	(252,601)	-	120,000	531,968
Sculptor South of US 34	4/13/07	431,271	431,271	-	-	-	431,271
Thompson 2nd Subdivision	9/24/07	313,874	313,874	-	-	-	313,874
*Crossroads Blvd - I-25 to CR 5 (old EN0313)	11/6/07	2,000,000	87,653	(87,653)	-	-	-
43rd St. West of Wilson	8/22/08	664,529	771,550	-	-	257,184	514,366
Dakota Glen Sidewalk	2/17/12	9,087	9,087	(9,087)	-	-	-
Street Oversizing Agreements		\$ 5,746,578	\$ 3,584,914	\$ (349,341)	\$ -	\$ 427,184	\$ 2,808,389
Wintergreen 3rd	6/12/15	\$ 10,678	\$ 10,678	\$ -	\$ -	\$ 10,678	\$ -
Water Oversizing Agreements		0	10,678	\$ -	\$ -	\$ 10,678	\$ -
TOTAL DEVELOPER AGREEMENTS		\$ 5,757,256	\$ 3,595,592	\$ (349,341)	\$ -	\$ 437,862	\$ 2,808,389

**Interest applies to these contracts.*

Note 6: Contractual Obligations

In January 2013, Council approved the Development and Disposition Agreement for the sale of property located at 541 E. Lincoln to facilitate the construction of a \$9.3 million, 69 unit market rate housing development in Downtown Loveland by Brinkman Partners of Fort Collins.

Council approved modification to the Block 41-Finley’s Addition Plan Area to include 541 N. Lincoln and other properties in the area. This permits LURA to retain incremental tax revenue from sales taxes in addition to property taxes to assist with the financing of the North Catalyst project (541 N. Lincoln). By expanding the Finley’s Addition Plan Area, the combined tax increment from the Lincoln Place Urban renewal area and the Brinkman/North Catalyst project will fund the public improvements for the catalyst project, predevelopment costs, and repay the City of the purchase of the property. After modification, Block 41-Finleys Addition Urban Renewal Plan is now referred to as the Expanded Finley’s Addition Plan Area.

The City’s Capital Expansion Fund loaned the Loveland Urban Renewal Area \$1.5 million for public improvements via interfund loans. The LURA will reimburse the City CEF’s from the tax increment collections plus 3 percent interest after

Note 6: Contractual Obligations (continued)

satisfaction of the Lincoln Place Master Financing Agreement. It is expected that the obligation can be repaid within 10 years.

Master Financing Agreement

On January 20, 2004, the Master Financing Agreement (MFA) was entered into between the City, Centerra Metropolitan District #1 (District), the Loveland Urban Renewal Authority (LURA), Centerra Properties West LLC (Developer), Centerra Public Improvement Collection Corporation, and Centerra Public Improvement Development Corporation. The MFA's intent was to establish an agreement for the City and the LURA to participate financially in the construction of public improvements through the use of new property and sales tax revenues generated from the approximately 1,300 acres of land at the northwest and northeast corners of the Interstate 25 and US Highway 34 interchange (the Commercial Area). Pursuant to the MFA, the LURA pledges to pay the District the net tax increment revenues for the purpose of financing certain public and regional improvements. The TIF allocation terminates the earlier of the date the LURA obligation is paid or 25 years after the LURA commencement date of January 20, 2004. The MFA also requires the recording of the Public Improvement Fee (PIF) Covenant against all of the property within the Commercial Area to provide for the imposition of a Public Improvement Fee. In connection with the PIF, the City agrees in the MFA to grant a sales tax credit against the collection of 1.25% of its 3.0% sales tax on taxable sales transactions occurring within the Commercial Area.

Note 7: Police Seizure Funds

Police, a department of the General Fund, receives proceeds from the seizure of contraband. These funds must be used for the specific purpose of law enforcement activities. State Statute requires the formation of a committee on disposition of forfeited property. The committee accepts and spends forfeiture proceeds without the approval from the City Council. Total revenues received were \$445 leaving an ending fund balance of \$46,708.

Note 8: Commitments And Contingencies**A. Risk Management**

The City uses a combination of large deductibles, participation in an insurance pool, and insurance coverage. For insured risks, no settlements have exceeded coverage during the past three fiscal years. The activity for City risk functions is accounted for in the Risk & Insurance Fund and the Employee Benefits Fund, which are components of the combined Internal Service Fund. The Internal Service Fund also includes the Fleet Replacement and Fleet Management Funds.

The City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA) for property and liability. CIRSA is a separate and legal entity which was formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, 29-1-201 et. seq., 29-13-102, 84-44-101(1)(c) and (3), and 84-44-204, C.R.S., as amended, and Colorado Constitution, Article XIV, Section 18(2). Membership is restricted to Colorado municipalities which are members of the Colorado Municipal League and other public entities that meet certain criteria. Workers' compensation is obtained through Pinnacle Assurance.

Other public entities must meet the following criteria:

1. Be a "public entity" as that term is defined in the Colorado Governmental Immunity Act (school districts are ineligible for CIRSA membership);
2. Have an intergovernmental agreement in effect with a CIRSA member municipality for the provision of one or more functions, services, or facilities lawfully authorized to both the entity and the municipality; and
3. That member municipality must consent to the entity's participation.

The purposes of CIRSA are to provide coverage and related services for its member municipalities through Member Pooling and excess insurance. It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability or loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs.

Note 8: Commitments And Contingencies (continued)

A. Risk Management (continued)

All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The board of directors may credit member municipalities' future contributions in the event of a surplus. Although it has never occurred, CIRSA member municipalities are subject to a supplemental assessment in the event of a deficiency.

In 2017, the deductible paid by the City for property, and auto physical damage is \$200,000 per occurrence. The deductible paid by the City for liability claims is \$200,000.

The deductible paid by the City for workers' compensation in each incident is \$75,000, with loss amounts over \$75,000 paid by Pinnacol. The City's Workers' Compensation insurance is renewed each July, and for the 2017-2018 renewal period (7/01/2017 through 6/30/2018) the City renewed with a higher per-occurrence deductible of \$100,000. Pinnacol also provides the City with a workers' compensation employers' liability limit of \$2,000,000.

The Employee Benefits Fund provides dental coverage for employees and is fully self-insured. Health insurance is self-insured up to stop-loss coverage which is purchased from insurance companies. Estimated liabilities for claims incurred but not reported (IBNR) at year end, are shown as accrued liabilities in the fund. These estimates are based on projections from historical claims data. Administrative costs of preparing these estimates are not included in the accrual of these liabilities. Short-term and Long-term Disability and Life Insurance coverage are purchased through premiums paid to insurance companies. Individual stop-loss coverage reduces the City's risk by shifting responsibility for large claims to the stop-loss provider. Claim amounts paid in excess of \$175,000 for a covered individual in a calendar year are reimbursed to the City by the stop-loss provider. Aggregate stop-loss coverage is also applicable and protects the City against high total claims for the healthcare plan. The Employee Benefits Fund has \$6,660,522 in fund balance for employee benefit claims. Short-term disability is managed by an administrative services only agreement; and short-term disability wages are paid by the City. Long-term disability and life insurance coverages are purchased through premiums paid to insurance companies.

The Risk & Insurance Fund provides protection against losses involving City property, equipment, liability, workers' compensation, environmental issues and unemployment. Reserves within the fund support higher deductibles against loss. Payments to CIRSA and Pinnacol for coverage under the insurance pool are shown as expenses within the fund. Charges for services are collected from City departments based on amounts determined by management to meet annual required payouts and to maintain deductible reserves. Accrued liabilities are recorded for incurred claims based on estimates made by CIRSA and Pinnacol. Additional contingent liability claims for the coverages have not been recognized after reviewing claims history due to the remoteness of potential loss in excess of actual contributions.

The Risk & Insurance Fund has \$4,905,505 in fund balance for property casualty losses. The combined fund balance of the Risk & Insurance Fund and Employee Benefits Fund, available to cover catastrophic losses, totals \$11,566,027.

Changes in the balances of claims liabilities during current and prior years are as follows:

Description	December 31, 2017	December 31, 2016
Unpaid Claims - Beginning	\$ 1,950,606	\$ 1,755,069
Incurred Claims (includes IBNR's)	9,331,679	12,913,826
Claims Paid	(9,725,740)	(12,718,289)
Unpaid Claims Ending	\$ 1,556,545	\$ 1,950,606

B. Construction Commitments

At December 31, 2017 the City had several construction projects in process. The most significant of these are as

Note 8: Commitments And Contingencies (continued)

B. Construction Commitments (continued)

follows:

Project	Budget	Cost to date
Windy Gap Firing	\$ 61,200,000	\$ 4,706,735
Wastewater Treatment Plant Expansion	\$ 40,181,171	\$ 12,145,501
Foundry (orig South Catalyst)	\$ 18,084,455	\$ 9,373,023
Railroad Ave Flood Repairs	\$ 5,636,292	\$ 103,799
Viestenz-Smith Park Flood Repair	\$ 4,204,662	\$ 3,295,635

C. Contingent Liabilities

The City is a defendant in one pending lawsuit. The City Attorney estimates that the potential counter claim against the City not covered by insurance would not materially affect the financial statements of the City. All other lawsuits where the City is a defendant are covered by insurance and would not materially affect the financial statements of the City.

Note 9: Retirement Commitments

A. Defined Contribution Plans

The City participates in single-employer pension plans for all full-time regular employees that were established (and may be amended) by City Council. Contribution requirements are determined by City Council for the defined contribution plans. All employee contributions vest immediately.

All current full-time employees participate in defined contribution plans. All plans are 401(a) money purchase plans.

1. **Police:** All certified officers of the Police Department must participate from the date of hire. The plan is administered by Principal Financial Group. City contributions vest with the officers after five years of employment.
2. **Fire:** All paid firefighters must participate from the date of hire. The plan is administered by Pension Management Associates and ICMA. City contributions vest with the firefighters at the rate of 20% after two years of employment and increase by 20% for each additional year until fully vested after six years.
3. **Nonuniformed Employees:** All full-time regular employees other than those covered by the above plans must participate after completion of six months of employment. The plan is administered by Great West Life & Annuity Insurance Company. City contributions vest with the employees after three years of employment.

Contribution requirements and amounts contributed during 2017 are as follows:

	Police Officers	Firefighters	Non-uniformed Employees
Required Contribution Rate			
Employer	10%	11%	5% - 9%
Employee	10%	9%	3%
Amounts Contributed			
Employer	\$856,315	\$704,327	\$2,406,449
Employee	\$856,315	\$576,266	\$1,076,567

B. Defined Benefit Plans

The City participates in two defined benefit pension plans, the Loveland and Rural Consolidated Volunteer

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

Firefighters Pension Plan and the Loveland Firefighters Pension Plan. As of January 1, 2009, both plans are affiliated with and administered by the Fire and Police Pension Association of Colorado (FPPA). FPPA issues publicly available financial statements and required supplementary information. That report may be obtained by writing to FPPA, 5290 DTC Parkway, Suite 100, Englewood, Colorado, 80111 or by calling 1-800-332-3772.

Loveland and Rural Consolidated Volunteer Firefighters

1. Plan Description:

The City contributes to an agent multiple employer defined benefit pension plan covering its volunteer firefighters that was established (and may be amended) by the Loveland and Rural Consolidated Volunteer Firefighters Pension Board. The Loveland and Rural Consolidated Volunteer Firefighters pension plan provides retirement, disability and death benefits to plan members and their beneficiaries. The City's volunteer firefighters become fully vested after 20 years of active service and reaching age 50.

2. Benefits Provided:

The benefit, payable at age 50, would be equal to the retirement benefit prorated based upon the number of years of service accrued at termination. Surviving spouses of deceased retirees are entitled to 50% of the retirement benefit until remarriage or their death. Pre-retirement death and disability benefits are only available if incurred in the line of duty. The plan also provides for a lump-sum burial benefit upon death of an active or retired firefighter. The plan is affiliated with and administrated by FPPA. The FPPA administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only.

As of January 1, 2017, the most recent actuarial valuation date, the plan was 66.2% funded. The membership of the Loveland and Rural Consolidated Volunteer Firefighters Pension Plan is:

Retirees and Beneficiaries	62
Inactive, Nonretired Members	4
<u>Active Members</u>	<u>0</u>
Total Members	66

3. Funding Policy:

The Loveland and Rural Consolidated Volunteer Firefighters Pension Plan receives contributions from the City, the Loveland Rural Fire Protection District and the State of Colorado. The contributions are not actuarially determined.

4. Net Pension Liability:

The net pension liability (i.e., the plan's liability determined in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions) as of December 31, 2017 is:

Total Pension Liability:	\$3,993,486
Plan Fiduciary Net Position:	\$2,644,400
Net Pension Liability:	\$1,349,086

The sources of changes in the net pension liability due to the adoption of GASB 68 are:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balance	\$ 3,545,141	\$ 2,734,027	\$ 811,114

Changes for the Year

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	7,212	-	7,212
Interest	251,537	-	251,537
Difference between expected and actual experience	173,817	-	173,817
Contributions - Employer	-	177,764	(177,764)
Net Investment Income	-	133,811	(133,811)
Benefit Payments, Including Refunds	(396,888)	(396,888)	-
Administrative Expense	-	(4,314)	4,314
Benefit Changes	259,856	-	259,856
Changes of Assumptions	152,811	-	152,811
Net Changes	448,345	(89,627)	537,972
Ending Balance as of 12/31/17	<u>\$ 3,993,486</u>	<u>\$ 2,644,400</u>	<u>\$ 1,349,086</u>

Deferred outflows of resources of \$91,175 related to pensions, resulting from contributions subsequent to measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended December 31, 2018. Other amounts reported as deferred outflows of resources related to pensions which is Actual Investment Earnings different than Assumed \$154,801 will be recognized in pension expense as follows:

Year Ended December 31:

2018	\$49,108
2019	49,108
2020	43,985
2021	12,602

5. Actuarial Methods and Assumption:

The total pension liability shown is based on an actuarial study for period January 1, 2017 for the measurement period ending December 31, 2016. Actuarial valuation of the plan involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future, such as mortality and inflation.

Actuarial Assumptions are:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open ¹
Remaining Amortization Period	20 years ¹
Asset Valuation Method	5-Year smoothed market
Inflation	2.5%
Salary Increase	N/A
Investment Rate of Return	7.5%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement is RP-2014 Combined Mortality Table with Blue Collar Adjustment, 55% multiplier for off-duty mortality, Post-retirement is RP-2014 Combined Mortality Table, with Blue Collar Adjustment, Disabled is RP-2014 Disabled Mortality Table.

¹Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

6. Development of Single Discount Rate:

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments and (2) tax-exempt municipal bond rates based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The development of the Single Discount Rate is calculated using the following factors:

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

Single Discount Rate	7.5%
Long-Term Expected Rate of Investment Return	7.5%
Long-Term Municipal Bond Rate ²	3.78%

The last year ending December 31 in the 2017 to 2116 projection period for which projected benefit payments are fully funded is year 2116.

²Source: "State & local bonds" rate from Federal Reserve statistical release (H.15) as of December 31, 2015. The statistical release describes this rate as "Bond Buyer Index, general obligation, 20 years to maturity, mixed quality." In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

7. The sensitivity of the Net Pension Liability of the Single Discount Rate Assumption:

1% Decrease to 6.5%	\$1,690,090
Current Single Discount Rate Assumption of 7.5%	\$1,349,086
1% Increase to 8.5%	\$1,055,779

8. Long Term Expected Rate of Return:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	36%	6.75%
Equity Long/Short	10%	4.85%
Illiquid Alternatives	23%	8.25%
Fixed Income	15%	0.50%
Absolute Return	10%	4.05%
Managed Futures	4%	3.00%
Cash	2%	-%
Total	100%	27.4%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2016, are summarized in the above table.

Loveland Firefighters

1. Plan Description:

The City maintains a single-employer Loveland Firefighters defined benefit pension plan for a small number of firefighters hired before April 1978 and retired before June 1990. Membership in the Plan consists of one individual currently receiving benefits. The monthly benefit is \$2,231 with no future increases scheduled. The Plan is closed to new members. Plan provisions and contributions are established and may be amended by the City Council. The plan is affiliated with and administered by the FPPA.

This plan is considered immaterial for GASB 68 implementation.

Note 10: Taxpayer Bill Of Rights (TABOR) Amendment To The Colorado Constitution

In November of 1992, Colorado voters approved a constitutional amendment which limits revenues and expenditures beginning in 1993. These limits apply to revenues of the governmental entity except for those areas classified as “enterprises” or as other exclusions. Enterprises as defined under the amendment are not the same as Enterprise Funds defined using governmental generally accepted accounting principles. The amendment also excludes certain types of revenues and expenses of the entity from the limitation process. These exclusions include, but are not limited to: gifts or donations, federal funds, property sales, damage awards, or reserve transfers or expenditures.

Revenue collections in subsequent years are limited to changes in the Denver-Aurora-Lakewood Consumer Price Index (CPI) for Urban Consumers and to increases in property valuations from new construction and annexations. The amendment also requires that the base be “reset” each year to actual revenue collections of the prior year or the maximum revenue allowable, whichever is less.

In November 2001, the voters approved a request that the City use excess revenues from 2003 through 2012 for police and fire operations, streets construction and maintenance and parks construction and maintenance. An extension was approved in 2013 through 2024 to be use for the same purposes. As of December 31, 2017, \$12,284,605 was available for these purposes. Of that amount, \$10,085,082 is budgeted to be spent in 2018.

The City has established an Emergency Reserve, representing 3% of qualifying expenditures, as required by the amendment. At December 31, 2017, the emergency reserve of \$2,665,909 was reported as a restriction of fund balance in the General Governmental Fund.

The following table shows revenue and growth items applicable to the revenue limit for 2017.

Actual revenue	\$ 88,863,634	CPI increase	3.39%
Base revenue	<u>92,239,363</u>	Growth increase	<u>2.03%</u>
Surplus/(Deficit)	<u><u>\$ (3,375,729)</u></u>	Total increase allowed	<u><u>5.42%</u></u>

Note 11: Fund Balance Designation

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. Nonspendable, such as inventories, prepaid expenses, long-term loans and resources that must be maintained intact pursuant to legal or contractual requirements (i.e., principal of a permanent fund)
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources, or through a government’s own constitution or charter.
3. Committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action through ordinances of the highest level of decision making authority, which is the City Council, and remains binding unless removed in the same manner.
4. Assigned fund balance represents resources that reflect a government’s intended use of resources. It has to be established at either the highest level of decision making, or by a body or an official designated for that purpose. On September 21, 2010, the City Council adopted Resolution #R-48-2011 that grants the City Manager, or the City Manager’s Designee, authority to designate the Assigned fund balance for each governmental fund based on the intended use of such resources. Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the general fund automatically would be reported as assigned fund balance.
5. Unassigned fund balance is any remaining fund balance in the general fund that did not fall into one of the four previous categories. The general fund should be the only fund that reports a positive unassigned fund balance.

The City of Loveland applies expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year in that order.

City staff brings recommendations to Council for the use of fund balance, whereas Council approves the recommendations through an ordinance either in the official budget ordinance, or supplemental ordinances throughout the year. Council makes approvals at the fund level.

Since 2005, when the Citizen Finance Advisory Commission brought a policy to City Council, the City has retained a

Note 11: Fund Balance Designation (continued)

minimum of 15% of the General Fund expenditures in the unassigned fund balance in essence as a stabilization fund. The City Council must formally adopt a supplemental appropriation to use these funds. The replenishment of the funds would be strategically addressed in the General Fund Ten Year Financial Master Plan that is updated annually. Even during the most significant economic event, the City has not used this stabilization balance. The balance as of December 31, 2017 is \$10,101,006.

The City has one major special revenue fund that is for programs that, by Council policy, have dedicated revenue sources. The Loveland Urban Renewal Authority (LURA) Fund was established by the City Council in July 2002. The LURA fund accounts for urban revitalization activities throughout the community. Revenue is received from incremental sales and property taxes collected within the designated area. The City of Loveland does not have a formally adopted minimum fund balance policy.

The table below provides detail for each category of fund balance:

FUND BALANCES	General	Loveland Urban Renewal Authority	Capital Expansion Fees	Loveland Fire & Rescue Authority	Capital Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,217	\$ 16,217
Interfund Loan Receivable	47,650	-	-	-	-	-	47,650
Permanent Fund Principal	-	-	-	-	-	1,098,718	1,098,718
Total Nonspendable	47,650	-	-	-	-	1,114,935	1,162,585
Restricted:							
Tabor 3% Emergency Reserve	2,665,909	-	-	-	-	-	2,665,909
Unspent Proceeds Capital Projects	9,928,354	-	-	-	-	-	9,928,354
Reserve for Excess Tabor Urban Revitalization	12,284,605	-	-	-	-	-	12,284,605
Parks & Recreation	-	1,018,896	-	-	-	-	1,018,896
Open Space Acquisitions	-	-	-	-	-	3,880,032	3,880,032
Law Enforcement	-	-	-	-	-	7,743,421	7,743,421
Fire & Rescue	-	-	-	2,090,853	-	46,708	2,090,853
Conventions & Tourism	-	-	-	-	-	546,262	546,262
Museum Programs	539,462	-	-	-	-	-	539,462
Police Donations	19,375	-	-	-	-	-	19,375
Library Books	277,839	-	-	-	-	-	277,839
Total Restricted	25,715,544	1,018,896	-	2,090,853	-	12,216,423	41,041,716
Committed:							
Special Projects	2,210,685	-	-	-	-	-	2,210,685
Future Capital Improvements	-	-	37,746,691	-	-	-	37,746,691
Art In Public Places	283,737	-	-	-	-	-	283,737
Interfund Loan Receivable	-	-	3,413,048	-	-	-	3,413,048
Public Education	-	-	-	-	-	216,870	216,870
Downtown Maintenance	-	-	-	-	-	117,627	117,627
Affordable Housing Agreements	-	-	-	-	-	382,741	382,741
Total Committed	2,494,422	-	41,159,739	-	-	717,238	44,371,399
Assigned:							
Parks Capital Improvements	-	-	-	-	-	1,635,037	1,635,037
Fiber Network	-	-	-	-	-	514,687	514,687
Capital Improvements	-	-	-	-	9,801,816	-	9,801,816
Spendable Portion Of Permanent Fund	-	-	-	-	-	1,831,753	1,831,753
Total Assigned	-	-	-	-	9,801,816	3,981,477	13,783,293
Unassigned:	10,591,361	-	-	-	-	-	10,591,361
Total Fund Balances	\$ 38,848,977	\$ 1,018,896	\$ 41,159,739	\$ 2,090,853	\$ 9,801,816	\$ 18,030,073	\$ 110,950,354

Note 12: Tax Abatement

The City's Incentive Policy adopted in February 2012 supports assistance programs for small business development, creative entrepreneurship and technology incubation and acceleration. Any economic incentive or other commitment of City funds must be set forth in a written agreement approved by City Council, funding must be budgeted and appropriated and must not constitute a multi-year fiscal obligation. Any economic incentive or other commitment under this Policy must serve a public purpose as determined by City Council including but not limited to providing significant cultural, social, and/or economic benefits to the citizens of Loveland.

Artspace Loveland

Artspace Projects, Inc. purchased property in downtown Loveland to develop a mixed-use live/work artist space. The City agreed to waive use tax in an amount not to exceed \$75,000 and provide a loan for \$300,000 for 30 years at the rate of 1.75%. Annually, commencing in April of 2016, the developer makes principal and interest payments equal to 75% of the residual cash flow for the previous calendar year. The residual cash flow paid to the City is to be applied first to an accrued but unpaid interest and then to the principal balance of the loan. The developer made no payment in 2016 or 2017, as there was no residual cash flow in the previous calendar years.

Hach Company

The City provided assistance for an expansion of a new research and development facility at the company's existing site by waiving building permit fees and use taxes in an amount not to exceed \$700,000 as a State Incentive was received. The City will rebate 100% of the City's portion of the Business Personal Property Tax (BPPT) up to the amount by which the actual building permit fees and use taxes are less than the waiver amount of \$700,000. The BPPT rebate is conditioned on the company completing construction and obtaining a temporary or permanent certificate of occupancy by December 31, 2017. The BPPT rebate will commence with the first full tax year after December 31, 2017.

Value Plastics, Inc (dba Nordson Corporation)

The company purchased property in North Loveland to construct a new facility and relocate their medical components manufacturing company. The City agreed to waive the building permit fees and use taxes in an amount not to exceed \$311,000; waive Capital Expansion Fees and System Impact Fees valued at \$230,000 which were backfilled by the Economic Incentive Fund; and pay \$313,000 for site infrastructure valued at \$313,000. These agreement terms were completed in 2014 and 2015. The active and final agreement term is the rebate of the City's portion of the Business Personal Property Tax (BPPT) for five years commencing with the 2016 taxes payable in 2017. The annual payment amount of BPPT is estimated to be \$12,500.

541 N. Lincoln, LLC/Brinkman Partners (Gallery Flats Project)

The developer constructed a five story mixed use/residential building in the Finley area of the Loveland Urban Renewal Authority (LURA), located in downtown Loveland. The LURA agreed to reimburse the developer for \$1.5 million in public improvements and waive up to \$50,000 in material use tax. The property is expected to generate actual real property tax increment revenue of at least \$52,000 based on the assessed value, each year until October 1, 2027. LURA is repaying the City at 3 percent interest. If the real property tax revenue generated is less than this amount the developer is obligated to make a payment in lieu of taxes. In 2015, the first year of the agreement, the property tax did not meet the estimated \$52,000 resulting in a developer payment to the City of \$37,075. Since that time the property tax collected has been greater than \$52,000.

The Foundry Loveland, LLC (Foundry Project)

The Foundry project is a \$75 million redevelopment of 2 1/2 blocks in downtown Loveland. The financial package negotiated by the City and Brinkman Partners is a blend of public and private investment that includes an agreement to reimburse the developer in an amount not to exceed \$17,676,367 for the construction of a parking garage and other public improvements including a public plaza. Groundbreaking for the construction project occurred in July 2017 and is expected to complete in early 2019. An incentive for \$2 million with annual installments of \$200,000 over 10 years for development of a movie theater complex is also part of the agreement.

Esh's Surplus Market

The company purchased property and built a new facility to house a grocery store, warehouse and corporate headquarters. The City agreed to waive construction materials use tax in an amount not to exceed \$50,000 and deferred

Note 12: Tax Abatement (continued)

fees for a period of 5 years for Capital Expansion Fees for Fire Protection, General Government, Law Enforcement and Streets. The deferred fees are capped at \$200,000 and the deferral period commenced on July 1, 2016 and expire on the fifth anniversary of that date. The agreement details the payment schedule: Year 1 - \$20,000; Year 2 - \$30,000; Year 3 - \$40,000; Year 4 - \$50,000; Year 5 - \$60,000. The first payment was received by the City in June 2017.

Evergreen / Thornton Long Term Investments, LLC (Sprouts)

The project owner agreed to construct and open a Sprouts Farmers Market at the intersection of East Eisenhower and Lincoln. The City agreed to provide an incentive to fund a portion of the project improvements on the site in an amount not to exceed \$2,200,000 and provide a waiver of building permit fees and materials use tax in an amount not to exceed \$97,000. The company guarantees a minimum annual payment of City sales tax from the project area over 10 years that is equal to the incentive amount plus 3%. The 10 year period started July 1, 2016. The annual Project Sales Taxes are to equal or exceed \$254,920; if the Project Sales Taxes are less than this amount the Project Owner pays the difference to the City.

Eagle Crossing, Inc (The Brands Project)

The developer is proposing a multi-use retail, entertainment, office and hotel complex near I-25 and Crossroads Boulevard. The City agreed to waive building permit fees and uses taxes for qualified anchor and junior anchor tenants. The City will refund a portion (2% or 1.25% depending on the retailer) of the City sales tax collected in the project area for a period of 25 years or until 2047 whichever comes first. The incentives applicable for this agreement will not be effective until building permits are issued and construction is complete. The retail sales tax rebate will expire at the earlier of 25 years after the issuance of a certificate of occupancy or December 31, 2047. No building permits were issued in 2017.

Edison Welding Institute, Inc (dba EWI)

The company is establishing the EWI Colorado business operations site at the Rocky Mountain Center for Innovation and Technology (RMCIT). The city has agreed to fund of portion of the project in an amount not to exceed \$2 million for specific project costs. \$500,000 was paid by the City in 2015 and \$1 million in 2016. The final payment of \$500,000 was paid June 2017.

RCI Metalworks, LLC

The company is building a new manufacturing facility to relocate their aftermarket automotive accessories business. The City agreed to waive up to \$39,000 in building permit fees and construction material use tax credit. The new facility is projected to open in the spring of 2018.

James Fisher Technology, LLC

In support of the company relocating to Loveland, the City agreed to provide an economic incentive in an amount not to exceed \$20,000 to defray the cost of required upgrades to the transformer and power meter. The agreed to upgrades and reimbursement were completed in 2017.

LPR Construction

The City has incentivized LPR Construction CO. LLC planned expansion up to \$750,000 to defray costs of certain public improvements to the Larimer County building. The City plans to purchase real property at 205 E. 6th Street (Larimer County Building) and affiliated parking lot by spring of 2018. The incentive with LPR Construction is contingent on the City's purchase of this property.

LFS Loveland, LLC and LEED Fabrication Services, Inc.

The City provided building permit fee and City use tax waivers (not to exceed \$75,000) in addition to a deferral of payment of the Cash-in-Lieu Payment (\$331,782 - 2013 estimate) for roadway improvements to Boyd Lake Avenue when the company expanded and constructed a new building at their current site. The deferral period is for five years ending in mid-year 2018 and can be extended for an additional five-year period but not later than December 31, 2023.

Note 12: Tax Abatement (continued)

The current year cost of the program in foregone tax revenue is \$490,979.

Note 13: Prior Period Adjustment

The City is going through the process of converting by fund our fixed assets from a manual spreadsheet into our mainframe software. As part of this process the mapping of the capital assets is matched to the City's Geographic Information System and resulted in an adjustment to our wastewater and stormwater fixed asset balances. As of December 31, 2016, the City made restatements to the net position as follows:

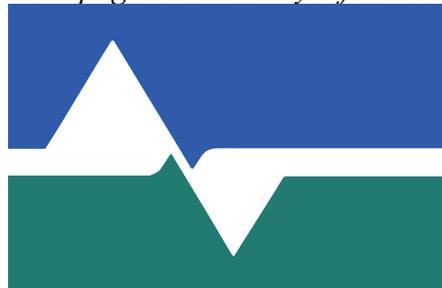
Water Fund	
Net position December 31, 2016 as previously reported	\$ 220,961,145
Increase water rights for Windy Gap	7,769,056
Net position December 31, 2016 as Restated	<u>\$ 228,730,201</u>
Waste Water Fund	
Net position December 31, 2016 as previously reported	\$ 87,332,881
Based on physical inventory,	
Increase in wastewater infrastructure by \$2,722,440, less accumulated depreciation of \$2,277,414	445,026
Decrease in wastewater infrastructure by \$8,229,694, less accumulated depreciation of \$3,151,738	<u>(5,077,956)</u>
Net position December 31, 2016 as Restated	\$ 82,699,951
Stormwater Fund	
Net position December 31, 2016 as previously reported	\$ 4,304,579
Decrease depreciation for detention ponds	791,987
Net position December 31, 2016 as Restated	<u>\$ 5,096,566</u>
The restatement affected the change in net position for the year ended December 31, 2016 as follows:	
Water Fund	
Change in net position December 31, 2016	\$ 7,915,894
Increase in change in net position	770,000
Change in net position December 31, 2016 as Restated	<u>\$ 8,685,894</u>
Waste Water Fund	
Change in net position December 31, 2016	\$ 5,552,859
Increase in change in net position	43,716
Change in net position December 31, 2016 as Restated	<u>\$ 5,596,575</u>
Stormwater Fund	
Change in net position December 31, 2016	\$ 3,545,012
Increase in change in net position	48,281
Change in net position December 31, 2016 as Restated	<u>\$ 3,593,293</u>

Note 14: Subsequent Events

Purchase of Larimer County Building

On March 29, 2018 the Loveland Urban Renewal Authority purchased the Larimer County building and parking lot for \$1,004,015.

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Cover Photo Credit: Freeman Photography

Required Supplementary Information

Required supplementary information includes budgetary comparison schedules for General Fund, the Loveland Urban Renewal Authority, Loveland Fire Rescue Authority and the Transportation Fund.

City of Loveland, Colorado
General
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Difference with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 60,967,145	\$ 63,790,730	\$ 62,667,898	\$ (1,122,832)
Licenses and Permits	2,946,420	2,946,420	2,695,383	(251,037)
Fines and Penalties	982,300	982,300	972,875	(9,425)
Intergovernmental	1,095,293	1,164,565	935,466	(229,099)
Charges for Services	4,591,094	4,606,094	4,387,456	(218,638)
Investment Earnings	446,451	446,451	563,150	116,699
Miscellaneous	8,022,622	9,628,833	8,863,170	(765,663)
Total Revenues:	79,051,325	83,565,393	81,085,398	(2,479,995)
Expenditures:				
Current:				
Legislative	149,103	149,103	159,913	(10,810)
Executive	3,199,687	4,099,833	3,640,822	459,011
Finance	1,735,875	2,011,348	1,282,258	729,090
Human Resources	483,396	483,396	445,725	37,671
Information Technology	165,909	836,900	-	836,900
Economic Development	1,720,794	1,800,516	1,632,063	168,453
Development Services	3,705,279	3,948,307	3,625,112	323,195
Public Works	4,707,346	4,708,434	3,762,812	945,622
Police	24,275,649	24,873,368	24,258,829	614,539
Parks & Recreation	10,477,020	10,577,437	10,237,565	339,872
Library	3,649,495	3,841,355	3,762,506	78,849
Cultural Services	2,289,675	2,458,340	2,540,385	(82,045)
General Government	12,923,243	13,027,629	12,958,325	69,304
Capital Outlay	1,968,328	3,331,452	1,868,159	1,463,293
Debt Service	-	-	-	-
Interest and debt service costs	-	1,418,143	401,956	1,016,187
Total Expenditures	71,450,799	77,565,561	70,576,430	6,989,131
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,600,526	5,999,832	10,508,968	4,509,136
Other Financing Sources (Uses):				
Transfers In	2,754,182	3,687,408	2,484,569	(1,202,839)
Transfers (Out)	(23,125,296)	(36,773,125)	(34,997,154)	1,775,971
Debt Issued	-	-	15,900,000	15,900,000
Total Other Financing Sources (Uses):	(20,371,114)	(33,085,717)	(16,612,585)	16,473,132
Net Change in Fund Balance	(12,770,588)	(27,085,885)	(6,103,617)	20,982,268
Fund Balance--Beginning	44,952,595	44,952,595	44,952,595	-
Fund Balance--Ending	\$ 32,182,007	\$ 17,866,710	\$ 38,848,978	\$ 20,982,268

See accompanying independent auditors' report.

City of Loveland, Colorado
Transportation
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Licenses and Permits	\$ 392,240	\$ 392,240	\$ 212,803	\$ (179,437)
Intergovernmental	3,704,090	15,332,147	6,209,465	(9,122,682)
Charges for Services	2,532,845	2,532,845	2,673,228	140,383
Miscellaneous	1,000	359,420	9,689	(349,731)
Total Revenues:	6,630,175	18,616,652	9,105,185	(9,511,467)
Expenditures:				
Current:				
Public Works	9,343,029	14,592,534	13,224,984	1,367,550
Capital Outlay	7,000,670	27,868,706	8,710,329	19,158,377
Total Expenditures	16,343,699	42,461,240	21,935,313	20,525,927
Excess (Deficiency) of Revenues Over (Under) Expenses	(9,713,524)	(23,844,588)	(12,830,128)	11,014,460
Other Financing Sources (Uses):				
Transfers In	9,713,524	23,911,156	12,886,254	(11,024,902)
Transfers (Out)	-	(66,568)	(56,126)	10,442
Total Other Financing Sources (Uses):	9,713,524	23,844,588	12,830,128	(11,014,460)
Net Change in Fund Balance	-	-	-	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Urban Renewal Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 13,000,000	\$ 13,900,000	\$ 13,834,386	\$ (65,614)
Investment Earnings	50,818	50,818	28,149	(22,669)
Total Revenues:	13,050,818	13,950,818	13,862,535	(88,283)
Expenditures:				
Current:				
Services	60,000	1,334,786	1,150,815	183,971
School District Fund	1,166,581	1,166,581	944,662	221,919
Distribution of Tax Increment Financing	11,760,459	11,760,459	11,620,833	139,626
Debt Service	72,960	72,960	66,938	6,022
Capital Outlay	-	-	33,113	(33,113)
Total Expenditures	13,060,000	14,334,786	13,816,361	518,425
Net Change in Fund Balance	(9,182)	(383,968)	46,174	430,142
Fund Balance--Beginning	972,722	972,722	972,722	-
Fund Balance--Ending	\$ 963,540	\$ 588,754	\$ 1,018,896	\$ 430,142

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Fire Rescue Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Licenses and Permits	\$ 133,640	\$ 178,640	\$ 217,928	\$ 39,288
Intergovernmental	13,994,864	14,175,914	14,343,370	167,456
Charges for Services	2,419,752	2,421,467	2,265,251	(156,216)
Investment Earnings	5,000	10,000	31,721	21,721
Miscellaneous	45,000	1,652,675	1,519,809	(132,866)
Total Revenues:	16,598,256	18,438,696	18,378,079	(60,617)
Expenditures:				
Current:				
Fire	14,052,754	15,717,534	15,165,261	552,273
Capital Outlay:				
Capital Outlay	1,875,547	2,066,692	1,223,140	843,552
Total Expenditures	15,928,301	17,784,226	16,388,401	1,395,825
Net Change in Fund Balance	669,955	654,470	1,989,678	1,335,208
Fund Balance--Beginning	101,176	101,176	101,176	-
Fund Balance--Ending	\$ 771,131	\$ 755,646	\$ 2,090,854	\$ 1,335,208

See accompanying independent auditors' report.

Defined Benefit Plan Supplementary Information
 Loveland And Rural Consolidated Volunteer Firefighters Pension Fund
Schedule of Contributions

Schedule of Contributions Multiyear			
FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)
2017	\$101,670	\$101,670	\$-
2016	74,032	182,988	(103,732)
2015	76,423	188,023	(111,600)
2014	76,423	182,799	(106,376)
2013	182,766	182,799	(33)
2012	162,636	182,799	(20,163)
2011	162,636	198,381	(35,745)
2010	-	-	N/A
2009	-	237,904	(237,904)
2008	-	237,904	(237,904)

*Includes both employer and State of Colorado Supplemental Discretionary Payment. This schedule is required by GASB 68 to show information for a 10 year period.

Actuarial Methods and Assumptions

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 years
Asset Valuation Method	5-Year smoothed fair value
Inflation	3%
Investment Rate of Return	7.5%
Retirement Age	50% per year of eligibilty until 100% at age 65
Mortality	Pre-retirement is RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality, Post-Retirement is RP-2000 Combined Mortality Table, with Blue Collar Adjustment, Disabled is RP-2000 Disabled Mortality Table

City of Loveland, Colorado

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

Measurement period ending December 31,	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 7,212	\$ 7,212	\$ 9,256
Interest on the Total Pension Liability	251,537	260,183	248,058
Benefit Changes	259,856	-	274,064
Difference between Expected and Actual Experience	173,817	-	1,626
Assumption Changes	152,811	-	-
Benefit Payments	(396,888)	(368,980)	(371,640)
Net Change in Total Pension Liability	448,345	(101,585)	161,364
Total Pension Liability - Beginning	3,545,141	3,646,726	3,485,362
Total Pension Liability - Ending (a)	3,993,486	3,545,141	3,646,726

Plan Fiduciary Net Position

Employer Contributions	91,175	101,434	96,210
Pension Plan Net Investment Income	133,811	51,437	183,273
Benefit Payments	(396,888)	(368,980)	(371,640)
Pension Plan Administrative Expense	(4,314)	(6,397)	(4,607)
State of Colorado Supplemental Discretionary Payment	86,589	86,589	86,589
Net Change in Plan Fiduciary Net Position	(89,627)	(135,917)	(10,175)
Plan Fiduciary Net Position - Beginning	2,734,027	2,869,944	2,880,119
Plan Fiduciary Net Position - Ending (b)	2,644,400	2,734,027	2,869,944
Net Pension Liability - Ending (a) - (b)	1,349,806	811,114	776,782
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.22%	77.12%	78.7%
Covered Payroll	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	\$ N/A	\$ N/A

Note to Schedule:

This schedule is required to show information for 10 years. However, until a full 10 year trend is compiled, only three years information is presented.

Notes to Required Supplementary Information (RSI)

Budgets and Budgetary Accounting

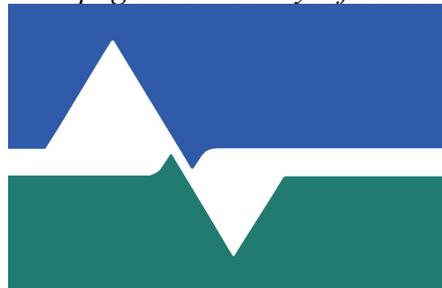
The City follows these procedures in establishing the budget as reflected in the financial statements:

- Prior to September 20, the City Manager submits to the City Council, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of an ordinance. This ordinance authorizes a lump-sum expenditure budget for the City taken as a whole. An appropriation ordinance is also adopted which allocates the total budget to each individual fund. This allocation of the appropriation may not be legally exceeded by an individual fund.
- Supplemental appropriations are approved on an individual fund level basis. Supplemental appropriations of \$69,427,136 were approved during 2017. Management may revise budgets within an individual fund for internal management purposes. Increases to an individual fund's appropriated total and transfers between funds must be approved by City Council. Budgets included in this report reflect all supplemental appropriations legally adopted by City Council.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Permanent Funds.

City of Loveland, Colorado

- Budgets for the General, Special Revenue, the City's Capital Projects Fund, and all Permanent Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) with the exception that the proceeds and uses of new capital leases are not budgeted. For Special Improvement District No. 1, one budget was adopted for the district. Budgets for Enterprise and Internal Service are adopted to fulfill statutory requirements and are prepared on an appropriation basis. Principally, the appropriation basis of budgeting provides for a full accrual basis of accounting, capital expenditures, and bond principal payments but does not provide for depreciation, amortization, or for estimated claims liabilities.
- All appropriations lapse at year-end per State statutes.

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Other Major Funds

The Capital Expansion Funds are designed to address the need for capital facilities. The Capital Projects Fund accounts for all infrastructure construction and major equipment, machinery and facility expenditures that will provide long-term service or other public benefits.

City of Loveland, Colorado
Capital Expansion Fees
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 7,972,308	\$ 7,972,308	\$ 5,761,771	\$ (2,210,537)
Investment Earnings	164,956	164,956	398,994	234,038
Intergovernmental	300,000	300,000	1	(299,999)
Miscellaneous	-	-	135,297	135,297
Total Revenues	8,437,264	8,437,264	6,296,063	(2,141,201)
Expenditures:				
Current:				
Parks & Recreation	258,419	258,419	59,583	198,836
Library	-	75,000	-	75,000
Capital Outlay	3,220,288	4,328,822	1,048,000	3,280,822
Total Expenditures	3,478,707	4,662,241	1,107,583	3,554,658
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,958,557	3,775,023	5,188,480	1,413,457
Other Financing Sources (Uses):				
Transfers In	196,983	665,583	362,898	(302,685)
Transfers (Out)	(2,512,909)	(6,320,729)	(1,519,619)	4,801,110
Total Other Financing Sources (Uses)	(2,315,926)	(5,655,146)	(1,156,721)	4,498,425
Net Change in Fund Balance	2,642,631	(1,880,123)	4,031,759	5,911,882
Fund Balance--Beginning	37,127,980	37,127,980	37,127,980	-
Fund Balance--Ending	\$ 39,770,611	\$ 35,247,857	\$ 41,159,739	\$ 5,911,882

See accompanying independent auditors' report.

City of Loveland, Colorado
Capital Project Funds
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 3,343,241	\$ 1,735,340	\$ (1,607,901)
Investment Earnings	-	-	102,937	102,937
Miscellaneous	-	1,810,000	1,328,019	(481,981)
Total Revenues	-	5,153,241	3,166,296	(1,986,945)
Expenditures:				
Current:				
Public Works	709,154	170,947	79,579	91,368
Fire	-	-	154,919	154,919
Economic Development	-	242,667	219,720	(22,947)
Parks & Recreation	225,000	586,892	101,154	(485,738)
Information Technology	-	107,350	105	(107,245)
Capital Outlay	11,162,797	32,539,016	15,001,749	17,537,267
Total Expenditures	12,096,951	33,646,872	15,557,226	18,089,646
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(12,096,951)	(28,493,631)	12,390,930)	16,102,701
Other Financing Sources (Uses)				
Transfers in	12,096,951	14,011,774	19,874,627	5,862,853
Transfers (Out)	-	-	13,750	13,750
Total Other Financing Sources (Uses)	12,096,951	14,011,774	19,860,877	(5,849,103)
Net Change in Fund Balance	-	(14,481,857)	7,469,947	21,951,804
Fund Balance--Beginning	2,331,869	2,331,869	2,331,869	-
Fund Balance--Ending	\$ 2,331,869	\$(12,149,988)	\$ 9,801,816	\$21,951,804

See accompanying independent auditors' report.



Cover Photo Credit: Freeman Photography

Non-Major Governmental Funds

CAPITAL PROJECTS FUND

PARKS & RECREATION IMPROVEMENT—to account for the improvement of existing parks. Financing is provided by user fees and the sale of undeveloped and unused park land.

SPECIAL REVENUE FUNDS

GENERAL IMPROVEMENT DISTRICT #1—to account for operations and maintenance of downtown parking lots and landscaping. Financing is provided by a special mill levy.

CONSERVATION TRUST—to account for Parks & Recreation improvements, developments or acquisitions. Financing to be provided from State operated lottery. These funds can only be used for parks and recreation by State law. The fund is required by State Statute.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) — to account for CDBG grant monies that are received by the City of Loveland for being an entitlement city from the Department of HUD.

LARIMER COUNTY OPEN SPACE—to account for collection and expenditure of the City's allocation of County sales and use tax for open space acquisition.

LOVELAND/LARIMER BUILDING AUTHORITY—to account for the maintenance and operation of the Police and Courts Building.

AFFORDABLE HOUSING—to account for proceeds from land owner agreements upon sale of affordable housing residences.

POLICE SEIZURES & FORFEITURES—to account for funds that were seized or forfeited by the Police Department resulting from criminal investigations. These funds can only be used towards police activities as mandated by Federal and State law.

LODGING TAX—to account for funds collected for the purpose of promoting tourism, conventions and related activities within the City by marketing the City and sponsoring community events.

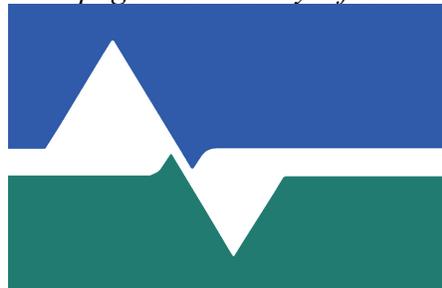
PEG FEE—to account for funding used for equipment to broadcast council meetings and other Government programming.

FIBER NETWORK—to account for funding used for improvements and maintenance of the fiber network city-wide.

PERMANENT FUND

PERPETUAL CARE—to account for monies provided for ongoing maintenance of the cemetery once the cemetery is filled. Financing provided from portion of lot sales at the cemetery and interest income.

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City of Loveland, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2017

	CAPITAL PROJECTS		SPECIAL REVENUE		
	Parks & Recreation Improvement	General Improvement District #1	Conservation Trust	Community Development Block Grant	Larimer County Open Space
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash	28,970	17,502	2,423	-	1,888,390
Equity in Pooled Investments	1,243,634	99,407	3,383,082	-	2,385,837
Receivables (Net):					
Accounts	-	-	-	-	-
Taxes	-	45,721	-	-	476,288
Grants	-	-	34,855	19,050	83,017
Accrued Interest	5,022	361	10,901	-	13,191
Inventory	-	-	-	-	-
Restricted Assets:					
Equity in Pooled Restricted Cash	357,411	-	507,277	-	3,031,401
Total Assets	1,635,037	162,991	3,938,538	19,050	7,878,124
LIABILITIES					
Accounts Payable	-	17	13,787	12,783	9,592
Accrued Liabilities	-	-	9,864	5,707	42,094
Unearned Other Revenue	-	-	34,855	-	83,017
Due to Other Funds	-	-	-	560	-
Total Liabilities	-	17	58,506	19,050	134,703
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Taxes	-	45,347	-	-	-
Total Deferred Inflows of Resources	-	45,347	-	-	-
Total Liabilities and Deferred Inflow of Resources					
Inflow of Resources	-	45,364	58,506	19,050	134,703
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	3,880,032	-	7,743,421
Committed	-	117,627	-	-	-
Assigned	1,635,037	-	-	-	-
Total Fund Balances	1,635,037	117,627	3,880,032	-	7,743,421
Total Liabilities and Fund Balances	\$ 1,635,037	\$ 162,991	\$ 3,938,538	\$ 19,050	\$ 7,878,124

See accompanying independent auditors' report.

SPECIAL REVENUE							PERMANENT FUND	
Loveland/Larimer Building Authority	Affordable Housing	Police Seizures & Forfeitures	Lodging Tax	Peg Fee	Fiber Network	Perpetual Care	Total	
\$	- \$	- \$	100 \$	- \$	- \$	- \$	100	
18,750	52,834	3,754	369,107	9,821	166	80,889	2,472,606	
-	328,754	42,805	109,294	186,770	498,878	2,840,236	11,118,697	
25,399	-	-	2,128	-	25,000	-	52,527	
-	-	-	47,612	20,149	-	-	589,770	
-	-	-	100,000	-	-	-	236,922	
-	1,153	149	157	522	1,583	9,345	42,384	
-	-	-	16,217	-	-	-	16,217	
-	-	-	-	-	-	-	3,896,089	
44,149	382,741	46,708	644,615	217,262	525,627	2,930,470	18,425,312	
31,386	-	-	50,379	392	10,940	-	129,276	
12,763	-	-	28,507	-	-	-	98,935	
-	-	-	3,250	-	-	-	121,122	
-	-	-	-	-	-	-	560	
44,149	-	-	82,136	392	10,940	-	349,893	
-	-	-	-	-	-	-	45,347	
-	-	-	-	-	-	-	45,347	
44,149	-	-	82,136	392	10,940	-	395,240	
-	-	-	16,217	-	-	1,098,718	1,114,935	
-	-	46,708	546,262	-	-	-	12,216,423	
-	382,741	-	-	216,870	-	-	717,238	
-	-	-	-	-	514,687	1,831,752	3,981,476	
-	382,741	46,708	562,479	216,870	514,687	2,930,470	18,030,072	
\$ 44,149	\$ 382,741	\$ 46,708	\$ 644,615	\$ 217,262	\$ 525,627	\$ 2,930,470	\$ 18,425,312	

City of Loveland, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2017

	CAPITAL PROJECTS FUNDS		SPECIAL REVENUE		
	Parks & Recreation Improvement	General Improvement District #1	Conservation Trust	Community Development Block Grant	Larimer County Open Space
Revenues:					
Taxes	\$ -	\$ 43,048	\$ -	\$ -	\$ 2,590,585
Intergovernmental	1,779	-	737,902	358,912	167,431
Charges for Services	47,286	-	-	-	-
Investment Earnings	15,647	863	63,418	-	118,903
Miscellaneous	6,717	-	-	-	83,038
Total Revenues	71,429	43,911	801,320	358,912	2,959,957
Expenditures:					
Current:					
Economic Development	-	-	(1)	-	-
Development Services	-	-	-	(1,458)	-
Public Works	-	-	-	-	-
Information Technology	-	-	-	-	-
Executive	-	-	-	360,370	-
Parks & Recreation	-	1	248,595	-	900,193
General Government	-	14,628	-	-	-
Capital Outlay	2,584	-	1,552,513	-	3,442,520
Total Expenditures	2,584	14,629	1,801,107	358,912	4,342,713
Excess (Deficiency) of					
Revenues Over					
Expenditures					
	68,845	29,282	(999,787)	-	(1,382,756)
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers (Out)	-	-	-	-	-
Total Other Financing					
Sources (Uses)					
	-	-	-	-	-
Net Change in Fund					
Balance					
	68,845	29,282	(999,787)	-	(1,382,756)
Fund Balances--Beginning	1,566,192	88,345	4,879,819	-	9,126,177
Fund Balances--Ending	\$ 1,635,037	\$ 117,627	\$ 3,880,032	\$ -	\$ 7,743,421

See accompanying independent auditors' report.

Loveland/Larimer Building Authority	SPECIAL REVENUE				PERMANENT FUND			Total
	Affordable Housing	Police Seizures & Forfeitures	Lodging Tax	Peg Fee	Fiber Network	Perpetual Care		
\$ -	\$ -	\$ -	\$ 879,603	\$ 76,444	\$ 141,253	\$ -	\$ 3,730,933	
655,932	-	-	96,750	-	-	-	2,018,706	
-	-	-	-	-	-	87,975	135,261	
-	(593)	484	12,508	5,619	3,920	27,574	248,343	
-	-	-	111,278	-	-	-	201,033	
655,932	(593)	484	1,100,139	82,063	145,173	115,549	6,334,276	
-	-	-	1,166,012	-	-	-	1,166,011	
-	-	-	-	-	-	-	(1,458)	
639,244	-	-	-	-	-	-	639,244	
-	-	-	-	265,730	50,688	-	316,418	
-	35,027	-	-	-	-	-	395,397	
16,688	-	-	-	-	-	-	1,165,477	
-	-	-	-	-	-	-	14,628	
-	-	-	146,470	8,053	-	-	5,152,140	
655,932	35,027	-	1,312,482	273,783	50,688	-	8,847,857	
-	(35,620)	484	(212,343)	(191,720)	94,485	115,549	(2,513,581)	
-	400,000	-	-	-	-	-	400,000	
-	-	-	(25,000)	-	-	-	(25,000)	
-	400,000	-	(25,000)	-	-	-	375,000	
-	364,380	484	(237,343)	(191,720)	94,485	115,549	(2,138,581)	
-	18,361	46,224	799,822	408,590	420,202	2,814,921	20,168,653	
\$ -	\$ 382,741	\$ 46,708	\$ 562,479	\$ 216,870	\$ 514,687	\$ 2,930,470	\$ 18,030,072	

City of Loveland, Colorado
Parks & Recreation Improvement
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 360	\$ 360	\$ 1,779	\$ 1,419
Charges for Services	55,446	55,446	47,286	(8,160)
Investment Earnings	9,817	9,817	15,647	5,830
Miscellaneous	-	-	6,717	6,717
Total Revenues	65,623	65,623	71,429	5,806
Expenditures:				
Capital Outlay	100,000	360,000	2,584	357,416
Total Expenditures	100,000	360,000	2,584	357,416
Net Change in Fund Balance	(34,377)	(294,377)	68,845	363,222
Fund Balance--Beginning	1,566,192	1,566,192	1,566,192	-
Fund Balance--Ending	\$ 1,531,815	\$ 1,271,815	\$ 1,635,037	\$ 363,222

City of Loveland, Colorado
General Improvement District #1
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 44,832	\$ 44,832	\$ 43,048	\$ (1,784)
Investment Earnings	500	500	863	363
Total Revenues	45,332	45,332	43,911	(1,421)
Current Expenditures				
General Government	22,500	22,500	14,629	7,871
Total Expenditures	22,500	22,500	14,629	7,871
Net Change in Fund Balance	22,832	22,832	29,282	6,450
Fund Balance--Beginning	88,345	88,345	88,345	-
Fund Balance--Ending	\$ 111,177	\$ 111,177	\$ 117,627	\$ 6,450

City of Loveland, Colorado
Conservation Trust
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,128,190	\$ 1,128,190	\$ 737,902	\$ (390,288)
Investment Earnings	26,250	26,250	63,418	37,168
Total Revenues:	1,154,440	1,154,440	801,320	(353,120)
Expenditures:				
Current:				
Parks & Recreation	252,738	292,738	248,594	44,144
Capital Outlay	2,125,384	3,462,576	1,552,513	1,910,063
Total Expenditures	2,378,122	3,755,314	1,801,107	1,954,207
Net Change in Fund Balance	(1,223,682)	(2,600,874)	(999,787)	1,601,087
Fund Balance--Beginning	4,879,819	4,879,819	4,879,819	-
Fund Balance--Ending	\$ 3,656,137	\$ 2,278,945	\$ 3,880,032	\$ 1,601,087

See accompanying independent auditors' report.

City of Loveland, Colorado
Community Development Block Grant
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 336,070	\$ 787,023	\$ 358,912	\$ (428,111)
Total Revenues	336,070	787,023	358,912	(428,111)
Expenditures:				
Current:				
Executive	-	787,023	360,370	426,653
Development Services	336,070	-	(1,458)	1,458
Total Expenditures	336,070	787,023	358,912	428,111
Fund Balance--Beginning	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

City of Loveland, Colorado

**Larimer County Open Space
Budgetary Comparison Schedule
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 2,844,663	\$ 2,844,663	\$ 2,590,585	\$ (254,078)
Intergovernmental	382,679	382,679	167,431	(215,248)
Investment Earnings	45,483	45,483	118,903	73,420
Miscellaneous	48,415	48,415	83,038	34,623
Total Revenues	3,321,240	3,321,240	2,959,957	(361,283)
Expenditures:				
Parks & Recreation	900,339	1,141,817	900,193	241,624
Capital Outlay	3,340,000	7,355,360	3,442,520	3,912,840
Total Expenditures	4,240,339	8,497,177	4,342,713	4,154,464
Net Change in Fund Balance	(919,099)	(5,175,937)	(1,382,756)	3,793,181
Fund Balance--Beginning	9,126,177	9,126,177	9,126,177	-
Fund Balance--Ending	\$ 8,207,078	\$ 3,950,240	\$ 7,743,421	\$ 3,793,181

**City of Loveland, Colorado
Loveland/Larimer Building Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 717,950	\$ 717,950	\$ 655,932	\$ (62,018)
Total Revenues	717,950	717,950	655,932	(62,018)
Expenditures:				
Current:				
Parks & Recreation	17,500	17,500	16,688	812
Public Works	700,450	700,450	639,244	61,206
Total Expenditures	717,950	717,950	655,932	62,018
Net Change in Fund Balance	-	-	-	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

City of Loveland, Colorado
Affordable Housing
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Investment Earnings	\$ -	\$ -	(593)	(593)
Transfers In	400,000	400,000	400,000	-
Total Revenues	400,000	400,000	399,407	(593)
Expenditures				
Executive	400,000	400,000	35,027	364,973
Total Expenditures	400,000	400,000	35,027	364,973
Net Change in Fund Balance	-	-	364,380	(365,566)
Fund Balance--Beginning	18,361	18,361	18,361	-
Fund Balance--Ending	\$ 18,361	\$ 18,361	\$ 382,741	\$ (365,566)

City of Loveland, Colorado
Police Seizures & Forfeitures
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	36,937	\$ -	(36,937)
Investment Earnings	-	-	484	484
Total Revenues:	-	36,937	484	(36,453)
Expenditures:				
Police	-	36,937	-	36,937
Total Expenditures	-	36,937	-	36,937
Net Change in Fund Balance	-	-	484	484
Fund Balance--Beginning	46,224	46,224	46,224	-
Fund Balance--Ending	\$ 46,224	\$ 46,224	\$ 46,708	\$ 484

See accompanying independent auditors' report.

City of Loveland, Colorado
Lodging Tax
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 833,617	\$ 833,617	\$ 879,603	\$ 45,986
Investment Earnings	5,527	5,527	12,508	6,981
Intergovernmental	-	100,000	96,750	(3,250)
Miscellaneous	55,572	55,572	111,278	55,706
Total Revenues:	894,716	994,716	1,100,139	105,423
Expenditures:				
Economic Development	1,057,787	1,211,360	1,166,012	45,348
Capital Outlay	-	150,000	146,470	3,530
Total Expenditures	1,057,787	1,361,360	1,312,482	48,878
Excess (Deficiency) of Revenues Over (Under) Expenditures	(163,071)	(366,644)	(212,343)	154,301
Other Financing Sources (Uses):				
Transfers (Out)	(25,000)	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	(25,000)	(25,000)	(25,000)	-
Net Change in Fund Balance	(188,071)	(391,644)	(237,343)	154,301
Fund Balance--Beginning	799,822	799,822	799,822	-
Fund Balance--Ending	\$ 611,751	\$ 408,178	\$ 562,479	\$ 154,301

City of Loveland, Colorado
Peg Fee
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 71,000	\$ 71,000	\$ 76,444	\$ 5,444
Investment Earnings	2,483	2,483	5,619	3,136
Total Revenues:	73,483	73,483	82,063	8,580
Expenditures:				
Current:				
Information Technology	100,000	106,450	265,730	(159,280)
Capital Outlay:				
Capital Outlay	90,000	196,890	8,053	188,837
Total Expenditures	190,000	303,340	273,783	29,557
Net Change in Fund Balance	(116,517)	(229,857)	(191,720)	38,137
Fund Balance--Beginning	408,590	408,590	408,590	-
Fund Balance--Ending	\$ 292,073	\$ 178,733	\$ 216,870	\$ 38,137

See accompanying independent auditors' report.

City of Loveland, Colorado
Fiber Network
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Taxes	\$ 180,000	\$ 180,000	\$ 141,253	\$ (38,747)
Investment Earnings	-	-	3,920	3,920
Total Revenues:	180,000	180,000	145,173	(34,827)
Expenditures:				
Information Technology	100,000	156,935	50,688	106,247
Total Expenditures	100,000	156,935	50,688	106,247
Net Change in Fund Balance	80,000	23,065	94,485	(141,074)
Fund Balance--Beginning	420,202	420,202	420,202	-
Fund Balance--Ending	\$ 500,202	\$ 443,267	\$ 514,687	\$ (141,074)

City of Loveland, Colorado
Perpetual Care
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Charges for Services	\$ 66,555	\$ 66,555	\$ 87,975	\$ 21,420
Investment Earnings	40,970	40,970	27,574	(13,396)
Total Revenues	107,525	107,525	115,549	8,024
Expenditures:				
Net Change in Fund Balance	107,525	107,525	115,549	8,024
Fund Balance--Beginning	2,814,921	2,814,921	2,814,921	-
Fund Balance--Ending	\$ 2,922,446	\$ 2,922,446	\$ 2,930,470	\$ 8,024

See accompanying independent auditors' report.



Cover Photo Credit: Freeman Photography

Proprietary Funds

ENTERPRISE FUNDS

WATER ENTERPRISE—includes all costs, operating and capital, associated with providing the City with an adequate supply of water.

WASTEWATER ENTERPRISE—includes all costs, operating and capital, associated with treating the City’s wastewater and returning clean usable water to downstream users.

STORMWATER ENTERPRISE—includes all costs, operating, and capital, associated with treating the City’s stormwater runoff and returning clean, usable water to downstream users. The Fund is administered by the Public Works Department to more closely align the stormwater management with street construction and maintenance.

POWER ENTERPRISE—includes all costs, operating, purchased power, and capital, associated with distributing electricity to City residents and businesses.

SOLID WASTE—includes all costs, operating and capital, associated with the collection and disposal or recycling of the City’s solid wastes and manages a contract for mosquito control services. The fund is administered by the Public Works Department.

GOLF—includes all costs, operating and capital, associated with running the municipal golf courses.

INTERNAL SERVICE

INTERNAL SERVICE—provides benefits and risk administration, and fleet maintenance and replacement. Funding for these funds is from the General Fund and Enterprise Funds through internal service charges.

The internal service funds are:

FLEET SERVICE—provides vehicle maintenance and replacement of the City fleet.

RISK & INSURANCE—is administered by the Human Resources Department. The City is self-insured for general liability and workers’ compensation insurance, with purchased insurance for coverage over certain limits.

EMPLOYEE BENEFITS—administered by the Human Resources Department, is for management of the City’s self-insured benefit program.

City of Loveland, Colorado
Water
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 14,043,640	\$ 14,043,640	\$ 14,639,075	\$ 595,435
Cash in Lieu of Water Rights	250,000	250,000	120,972	(129,028)
Miscellaneous	1,011,330	1,627,590	1,290,789	(336,801)
Investment Earnings	559,710	559,710	349,024	(210,686)
System Impact/Development Fees	2,703,360	2,703,360	2,240,556	(462,804)
Raw Water Development Fees	407,930	407,930	851,825	443,895
Transfers In	750,000	811,972	768,735	(43,237)
Total Revenues	19,725,970	20,404,202	20,260,976	(143,226)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Asset			-	
Contributed Assets			2,992,851	
			<u>23,253,827</u>	
Operating Revenue			15,929,864	
Nonoperating Revenues, Contributions and Transfer In			<u>7,323,963</u>	
Statement Total			<u>23,253,827</u>	
Expenditures:				
Personal Services	4,794,173	4,794,173	4,596,382	197,791
Supplies	1,475,787	1,544,824	1,181,355	363,469
Purchased Services	6,066,047	5,412,389	4,385,001	1,027,388
Payment for Services	983,050	983,050	1,007,641	(24,591)
Transfers (Out)	51,529	100,886	18,247	82,639
Capital Acquisitions	3,526,690	6,662,972	3,770,034	2,892,938
Interest Expense	413,988	413,988	448,216	(34,228)
Bond Expenses	600,000	600,000	-	600,000
Windy Gap	-	-	750	(750)
Total Expenditures	\$ 17,911,264	\$ 20,512,282	15,407,626	\$ 5,104,656
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(3,770,034)	
Depreciation			4,407,953	
Loss on Sale of Capital Asset			47,998	
			<u>16,093,543</u>	
Operating Expenses			15,578,332	
Nonoperating Expenses and Transfers Out			<u>515,211</u>	
Statement Total			<u>\$ 16,093,543</u>	

See accompanying independent auditors' report.

City of Loveland, Colorado
Waste Water
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Difference with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 11,695,930	\$ 11,695,930	\$ 11,853,578	\$ 157,648
System Impact/Development Fees	1,992,500	1,992,500	1,151,821	(840,679)
Investment Earnings	298,750	298,750	221,676	(77,074)
Miscellaneous	1,920	1,920	84,151	82,231
Transfers In	-	47,250	7,920	(39,330)
Total Revenues	13,989,100	14,036,350	13,319,146	(717,204)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Assets			-	
Contributed Assets			745,851	
			14,064,997	
Operating Revenue			11,937,729	
Nonoperating Revenues and Transfers In			2,127,268	
Statement Total			14,064,997	
Expenditures:				
Personal Services	3,703,184	3,703,184	3,417,149	286,035
Supplies	637,688	757,703	495,059	262,644
Purchased Services	3,634,266	3,409,291	2,785,833	623,458
Payment for Services	818,020	818,020	817,023	997
Interest Expense	1,058,250	1,058,250	(19,862)	1,078,112
Transfers (Out)	110,830	360,461	83,980	276,481
Bond Expenses	-	-	66,365	(66,365)
Capital Acquisitions	12,728,020	39,227,641	10,138,546	29,089,095
Total Expenditures	\$ 22,690,258	\$ 49,334,550	17,784,093	\$ 31,550,457
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(10,138,546)	
Depreciation			2,118,101	
			9,763,648	
Operating Expenses			9,633,165	
Nonoperating Expenses and Transfers Out			130,483	
Statement Total			\$ 9,763,648	

See accompanying independent auditors' report.

City of Loveland, Colorado
Stormwater
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Difference with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 5,982,090	\$ 5,982,090	\$ 6,451,166	\$ 469,076
Intergovernmental	-	-	275,738	275,738
System Impact/Development Fees	318,950	318,950	292,328	(26,622)
Investment Earnings	66,650	66,650	110,119	43,469
Miscellaneous	30,000	30,000	32,819	2,819
Transfers In	-	41,699	5,884	(35,815)
Total Revenues	6,397,690	6,439,389	7,168,054	728,665
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Capital Assets			122,360	
Contributed Assets			998,263	
			<u>8,288,677</u>	
Operating Revenues			6,483,985	
Nonoperating Revenues and Transfers In			<u>1,804,692</u>	
Statement Total			<u>8,288,677</u>	
Expenditures:				
Personal Services	1,577,133	1,579,348	1,465,631	113,717
Supplies	83,261	90,761	63,787	26,974
Purchased Services	1,278,703	2,771,820	2,487,753	284,067
Payment for Services	447,838	447,838	441,998	5,840
Transfers (Out)	-	331,400	10,136	321,264
Capital Acquisitions	3,317,000	4,897,677	673,491	4,224,186
Total Expenditures	\$ 6,703,935	\$ 10,118,844	5,142,796	\$ 4,976,048
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(673,491)	
Depreciation			1,513,887	
			<u>5,983,192</u>	
Operating Expenses			5,973,056	
Nonoperating Expenses and Transfers Out			<u>10,136</u>	
Statement Total			<u>\$ 5,983,192</u>	

See accompanying independent auditors' report.

City of Loveland, Colorado
Power
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Difference with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 62,342,360	\$ 62,342,360	\$ 62,027,931	\$ (314,429)
Investment Earnings	254,840	254,840	231,877	(22,963)
Miscellaneous	1,140,350	1,140,350	1,823,984	683,634
System Impact/Development Fees	2,741,830	2,741,830	2,477,214	(264,616)
Capital Grant Contributions	-	3,482,230	3,424,538	(57,692)
Transfers In	-	8,200	6,330	(1,870)
Aid to Construction	2,140,000	2,140,000	2,945,663	805,663
Total Revenues	68,619,380	72,109,810	72,937,537	827,727
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Capital Assets			60,041	
Contributed Assets			305,620	
			<u>73,303,198</u>	
Operating Revenues			63,851,915	
Nonoperating Revenues and Transfers In			9,451,283	
Statement Total			<u>73,303,198</u>	
Expenditures:				
Personal Services	4,148,193	4,148,193	3,827,441	320,752
Supplies	471,353	664,562	661,817	2,745
Purchased Services	5,885,721	11,581,720	5,552,229	6,029,491
Purchased Power	43,470,597	43,470,597	42,489,833	980,764
Payment for Services	4,363,970	4,363,970	4,234,135	129,835
Transfers (Out)	189,013	189,013	117,276	71,737
Capital Acquisitions	15,924,350	21,379,293	15,409,456	5,969,837
Total Expenditures	\$ 74,453,197	\$ 85,797,348	72,292,187	\$ 13,505,161
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(15,409,456)	
Depreciation			4,275,105	
Loss on Sale of Capital Asset			3,514,195	
			<u>64,672,031</u>	
Operating Expenses			61,040,560	
Nonoperating Expenses and Transfers Out			3,631,471	
Statement Total			<u>\$ 64,672,031</u>	

See accompanying independent auditors' report.

City of Loveland, Colorado
Refuse
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Difference with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 6,730,200	\$ 6,730,200	\$ 7,063,300	\$ 333,100
Investment Earnings	22,480	22,480	56,798	34,318
Miscellaneous	14,390	14,390	(9,855)	(24,245)
Total Revenues:	6,767,070	6,767,070	7,110,243	343,173
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Capital Assets			<u>150,880</u>	
			<u>7,261,123</u>	
Operating Revenue			7,053,445	
Nonoperating Revenues			<u>207,678</u>	
Statement Total			<u>7,261,123</u>	
Expenditures:				
Personal Services	2,588,339	2,580,939	2,491,329	89,610
Supplies	139,770	285,036	201,484	83,552
Purchased Services	2,959,381	3,134,059	2,898,332	235,727
Payment for Services	499,735	499,735	467,261	32,474
Transfers (Out)	-	-	931	(931)
Capital Acquisitions	1,441,000	2,949,644	1,558,256	1,391,388
Total Expenditures	\$ 7,628,225	\$ 9,449,413	7,617,593	\$ 1,831,820
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			<u>(1,558,256)</u>	
Depreciation			<u>806,924</u>	
			<u>6,866,261</u>	
Operating Expenses			6,865,330	
Nonoperating Expenses and Transfer Out			<u>931</u>	
Statement Total			<u>\$ 6,866,261</u>	

See accompanying independent auditors' report.

City of Loveland, Colorado
Golf
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Difference with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 4,031,201	\$ 4,031,201	\$ 3,822,583	\$ (208,618)
Investment Earnings	50,290	50,290	35,742	(14,548)
Miscellaneous	-	-	2,427	2,427
Total Revenues	4,081,491	4,081,491	3,860,752	(220,739)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain (Loss) on Sale of Capital Assets			<u>12,600</u>	
			<u>3,873,352</u>	
Operating Revenues			<u>3,825,010</u>	
Nonoperating Revenues			<u>48,342</u>	
Statement Total			<u>3,873,352</u>	
Expenditures:				
Personal Services	2,165,466	2,165,466	2,126,564	38,902
Supplies	665,990	643,990	482,461	161,529
Purchased Services	597,874	683,874	674,142	9,732
Payment for Services	109,675	109,675	114,677	(5,002)
Capital Acquisitions	732,142	668,142	300,143	367,999
Total Expenditures	\$ 4,271,147	\$ 4,271,147	3,697,987	\$ 573,160
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			<u>(300,143)</u>	
Depreciation			<u>487,651</u>	
			<u>3,885,495</u>	
Operating Expenses			<u>3,885,495</u>	
Statement Total			<u>\$ 3,885,495</u>	

See accompanying independent auditors' report.

City of Loveland, Colorado
Combining Statement of Net Position
Internal Service
For the Year Ended December 31, 2017

	Fleet Replacement	Fleet Management	Risk & Insurance	Employee Benefits	Totals
ASSETS					
Current Assets:					
Equity in Pooled Cash	\$ 1,740,304	\$ 116,147	\$ 724,550	\$ 58,220	\$ 2,639,221
Equity in Pooled Investments	4,994,753	26,054	5,075,741	5,951,085	16,047,633
Receivables, Net	1,722	19,373	8,693	1,216,502	1,246,290
Accrued Interest	13,962	449	15,634	23,503	53,548
Inventory, at Cost	-	353,419	-	-	353,419
Total Current Assets:	6,750,741	515,442	5,824,618	7,249,310	20,340,111
Noncurrent Assets					
Interfund Loan Receivable	412,839	-	-	-	412,839
Restricted Assets:					
Equity in Pooled Restricted Cash	-	-	-	354,525	354,525
Total Restricted Assets	-	-	-	354,525	354,525
Property, Plant & Equipment:					
Land	209,516	-	-	-	209,516
Buildings	1,976,509	-	-	-	1,976,509
Equipment	11,604,312	163,404	-	-	11,767,716
Construction in Progress	416,210	-	-	-	416,210
Total Property, Plant & Equipment	14,206,547	163,404	-	-	14,369,951
Accumulated Depreciation	(9,063,897)	(44,184)	-	-	(9,108,081)
Net Property, Plant & Equipment	5,142,650	119,220	-	-	5,261,870
Total Non-Current Assets	\$ 5,555,489	\$ 119,220	\$ -	\$ 354,525	\$ 6,029,234
Total Assets	\$12,306,230	\$ 634,662	\$5,824,618	\$7,603,835	\$ 26,369,345
LIABILITIES					
Current Liabilities:					
Accounts Payable	290	84,880	875,580	146,263	1,107,013
Accrued Liabilities	-	117,420	27,878	797,049	942,347
Compensated Absences	-	94,266	8,611	-	102,877
Total Current Liabilities	290	296,566	912,069	943,312	2,152,237
Compensated Absences	-	77,127	7,045	-	84,172
Total Liabilities	290	373,693	919,114	943,312	2,236,409
NET POSITION					
Net Investment in Capital Assets	5,142,650	119,220	-	-	5,261,870
Restricted	-	-	-	354,525	354,525
Unrestricted	7,163,290	141,749	4,905,504	6,305,998	18,516,541
Total Net Position	\$12,305,940	\$ 260,969	\$4,905,504	\$6,660,523	\$ 24,132,936

The notes to the financial statements are an integral part of this statement.

City of Loveland, Colorado

Statement of Revenues, Expenditures and Changes in Fund Net Position

Internal Service

For the Year Ended December 31, 2017

	Fleet Replacement	Fleet Management	Risk & Insurance	Employee Benefits	Totals
Operating Revenues:					
Charges for Services	\$ 2,040,020	\$ 4,448,055	\$ 2,738,791	\$14,486,804	\$ 23,713,670
Miscellaneous	137,677	5,386	126,681	35,370	305,114
Total Operating Revenue	2,177,697	4,453,441	2,865,472	14,522,174	24,018,784
Operating Expenses:					
Personal Services	-	1,588,925	432,803	4,046	2,025,774
Supplies	-	1,993,331	10,060	64,117	2,067,508
Purchased Services	1,665,379	761,213	2,151,766	11,689,149	16,267,507
Depreciation	1,042,785	15,258	-	-	1,058,043
Total Operating Expenses	2,708,164	4,358,727	2,594,629	11,757,312	21,418,832
Net Operating Income (loss)	(530,467)	94,714	270,843	2,764,862	2,599,952
Nonoperating Revenues (Expenses):					
Investment Earnings	84,998	885	60,435	30,254	176,572
Gain (Loss) on Sale of Capital Assets	(168,530)	(20,200)	-	-	(188,730)
Total Nonoperating Revenues (Expense):	(83,532)	(19,315)	60,435	30,254	(12,158)
Net Income (Loss) Before Transfers	(613,999)	75,399	331,278	2,795,116	2,587,794
Transfers In	45,000	-	-	-	45,000
Change in Net Position	(568,999)	75,399	331,278	2,795,116	2,632,794
Total Net Position - Beginning	12,874,940	185,571	4,574,226	3,865,405	21,500,142
Total Net Position - Ending	\$ 12,305,941	\$ 260,970	\$ 4,905,504	\$ 6,660,521	\$ 24,132,936

The notes to the financial statements are an integral part of this statement.

City of Loveland, Colorado
Statement of Cash Flows
Internal Service
For the Year Ended December 31, 2017

	Fleet Replacement	Fleet Management	Risk & Insurance	Employee Benefits	Totals
Cash Flows from Operating Activities:					
Cash Received from Interfund Services	\$ 2,038,298	\$ 4,422,909	\$ 2,735,881	\$ 15,072,231	\$ 24,269,319
Cash Payments for Goods and Services	(1,636,022)	(2,800,036)	(2,096,949)	(12,599,199)	(19,132,206)
Cash Payments to Employees	-	(1,555,146)	(426,427)	(77,781)	(2,059,354)
Miscellaneous	51,964	31,250	126,681	49,870	259,765
Net Cash Provided by Operating Activities	454,240	98,977	339,186	2,445,121	3,337,524
Cash Flows from Non-Capital Financing Activities:					
Transfers In	45,000	-	-	-	45,000
Net Cash Provided (Used) by Noncapital Financing Activities	45,000	-	-	-	45,000
Cash Flows from Capital and Related Financing Activities					
Proceeds on Sale of Capital Assets	93,602	-	-	-	93,602
Payments for Capital Acquisition	(1,550,218)	(46,538)	-	-	(1,596,756)
Debt Principal Proceeds	44,224	-	-	-	44,224
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,412,392)	(46,538)	-	-	(1,458,930)
Cash Flows from Investing Activities:					
Purchase of Investments	764,164	(38,167)	(1,656,027)	932,673	2,643
Proceeds from Sale of Investments	1,386,159	21,369	1,842,184	(2,344,725)	904,987
Investment Earnings	89,161	670	58,081	14,593	162,505
Net Cash Flows Provided (Used) by Investing Activities	2,239,484	(16,128)	244,238	(1,397,459)	1,070,135
Cash and Cash Equivalents - Jan. 1	413,972	79,836	141,126	(634,917)	17
Cash and Cash Equivalents--Dec. 31	\$ 1,740,304	\$ 116,147	\$ 724,550	\$ 412,745	\$ 2,993,746
Reconciliation of Operating Income (Loss) to Net Operating					
Income (Loss)	\$ (530,467)	\$ 94,714	\$ 270,843	\$ 2,764,862	\$ 2,599,952
Other Receipts	8	-	-	-	8
Adjustments to Reconcile Operating Income (Loss) to Net					
Cash Provided (Used) by Operating Activities:					
Depreciation	1,042,785	15,258	-	-	1,058,043
(Increase) Decrease in Accounts Receivable	-	(19,337)	-	-	(19,337)
(Increase) Decrease in Inventory	-	(31,046)	-	-	(31,046)
Increase (Decrease) in Current Liabilities	(58,086)	39,388	68,342	(319,742)	(270,098)
Total Adjustments	984,699	4,263	68,342	(319,742)	737,562
Net Cash Provided by Operating Activities	\$ 454,240	\$ 98,977	\$ 339,185	\$ 2,445,120	\$ 3,337,522
Noncash Investing, Capital and Financing Activities:					
Unrealized Loss on Investments	\$ (128,977)	\$ (2,732)	\$ (115,885)	\$ (122,517)	\$ (370,111)
Reconciliation of cash and cash equivalents to statement of net position:					
Cash and cash equivalents	1,740,304	116,147	724,550	58,220	2,639,221
Restricted Assets - cash and cash equivalents	-	-	-	354,525	354,525
	\$ 1,740,304	\$ 116,147	\$ 724,550	\$ 412,745	\$ 2,993,746

The notes to the financial statements are an integral part of this statement.

City of Loveland, Colorado
Fleet Replacement
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Difference with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 2,327,320	\$ 2,330,580	\$ 2,040,020	\$ (290,560)
Investment Earnings	58,950	58,950	84,997	26,047
Transfers In	102,937	263,410	45,000	(218,410)
Miscellaneous	-	-	137,678	137,678
Total Revenues	2,489,207	2,652,940	2,307,695	(345,245)

Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:

Gain on Sale of Capital Assets	<u>93,602</u>
	<u>2,401,297</u>
Operating Revenues	2,177,698
Nonoperating Revenues and Transfers In	<u>223,599</u>
Statement Total	<u>2,401,297</u>

Expenditures:

Purchased Services	1,659,272	1,671,488	1,665,379	6,109
Capital Acquisitions	1,334,560	2,325,108	1,252,562	1,072,546
Total Expenditures	\$ 2,993,832	\$ 3,996,596	2,917,941	\$ 1,078,655

Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:

Capital Acquisitions	(1,252,562)
Loss on Sale of Capital Asset	262,131
Depreciation	<u>1,042,785</u>
	<u>2,970,295</u>
Operating Expenses	2,708,164
Nonoperating Expenses and Transfers Out	<u>262,131</u>
Statement Total	<u>\$ 2,970,295</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Fleet Management
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Charges for Services	\$ 4,888,315	\$ 5,113,315	\$ 4,448,055	\$ (665,260)
Investment Earnings	11,672	11,672	885	(10,787)
Miscellaneous	-	-	5,386	5,386
Total Revenues:	4,899,987	5,124,987	4,454,326	(670,661)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Statement Total			<u>4,454,326</u>	
Personal Services	1,575,537	1,730,397	1,588,925	141,472
Supplies	2,598,260	2,364,835	1,993,331	371,504
Purchased Services	671,263	1,043,571	761,213	282,358
Capital Acquisitions	133,200	163,200	46,538	116,662
Total Expenditures	\$ 4,978,260	\$ 5,302,003	\$ 4,390,007	\$ 911,996
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(46,538)	
Depreciation			15,258	
Loss on Sale of Capital Asset			<u>20,200</u>	
			<u>4,378,927</u>	
Operating Expenses			<u>4,378,927</u>	
Statement Total			<u>\$ 4,378,927</u>	
See accompanying independent auditors' report.				

City of Loveland, Colorado
Risk & Insurance
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

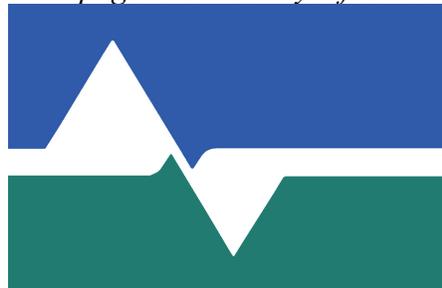
	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Charges for Services	\$ 2,836,349	\$ 2,830,161	\$ 2,738,791	\$ (91,370)
Investment Earnings	21,565	21,565	60,435	38,870
Miscellaneous	-	325,000	126,681	(198,319)
Total Revenues:	2,857,914	3,176,726	2,925,907	(250,819)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
			<u>2,925,907</u>	
Operating Revenues			2,865,472	
Nonoperating Revenues and Transfers In			<u>60,435</u>	
Statement Total			<u>2,925,907</u>	
Expenditures:				
Personal Services	434,845	436,245	432,803	3,442
Supplies	10,450	12,169	10,060	2,109
Purchased Services	2,467,101	2,828,083	2,151,766	676,317
Total Expenditures	\$ 2,912,396	\$ 3,276,497	\$ 2,594,629	\$ 681,868
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
			<u>2,594,629</u>	
Operating Expenses			<u>2,594,629</u>	
Statement Total			<u>\$ 2,594,629</u>	
See accompanying independent auditors' report.				

City of Loveland, Colorado
Employee Benefits
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Charges for Services	\$ 16,595,039	\$ 16,595,039	\$ 14,486,804	\$ (2,108,235)
Investment Earnings	9,195	9,195	30,254	21,059
Miscellaneous	72,000	72,000	35,370	(36,630)
Total Revenues:	16,676,234	16,676,234	14,552,428	(2,123,806)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
			<u>14,552,428</u>	
Operating Revenues			14,522,174	
Nonoperating Revenues and Transfers In			<u>30,254</u>	
Statement Total			<u>14,552,428</u>	
Expenditures:				
Personal Services	16,500	16,500	4,046	12,454
Supplies	116,000	94,490	64,117	30,373
Purchased Services	16,525,940	16,547,450	11,689,149	4,858,301
Transfers (Out)	150,000	150,000	-	150,000
Total Expenditures	\$ 16,808,440	\$ 16,808,440	\$ 11,757,312	\$ 5,051,128
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
			<u>11,757,312</u>	
Operating Expenses			<u>11,757,312</u>	
Statement Total			<u>\$ 11,757,312</u>	

See accompanying independent auditors' report.

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Fiduciary Fund

LOVELAND SPECIAL IMPROVEMENT

DISTRICT #1—to account for debt service activity
of the District's special assessment bonds.

City of Loveland, Colorado
Special Improvement District #1 (SID)
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Difference with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special Assessments	\$ 482,250	\$ 482,250	\$ 502,231	\$ 19,981
Interest	5,000	5,000	6,313	1,313
Total Revenues	487,250	487,250	508,544	21,294
Expenditures:				
Current:				
General Administration	10,000	10,000	18,333	(8,333)
Debt Service:				
Bond Principal	384,000	384,000	280,000	104,000
Bond Interest	96,000	96,000	169,560	(73,560)
Total Expenditures	490,000	490,000	467,893	22,107
Net Change in Fund Balance	(2,750)	(2,750)	40,651	43,401
Fund Balance--Beginning	4,036	4,036	416,005	411,969
Fund Balance--Ending	\$ 1,286	\$ 1,286	\$ 456,656	\$ 455,370
Reconciliation to Statement of Changes in Assets and Liabilities				
Accounts Payable			<u>1,004</u>	
Balance, December 31, 2017			<u>\$ 457,660</u>	

See accompanying independent auditors' report.

City of Loveland, Colorado

**Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2017**

	Special Improvement District No. 1				Total
	Debt Service Reserve	Bond Fund Principal Account	Bond Fund Interest Account	Bond Administrative Expense Account	
ASSETS					
Investments, at Fair Value:					
Equity in Pooled Cash and Cash Equivalents	\$ 325,329	\$ 121,296	\$ -	\$ -	446,625
Equity in Pooled Investments	7,082	2,629	-	-	9,711
Accrued Interest	-	1,324	-	-	1,324
Total Assets	\$ 332,411	\$ 125,249	\$ -	\$ -	457,660
LIABILITIES					
Accounts Payable	-	1,003	-	-	1,004
Due to Improvement District	\$ 332,411	\$ 124,246	\$ -	\$ -	456,656
Total Liabilities	\$ 332,411	\$ 125,249	\$ -	\$ -	457,660

CITY OF LOVELAND, COLORADO
**Combining Statement of Changes in
Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017**

	Special Improvement District No. 1				Total
	Debt Service Reserve	Bond Fund Principal Account	Bond Fund Interest Account	Bond Administrative Expense Account	
Balance, December 31, 2016	\$ 328,755	\$ 88,845	\$ -	\$ -	417,600
Additions	3,656	125,249	-	-	128,905
Reductions	-	88,845	-	-	88,845
Balance, December 31, 2017	\$ 332,411	\$ 125,249	\$ -	\$ -	457,660

See accompanying independent auditors' report.



Cover Photo Credit: Freeman Photography

Statistical

This section contains comprehensive statistical data for the City.

It is intended to provide a broader and more complete understanding of the City and its financial affairs than is provided by the Basic Financial Statements.

City of Loveland, Colorado
Statistical Section Descriptions

Financial Trends	107
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	117
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	120
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	124
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	125
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to services the City provides and the activities the City performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Schedule 1
City of Loveland, Colorado
Net Position by Component
(accrual basis of accounting)

	2008	2009	2010	2011	2012
Governmental Activities					
Net Investment in Capital Assets	\$ 276,458,674	\$ 282,094,308	\$ 296,245,854	\$ 302,978,097	\$ 301,942,160
Restricted	56,031,418	55,213,777	60,868,797	27,593,075	29,777,379
Unrestricted	41,070,899	46,692,418	35,752,393	74,582,278	83,391,502
Total Governmental Activities Net Position	373,560,991	384,000,503	392,867,044	405,153,450	415,111,041
Business-Type Activities					
Net Investment in Capital Assets	335,841,057	358,157,819	358,776,050	366,796,045	372,589,212
Future Capital Improvements	15,159,481	15,682,636	44,558,594	42,606,195	44,869,255
Unrestricted	61,249,727	62,842,795	39,341,161	43,221,838	44,177,057
Total Business-Type Activities Net Position	412,250,265	436,683,250	442,675,805	452,624,078	461,635,524
Primary government					
Net Investment In Capital Assets	612,299,731	640,252,127	655,021,904	669,774,142	674,531,372
Restricted	71,190,899	70,896,413	105,427,391	70,199,270	74,646,634
Unrestricted	102,320,626	109,535,213	75,093,554	117,804,116	127,568,559
Total Primary Government Net Position	\$ 785,811,256	\$ 820,683,753	\$ 835,542,849	\$ 857,777,528	\$ 876,746,565

Source: City of Loveland Financial Statements

2013	2014	2015	2016	2017
\$ 301,651,481	\$ 327,486,198	\$ 334,471,486	\$ 349,269,785	\$ 370,968,085
27,990,603	25,425,762	23,991,063	19,889,376	42,204,301
95,320,222	88,271,751	89,140,975	109,138,773	85,659,674
424,962,306	441,183,711	447,603,524	478,297,934	498,832,060
380,761,746	398,830,123	412,250,813	439,794,339	463,351,560
41,854,010	43,987,341	38,346,067	38,620,559	44,650,171
44,941,194	39,181,529	50,999,539	50,990,044	48,112,329
467,556,950	481,998,993	501,596,419	529,404,942	556,114,060
682,413,227	726,316,321	746,722,299	789,064,124	834,319,645
69,844,613	69,413,103	62,337,130	58,509,935	86,854,472
140,261,416	127,453,280	140,140,514	160,128,817	133,772,003
\$ 892,519,256	\$ 923,182,704	\$ 949,199,943	\$ 1,007,702,876	\$ 1,054,946,120

Schedule 2
City of Loveland, Colorado
Changes in Net Position
(accrual basis of accounting)

	2008	2009	2010	2011
Expenses				
Governmental Activities:				
Legislative	\$ 113,537	\$ 92,527	\$ 106,423	\$ 101,073
Executive	1,948,507	1,871,876	1,623,339	1,839,314
Finance	1,591,776	1,741,878	1,693,044	2,156,020
Human Resources	1,046,753	1,073,291	865,084	750,448
Information Technology	3,201,663	3,201,358	3,028,545	3,251,193
Economic Development	1,272,255	671,547	742,248	1,235,598
Development Services	5,290,511	3,080,478	6,451,593	6,397,469
Public Works	15,493,187	17,574,001	16,253,368	17,425,656
Police	15,145,956	15,914,451	16,233,097	16,817,499
Fire and Rescue	7,954,029	8,320,414	8,070,024	8,075,617
Parks & Recreation	9,043,682	9,528,681	8,698,322	9,572,290
Library	2,131,686	2,233,356	2,316,785	2,625,349
Cultural Services	1,432,485	1,679,305	1,264,556	1,464,118
General Government	12,500,638	10,136,397	12,366,477	14,777,308
Interest on Long-Term Debt	4,747	2,466	718	-
Total Governmental Activities Expenses	78,171,412	77,122,026	79,713,623	86,488,952
Business-Type Activities:				
Water	9,656,258	10,986,538	10,977,567	10,194,425
Wastewater	6,034,852	6,852,037	7,178,264	6,931,011
Stormwater	2,609,464	3,549,583	3,437,189	3,550,937
Power	36,168,706	38,632,522	42,895,642	45,197,485
Solid Waste	4,538,956	5,663,917	4,520,127	4,881,326
Golf	4,102,640	3,747,162	3,451,922	3,248,098
Total Business-Type Activities Expenses	63,110,876	69,431,759	72,460,711	74,003,282
Total Primary Government Expenses	141,282,288	146,553,785	152,174,334	160,492,234
Program Revenues				
Governmental Activities:				
Charges for services:				
Executive	1,040,213	1,021,440	1,021,714	897,804
Finance	275,346	219,229	309,737	256,669
Human Resources	-	-	-	-
Economic Development	-	-	-	-
Development Services	1,355,811	983,228	1,394,530	1,247,933
Public Works	1,941,296	2,212,688	2,011,339	2,223,493
Police	442,885	590,046	908,643	1,114,811
Fire	1,313,175	1,246,198	1,085,517	1,316,110
Parks & Recreation	3,107,864	3,074,121	3,091,808	3,615,168
Library	8,525	91,213	106,942	95,470
Cultural Services	207,425	217,598	179,942	166,584
General Government	2,669,119	4,438,733	4,008,670	4,452,074
Operating grants and contributions	4,034,695	4,060,830	5,179,313	5,487,692
Capital grants and contributions	13,260,348	11,212,573	9,341,231	10,272,856
Total Governmental Activities Revenues	\$ 29,656,702	\$ 29,367,897	\$ 28,639,386	\$ 31,146,664

Source: City of Loveland Financial Statements.

	2012	2013	2014	2015	2016	2017
\$	97,103	\$ 118,263	\$ 162,625	\$ 157,812	\$ 151,146	\$ 159,913
	2,298,957	2,040,641	1,944,875	2,134,424	2,199,258	4,216,699
	3,685,096	1,495,077	1,736,626	1,731,226	1,846,402	1,295,259
	929,651	312,209	156,840	249,177	358,285	420,729
	3,101,836	2,951,995	656,388	925,018	983,766	556,131
	1,764,192	2,509,865	3,922,742	5,416,693	4,046,522	3,090,713
	5,656,043	6,120,833	7,085,388	7,303,464	7,391,751	6,509,167
	18,940,024	19,132,121	29,259,394	19,659,340	22,454,121	23,931,894
	16,806,697	17,753,905	19,092,543	20,122,411	21,508,676	24,783,280
	10,481,974	10,110,872	11,267,310	13,127,952	13,968,518	16,365,941
	10,206,841	12,989,173	13,139,972	13,433,473	14,149,386	14,103,788
	2,701,016	3,267,977	3,465,978	3,513,276	3,598,465	4,123,625
	1,845,305	3,083,926	2,269,629	2,375,343	2,522,341	2,600,450
	18,234,265	20,233,243	21,610,982	24,936,240	24,003,139	24,815,615
	-	-	-	-	-	-
	96,749,000	102,120,100	115,771,292	115,085,849	119,181,776	126,973,204
	10,506,013	13,219,134	14,421,083	14,993,052	15,666,363	16,075,296
	7,142,390	8,514,371	8,152,372	9,004,724	9,078,498	9,679,668
	3,315,186	3,837,057	4,142,323	4,218,805	4,342,427	5,850,696
	47,438,660	53,828,287	56,745,572	56,935,935	58,211,434	64,494,714
	5,143,011	5,768,080	5,772,448	5,956,930	6,453,721	6,714,450
	3,262,626	3,466,487	3,649,645	3,757,673	4,558,219	3,872,895
	76,807,886	88,633,416	92,883,443	94,867,119	98,310,662	106,687,719
	173,556,886	190,753,516	208,654,735	209,952,968	217,492,438	233,660,923
	936,190	874,554	960,705	1,093,954	944,041	1,041,189
	171,616	194,586	220,807	213,550	206,081	264,016
	23	-	26	-	-	-
	35,872	56,049	75,718	80,205	94,072	611,278
	1,662,823	1,648,640	2,405,098	2,742,511	3,058,494	2,567,529
	2,128,714	3,156,866	3,317,741	5,272,211	5,803,971	6,506,628
	906,400	1,126,139	1,249,248	1,124,858	1,263,912	1,444,770
	286,551	318,997	416,909	365,378	582,014	4,839,718
	4,039,590	5,705,461	5,273,998	4,326,854	5,131,937	4,757,024
	98,541	85,239	90,717	93,226	92,278	72,431
	279,291	290,673	366,835	366,894	418,057	431,274
	5,537,449	5,738,507	5,938,830	6,430,198	7,054,713	7,934,902
	14,626,446	15,501,176	15,144,081	18,170,851	18,282,481	22,130,784
	9,488,471	11,321,276	24,080,916	12,390,432	21,755,995	5,405,297
\$	40,197,977	\$ 46,018,163	\$ 59,541,629	\$ 52,671,122	\$ 64,688,046	\$ 58,006,840

Schedule 2
City of Loveland, Colorado
Changes in Net Position (Continued)
(accrual basis of accounting)

	2008	2009	2010	2011
Business-Type Activities:				
Charges for services:				
Water	\$ 8,097,375	\$ 7,040,217	\$ 7,662,143	\$ 12,899,042
Wastewater	7,070,924	6,994,755	7,012,971	7,066,252
Stormwater	3,849,823	3,875,594	3,966,869	3,989,549
Power	40,137,412	40,575,277	43,883,091	47,374,719
Refuse	5,418,346	5,597,397	5,769,092	5,903,328
Golf	3,799,501	3,525,805	3,538,047	3,455,162
Capital grants and contributions	9,276,995	5,848,727	8,017,959	7,050,956
Operating grants and contributions	-	-	-	-
Total Business-Type Activities Revenues	77,650,376	73,457,772	79,850,172	87,739,008
Total Primary Government Revenues	107,307,078	102,825,669	108,489,558	118,885,672
Net (Expense)/Revenue				
Governmental Activities	(48,514,710)	(47,754,129)	(51,074,237)	(55,342,288)
Business-Type Activities	14,539,500	4,026,013	7,389,461	13,735,726
Total Primary Government Net (Expense)/Revenue	(33,975,210)	(43,728,116)	(43,684,776)	(41,606,562)
General Revenues & Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	16,451,140	17,660,441	18,873,614	18,829,989
Sales and Use Taxes	34,409,083	32,365,675	35,404,740	36,535,125
Franchise Taxes	1,994,561	1,630,518	1,620,420	1,626,216
Other Taxes	1,206,470	1,070,207	934,515	991,556
Investment Earnings	5,048,661	2,967,278	967,636	2,561,535
Gain on Sale of Assets	7,332	885	15,113	691,883
Transfers	3,655,019	2,498,637	2,124,740	6,392,390
Total Governmental Activities	62,772,266	58,193,641	59,940,778	67,628,694
Business-Type Activities:				
Investment Earnings	3,982,173	2,117,833	727,834	2,238,345
Gain on Sale of Assets	-	-	-	366,592
Transfers	(3,655,019)	(2,498,637)	(2,124,740)	(6,392,390)
Total Business-Type Activities	327,154	(380,804)	(1,396,906)	(3,787,453)
Total Primary Government	63,099,420	57,812,837	58,543,872	63,841,241
Change in Net Position				
Governmental Activities	14,257,556	10,439,512	8,866,541	12,286,406
Business-Type Activities	14,866,654	3,645,209	5,992,555	9,948,273
Total Primary Government	\$ 29,124,210	\$ 14,084,721	\$ 14,859,096	\$ 22,234,679

Source: City of Loveland Financial Statements

	2012	2013	2014	2015	2016	2017
\$	10,119,971	\$ 10,100,125	\$ 11,637,020	\$ 13,252,667	\$ 15,298,606	\$ 16,756,753
	7,259,071	8,122,896	8,658,044	9,523,580	10,812,210	11,937,729
	4,032,801	4,124,910	4,539,285	5,113,905	5,785,926	6,483,986
	50,842,438	54,541,358	56,131,726	57,513,426	60,070,432	63,851,915
	6,003,233	6,040,794	6,242,999	6,506,747	6,823,296	7,053,445
	3,729,636	3,256,450	3,497,796	3,734,006	3,796,133	3,825,009
	6,785,850	11,615,334	17,332,613	16,712,187	22,466,304	17,720,613
	-	-	89,863	288,683	211,522	275,738
	88,773,000	97,801,867	108,129,346	112,645,201	125,264,429	127,905,188
	128,970,977	143,820,030	167,670,975	165,316,323	189,952,475	185,912,028
	(56,551,023)	(56,101,937)	(56,229,663)	(62,414,727)	(54,493,730)	(60,691,596)
	11,965,114	9,168,451	15,245,903	17,778,082	26,953,767	21,217,468
	(44,585,909)	(46,933,486)	(40,983,760)	(44,636,645)	(27,539,963)	(39,474,128)
	18,727,569	18,708,893	18,706,275	18,546,909	20,904,830	21,680,942
	39,849,259	42,342,445	46,954,355	48,751,148	50,527,501	54,481,516
	1,728,289	1,772,839	1,886,816	1,864,925	1,800,051	2,018,640
	998,390	1,175,053	1,390,290	1,415,285	1,210,092	2,198,110
	1,124,663	(941,945)	1,917,038	1,265,529	589,669	1,373,292
	23,083	208,383	298,520	569,139	170,947	31,522
	4,057,361	2,687,534	1,297,774	(824,365)	(308,505)	(558,300)
	66,508,614	65,953,202	72,451,068	71,588,570	74,894,585	81,225,722
	958,828	(581,995)	1,500,081	994,979	546,251	1,005,237
	144,865	22,504	(1,006,167)	-	-	-
	(4,057,361)	(2,687,534)	(1,297,774)	824,365	308,505	558,300
	(2,953,668)	(3,247,025)	(803,860)	1,819,344	854,756	1,563,537
	63,554,946	62,706,177	71,647,208	73,407,914	75,749,341	82,789,259
	9,957,591	9,851,265	16,221,405	9,173,843	20,400,855	20,534,126
	9,011,446	5,921,426	14,442,043	19,597,426	27,808,523	22,781,005
\$	18,969,037	\$ 15,772,691	\$ 30,663,448	\$ 28,771,269	\$ 48,209,378	\$ 43,315,131

Schedule 3
City of Loveland, Colorado
Fund Balances - Governmental Funds
Last Ten Fiscal Years

	2008	2009	2010	2011
General Fund				
Reserved	\$ 12,242,683	\$ 9,513,491	\$ -	\$ N/A
Unreserved	10,591,528	12,781,122	-	N/A
Nonspendable	N/A	N/A	193,375	329,125
Restricted	N/A	N/A	7,264,376	1,809,815
Committed	N/A	N/A	5,590,537	8,197,419
Assigned	N/A	N/A	5,619,476	1,894,325
Unassigned	N/A	N/A	5,215,076	14,532,228
Total General Fund	\$22,834,211	\$22,294,613	\$23,882,840	\$26,762,912
All Other Governmental Funds				
Reserved	4,850,000	4,850,000	-	N/A
Unreserved, Reported in:				
Special Revenue Funds	62,596,439	62,881,959	-	N/A
Permanent Fund	2,176,495	2,303,074	-	N/A
Capital Projects Funds	759,315	1,106,285	-	N/A
Nonspendable				
Capital Expansion Fees	N/A	N/A	4,850,000	4,850,000
Other Governmental Funds	N/A	N/A	785,267	817,067
Restricted				
Loveland Urban Renewal Authority	N/A	N/A	185,066	251,647
Loveland Fire Authority	N/A	N/A	N/A	-
Capital Expansion Fees	N/A	N/A	35,910,797	N/A
Capital Projects	N/A	N/A	497,409	484,050
Other Governmental Funds	N/A	N/A	16,225,882	19,051,371
Committed				
Capital Expansion Fees	N/A	N/A	N/A	33,533,090
Other Governmental Funds	N/A	N/A	3,065,973	1,787,648
Assigned				
Capital Projects	N/A	N/A	611,898	349,023
Other Governmental Funds	N/A	N/A	1,630,126	2,671,148
Total All Other Governmental Funds	70,382,249	71,141,318	63,762,418	63,795,044
Total Governmental Funds	\$93,216,460	\$93,435,931	\$87,645,258	\$90,557,956

*In 2010, the City implemented GASB 54, Fund Balance Reporting, changing the fund balance reported categories.
Source: City of Loveland Financial Statements

	2012	2013	2014	2015	2016	2017
\$	N/A	\$	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A
	321,720	16,701	199,045	55,603	51,685	47,650
	1,861,860	1,851,741	2,439,462	2,317,041	2,906,882	25,715,544
	13,272,193	11,941,797	18,219,015	24,784,252	19,097,578	2,494,422
	1,065,056	1,412,714	1,344,179	1,385,845	1,155,031	-
	16,560,028	25,621,810	22,996,438	17,902,106	21,741,419	10,591,362
	\$33,080,857	\$ 40,844,763	\$ 45,198,139	\$ 46,444,847	\$ 44,952,595	\$ 38,848,978
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A
	4,850,000	4,485,000	2,130,012	N/A	-	-
	850,368	900,768	957,172	997,132	1,033,093	1,114,935
	293,037	264,893	516,443	735,192	972,722	1,018,896
	290,339	17,397	17,397	17,397	101,176	2,090,853
	-	-	-	-	-	-
	N/A	-	-	-	-	-
	21,310,055	20,454,105	19,166,231	17,545,105	14,823,817	12,216,423
	34,915,356	33,436,499	25,948,944	33,331,085	37,127,980	41,159,739
	327,551	380,202	389,879	485,775	515,297	717,238
	202,257	862,472	872,472	1,058,324	2,331,869	9,801,816
	3,964,896	3,949,823	4,155,436	3,934,819	3,796,447	3,981,477
	67,003,859	64,751,159	54,153,986	58,104,829	60,702,401	72,101,377
	\$00,084,716	\$105,595,922	\$ 99,352,125	\$104,549,676	\$105,654,996	\$ 110,950,355

Schedule 4
City of Loveland, Colorado
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

	2008	2009	2010	2011
Revenues				
Taxes	\$ 53,855,390	\$ 52,547,699	\$ 56,767,696	\$ 57,814,739
Licenses and Permits	1,538,909	1,248,207	1,631,549	1,655,825
Fines and Penalties	1,013,197	1,060,985	1,233,836	936,370
Intergovernmental	8,567,418	10,751,411	13,568,325	11,178,476
Charges for Services	11,463,059	11,417,323	8,096,514	9,456,148
Investment Earnings	5,048,659	2,967,280	967,636	2,561,536
Miscellaneous	908,017	1,118,202	4,556,679	7,692,460
Total Revenues	82,394,649	81,111,107	86,822,235	91,295,554
Expenditures:				
Current:				
Legislative	113,537	92,527	106,423	101,073
Executive	1,622,691	1,867,240	1,659,790	1,824,253
Finance	1,599,194	1,730,611	1,663,029	2,125,071
Human Resources	1,035,913	1,055,378	865,256	743,473
Information Technology	3,077,378	3,046,033	2,866,681	3,090,394
Economic Development	1,268,345	636,047	737,517	1,242,393
Development Services	2,348,626	3,057,460	3,475,109	3,504,061
Public Works	10,803,204	11,834,864	11,266,032	12,370,062
Public Safety	22,411,034	23,122,840	23,421,938	24,321,444
Parks & Recreation	7,291,343	7,239,370	6,989,404	7,711,711
Library	2,245,754	1,925,829	2,015,483	2,324,888
Cultural Services	1,393,802	1,450,988	1,133,935	1,359,067
General Government	12,254,313	11,919,268	13,131,709	11,765,075
Capital Outlay	17,315,024	14,379,840	24,987,466	22,141,774
Debt Service				
Principal	50,396	52,677	37,529	-
Interest	4,747	2,466	718	-
Total Expenditures	84,835,301	83,413,438	94,358,019	94,624,739
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,440,652)	(2,302,331)	(7,535,784)	(3,329,185)
Other Financing Sources (Uses):				
Transfers In	20,406,478	12,328,477	18,301,735	17,559,666
Transfers (Out)	(15,217,489)	(9,806,675)	(16,556,624)	(11,317,783)
Debt Issued	-	-	-	-
Insurance Recoveries	-	-	-	-
Total Other Financing Sources (Uses)	5,188,989	2,521,802	1,745,111	6,241,883
Net Change in Fund Balance	\$ 2,748,337	\$ 219,471	\$ (5,790,673)	\$ 2,912,698
Debt service as a percentage of noncapital expenditures	0.1 %	0.1 %	0.1 %	- %

Source: City of Loveland Financial Statements

2012	2013	2014	2015	2016	2017
\$ 61,102,185	\$ 63,791,664	\$ 68,523,097	\$ 70,117,336	\$ 74,220,077	\$ 80,233,216
2,013,353	1,951,145	3,073,136	3,076,189	3,310,912	3,126,113
956,357	871,879	966,619	1,123,670	929,370	972,875
19,529,719	18,535,293	21,238,565	22,760,809	24,233,341	25,242,347
10,443,932	11,413,048	12,175,143	15,535,481	16,607,925	15,222,965
1,124,663	(941,945)	1,917,038	1,265,530	589,670	1,373,293
7,341,636	7,795,014	7,635,519	8,219,150	9,494,166	12,057,019
102,511,845	103,416,098	115,529,117	122,098,165	129,385,461	138,227,828
97,103	118,263	162,625	157,812	151,146	159,913
2,239,590	2,042,214	1,962,771	2,122,554	2,211,243	4,036,220
3,720,738	1,451,102	1,717,652	1,683,036	1,819,888	1,282,258
896,637	184,742	277,384	240,311	355,772	445,725
2,954,763	2,759,834	433,181	639,513	689,898	316,523
1,770,654	2,502,289	3,910,697	5,413,443	3,387,769	3,017,795
2,757,555	3,245,205	4,197,908	4,516,499	4,412,253	3,623,655
13,436,298	12,902,846	13,604,425	13,202,521	15,141,677	17,706,619
26,377,802	26,924,617	29,145,238	31,531,587	34,010,680	39,579,009
8,096,184	11,061,496	11,388,857	11,181,335	11,121,873	11,563,778
2,467,633	2,807,092	3,045,902	3,165,964	3,271,662	3,762,506
1,511,896	1,911,961	2,012,556	2,086,915	2,230,327	2,540,385
18,697,093	19,328,503	19,635,681	21,035,844	22,972,699	26,689,261
12,018,499	15,077,462	32,589,133	18,489,108	21,079,771	33,036,628
-	-	-	-	-	-
-	-	-	-	-	-
97,042,445	102,317,626	124,084,010	115,466,442	122,856,658	147,760,275
5,469,400	1,098,472	(8,554,893)	6,631,723	6,528,803	(9,532,447)
11,408,533	14,620,366	24,435,810	14,559,142	15,877,819	36,008,350
(7,351,173)	(11,932,830)	(23,124,647)	(15,993,509)	(21,301,301)	(36,611,649)
-	-	-	-	-	15,900,000
-	-	999,933	195	-	-
4,057,360	2,687,536	2,311,096	(1,434,172)	(5,423,482)	15,296,701
\$ 9,526,760	\$ 3,786,008	\$ (6,243,797)	\$ 5,197,551	\$ 1,105,321	\$ 5,764,254
- %	- %	- %	- %	- %	- %

Schedule 5
City of Loveland, Colorado
Taxable Sales by Category
Last Ten Fiscal Years

	2008	2009	2010	2011
Department Stores & General Merchandise	280,199,000	250,674,614	248,498,933	256,658,493
Restaurants & Bars	115,219,367	112,630,967	136,500,332	139,760,388
Grocery Stores & Specialty Foods	103,045,667	101,606,520	103,499,491	108,819,981
Clothing & Clothing Accessories Stores	66,546,433	69,338,916	70,613,908	110,700,115
Motor Vehicle Dealers, Auto Parts & Leasing	63,577,900	56,707,611	67,047,382	72,162,544
Building Material & Lawn & Garden Supplies	80,720,400	65,153,933	68,428,532	71,854,553
Sporting Goods, Hobby, Book & Music Stores	44,678,533	47,340,833	58,225,457	62,590,749
Utilities	53,359,233	49,865,134	54,049,681	55,665,784
Used Merchandise Stores	25,731,100	24,206,405	31,635,760	34,627,761
Broadcasting & Telecommunications	42,324,833	42,689,873	44,126,075	43,967,166
Beer, Wine & Liquor Stores	21,096,633	22,331,602	23,523,083	24,958,195
Consumer Goods & Commercial Equipment Rental	15,505,267	14,508,228	15,585,127	17,620,480
Hotels, Motels & Other Accommodations	10,221,433	14,420,279	21,925,230	24,740,175
Electronics & Appliance Stores	18,166,133	19,591,934	33,334,298	31,714,627
Health & Personal Care Stores	16,115,167	16,629,772	18,516,996	20,096,044
Furniture & Home Furnishing Stores	13,500,500	10,736,221	15,852,216	17,774,346
Electronic Shopping & Mail-Order Houses	4,683,433	5,423,739	13,323,547	15,806,144
Gasoline Stations with Convenience Stores	7,313,200	7,085,743	8,095,565	8,475,708
Office Supplies, Stationary & Gift Stores	12,609,200	10,952,890	12,342,646	12,399,947
All Other Categories	31,325,833	28,613,217	32,929,321	11,936,856
	1,025,939,265	970,508,431	1,078,053,580	1,142,330,056

Note: As a Home Rule City, the City of Loveland started collecting sales tax in 1999. Beginning in 2006 the City began collecting Sales Tax based on a mixed rate: 3.0% for most businesses in Loveland and 1.75% for businesses in the Centerra Metro District. The other 1.25% is retained in the district for public improvements in the district that benefits Loveland. Calculations prior to 2010 were based upon the standard Summary by Industry Code (SIC) reports multiplied by the tax rate of 3.0% and do not reflect the mixed rate differential.

Source: City of Loveland Revenue Division

2012	2013	2014	2015	2016	2017
262,471,702	274,109,685	276,744,986	270,693,274	264,384,639	265,609,205
166,523,116	178,533,598	190,187,912	206,674,358	211,408,110	220,605,183
112,714,020	121,256,853	129,506,120	142,555,626	155,842,903	123,988,123
116,991,988	126,009,320	134,717,972	136,790,016	128,678,615	167,949,122
83,463,383	95,764,794	109,598,817	116,334,884	123,159,183	37,607,236
77,228,038	82,711,176	99,082,447	110,932,445	120,164,180	135,160,541
68,359,328	75,542,646	69,872,200	69,652,955	70,118,603	126,548,513
57,002,293	60,644,714	64,182,261	64,709,874	64,911,876	67,073,041
39,947,402	43,151,166	51,771,880	55,602,910	55,576,353	68,015,461
45,531,642	44,470,340	49,318,711	45,335,493	39,859,130	60,689,744
27,996,287	30,591,921	32,771,682	35,144,018	37,378,773	34,357,053
20,210,525	25,124,144	26,001,035	32,627,335	35,674,860	39,021,329
26,954,073	29,259,981	34,803,569	34,947,731	35,576,429	35,964,857
26,948,009	24,348,964	27,081,081	29,156,779	32,363,432	24,950,613
21,144,770	22,679,821	24,184,828	25,738,812	25,362,219	24,961,249
17,707,647	19,203,399	20,615,891	23,029,403	23,765,980	39,782,395
16,165,845	15,503,366	22,418,225	19,914,730	21,210,574	40,735,145
9,207,252	10,591,355	13,230,004	14,872,703	15,149,542	8,016,689
11,890,821	12,390,228	12,985,091	12,061,466	9,599,761	15,435,763
38,034,238	41,053,877	44,780,482	45,911,423	53,390,700	58,821,431
1,246,492,379	1,332,941,348	1,433,855,194	1,492,686,235	1,523,575,862	1,595,292,693

Schedule 6
City of Loveland, Colorado
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

	State	County	City	Centerra Metro District
2008	2.90%	0.80%	3.00%	1.75%
2009	2.90%	0.80%	3.00%	1.75%
2010	2.90%	0.80%	3.00%	1.75%
2011	2.90%	0.80%	3.00%	1.75%
2012	2.90%	0.60%	3.00%	1.75%
2013	2.90%	0.60%	3.00%	1.75%
2014	2.90%	0.60%	3.00%	1.75%
2015	2.90%	0.65%	3.00%	1.75%
2016	2.90%	0.65%	3.00%	1.75%
2017	2.90%	0.65%	3.00%	1.75%

Source: City of Loveland Revenue Division
 County Courthouse Tax expired at end of 2011

Schedule 7
City of Loveland, Colorado
Principal Sales Tax Remitters
Current Year and Ten Years Ago

Tax Remitter by Category	Fiscal Year 2008			Fiscal Year 2017		
	Tax Liability	Rank	Percentage of Total Tax Collected	Tax Liability	Rank	Percentage of Total Tax Collected
Department Stores & General Merchandise	8,405,970	1	27.31 %	7,726,970	1	17.51 %
Restaurants & Bars	3,456,581	2	11.23 %	5,907,698	2	13.38 %
Grocery Stores & Specialty Foods	3,091,370	3	10.04 %	5,014,765	3	11.36 %
Building Material & Lawn & Garden Supplies	2,421,612	4	7.87 %	3,766,928	4	8.53 %
Motor Vehicle Dealers, Auto Parts & Leasing	1,907,337	6	6.20 %	3,616,288	5	8.19 %
Clothing & Clothing Accessories Stores	1,996,393	5	6.49 %	2,666,703	6	6.04 %
Utilities	1,600,777	7	5.20 %	2,035,696	7	4.61 %
Sporting Goods, Hobby, Book & Music Stores	1,340,356	8	4.35 %	1,658,305	8	3.76 %
Used Merchandise Stores	771,933	10	2.51 %	1,652,311	9	3.74 %
Broadcasting & Telecommunications	1,269,745	9	4.13 %	1,204,168	10	2.73 %
Total (Top Ten Principal Remitters only)	26,262,074		85.33 %	35,249,832		79.85 %
Total Sales Tax Collected	30,778,178			44,138,888		

Note: As a Home Rule City, the City of Loveland started collecting sales tax in 1999. Categorical information for the City is not available before that time.

Source: City of Loveland Sales Tax

Schedule 8
City of Loveland, Colorado
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a	
	Capital Leases	Certificates of Participation	Oversizing Agreements	Revenue Bonds	Oversizing Agreements	Water/Waste-water Board Loan				Capital Leases
2008	\$ 92,937	\$ -	\$ 8,122,378	\$ 460,000	\$ 3,387	\$ -	\$ 220,258	\$ 8,898,960	0.37 %	\$ 137.3
2009	40,260	-	5,936,344	235,000	3,387	-	159,686	6,374,677	0.26 %	96.9
2010	-	-	5,609,901	-	3,387	-	93,363	5,706,651	0.23 %	85.7
2011	-	-	4,991,609	-	-	-	30,237	5,021,846	0.20 %	74.3
2012	-	-	4,552,404	-	-	-	-	4,552,404	0.17 %	66.1
2013	53,132	-	4,452,404	-	-	100,000	-	4,605,536	0.15 %	63.2
2014	-	-	4,095,285	-	-	100,000	-	4,195,285	0.14 %	58.3
2015	-	-	3,727,893	-	10,678	10,206,594	-	13,945,165	0.43 %	188.9
2016	-	-	3,584,914	-	10,678	13,200,000	-	16,795,592	0.50 %	225.7
2017	-	15,900,000	2,808,389	-	-	13,150,000	-	31,858,389	0.89 %	421.1

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The City has an interfund balances with the CDBG Fund to the General Fund for \$306 for borrowings to cover deficit cash balances until reimbursements are received. The City also has six interfund loans that are not included on the table above. In Governmental Activities the following loans were made:

- A loan of \$4,850,000 was made in 2007 to the General Fund from the CEF Fund for a land purchase.
- A loan of \$1,500,000 from the CEF Fund to the Loveland Urban Renewal Authority (LURA) to help fund a mixed use building in the downtown area. The entire \$1,500,000 was moved over to LURA in 2013.
- A loan of \$63,100 from General Fund to LURA for waived material use tax, phase II environmental study, and a blight study and plan amendment.
- A loan of \$900,000 from the Museum CEF to LURA for land purchased for the downtown project.
- A loan of \$2,200,000 from Fleet and CEF funds to Economic Incentive fund for an incentive agreement with Evergreen Development Company (Sprouts).

In Business-Type Activities the following loans were made:

- A loan of \$6,000,000 was made in 2013 from Power to Water to help fund the replacement of aging infrastructure.

Source:

^a See Schedule 12 Demographic and Economic Statistics for personal income and population data.

City of Loveland, Colorado
Schedule 9
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017

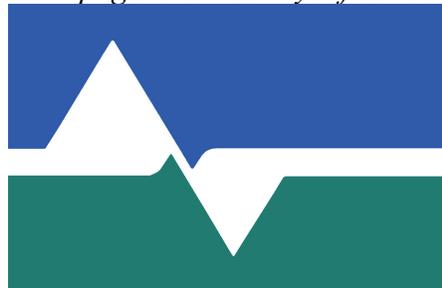
	Debt Outstanding	Percentage^a Applicable to Loveland	Loveland's Share of Debt
<u>Governmental Unit</u>			
City of Loveland - Debt Applicable to Debt Limit	18,708,389	100.0 %	18,708,389
Thompson R2-J School District	\$ 94,685,486 ^b	63.4 %	<u>\$ 60,030,598</u>
Total			<u><u>\$ 78,738,987</u></u>

Source:

^a Determined by ratio of assessed valuation of taxable property within the City to assessed valuation of the overlapping unit.

^b Information provided by the Thompson R2-J School District as of 6/30/2017

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Schedule 10
City of Loveland, Colorado
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	207,856,633	207,856,633	209,435,754
Total net debt applicable to limit	-	-	-
Legal debt margin	<u>\$ 207,856,633</u>	<u>\$207,856,633</u>	<u>\$209,435,754</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00 %	0.00 %	0.00 %

Legal Debt Margin Calculation for Fiscal Year 2017

Note: The City of Loveland is a Home Rule City. Title 31, Article 12-101 of the Colorado Revised Statutes provides that General Obligation indebtedness, for all purposes, shall not at any time exceed three percent of actual value, as determined by the assessor, of the taxable property in the City, except such debt as may be incurred in supplying water.

Source: Larimer County Assessor

2011	2012	2013	2014	2015	2016	2017
204,606,142	207,323,789	212,505,288	215,026,668	252,345,735	258,781,268	315,872,211
-	-	-	-	-	-	16,450,000

\$ 204,606,142 \$207,323,789 \$212,505,288 \$215,026,668 \$252,345,735 \$258,781,268 \$299,422,211

0.00 % 0.00 % 0.00 % 0.00 % 0.00 % 0.00 % 5.21 %

Schedule 11
City of Loveland, Colorado
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2008	\$ 3,946,811	\$ 3,304,381	\$ 642,430	\$ 215,000	\$ 31,422	\$ 246,422	2.61
2009	3,530,692	2,956,014	574,678	225,000	21,856	246,856	2.33
2010	3,546,108	2,615,786	930,322	235,000	10,771	245,771	3.79
2011	3,509,743	2,573,849	935,894	-	-	-	-
2012	3,792,017	2,647,869	1,144,148	-	-	-	-
2013	9,297,087	8,938,200	358,887	-	-	-	-
2014	10,667,855	10,070,110	597,745	-	3,296	3,296	181.35
2015	11,944,794	10,449,268	1,495,526	-	28,251	28,251	52.94
2016	13,763,155	10,644,392	3,118,763	-	315,865	315,865	9.87
2017	\$27,854,645	\$21,040,959	\$ 6,813,686	600,000	\$413,835	\$1,013,835	6.72

Note: The final payment on the Golf bond was paid in 2010. There is long term debt as disclosed in the Long-Term Debt footnote for the Water enterprise fund. Interest is paid semi-annually starting in 2014 and principal payments on this debt started in 2017. There is new long term debt as disclosed in the Long-Term Debt footnote for the Waste Water enterprise fund. Interest is paid semi-annually starting in 2017 and principal payments on this debt will start in 2019.

Source: City of Loveland Financial Statements and Long-Term Debt footnote disclosure

Schedule 12
City of Loveland, Colorado
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	County Per Capita Income ^b	Median Age	Unemployment Percentage ^a
2008	64,800	\$ 2,394,748,800	\$ 36,956	35.9	3.7
2009	65,800	2,466,249,800	37,481	36.9	5.4
2010	66,572	2,487,662,496	37,368	36.9	8.2
2011	67,581	2,557,535,364	37,844	35.3	8.7
2012	68,825	2,736,963,775	39,767	38.7	7.7
2013	72,846	3,009,341,106	41,311	38.1	6.5
2014	71,985	3,085,709,010	42,866	37.7	4.8
2015	74,349	3,240,426,816	43,584	38.4	3.8
2016	74,427	3,372,882,786	45,318	39.1	3.2
2017	75,655	\$ 3,564,636,635	\$ 47,117	40.1	2.5

Source:

^aSeparate City statistics were not previously available, but are available as of 2016 retroactively to 2007

^bLarimer County, separate City statistics not available

Schedule 13
City of Loveland, Colorado
Principal Employers
Current Year and Ten Years Ago

Employer	2008			2017		
	Employees	Rank	of Total City Employment	Employees	Rank	% of Total City Employment (A)
Thompson School District R2-J	1,620	1	4.95 %	2,322	1	4.41 %
Medical Center of the Rockies	695	5	2.12 %	1,548	2	3.25 %
Wal-Mart Distribution Center	799	4	2.44 %	1,226	3	2.57 %
Nutrein/Crop Production Services	-		- %	900	4	1.89 %
City of Loveland	695	6	2.12 %	807	5	1.69 %
Hach Company	888	3	2.71 %	750	6	1.57 %
McKee Medical Center	950	2	2.90 %	646	7	1.36 %
U.S. Bank	-		- %	500	8	1.05 %
Associates in Family Medicine	-		- %	320	9	0.67 %
Woodward Governor	-		- %	320	10	0.67 %
LPR Construction	350	8	1.07 %			
Kroll Factual Data	330	9	1.01 %			
Agilent Technologies	550	7	1.68 %			
Group Publishing	316	10	0.97 %			
Total (Top Ten Principal Employers)	7,193		21.97 %	9,339		19.13 %
Total City Employment	32,740			47,263		

Source: City of Loveland Development Services Department, Loveland Chamber of Commerce, Larimer County Workforce Center, Northern Colorado Business Report, Bizwest, Thompson School District June 30, 2017 Comprehensive Annual Financial Report

^A Numbers prior to 2016 reflect full employment, 2016 forward will reflect full time equivalents (FTEs).

Schedule 14

City of Loveland, Colorado

Full-Time-Equivalent City Government Employees By Function/Program

Last Ten Fiscal Years

Function/Program	2008 ¹	2009 ¹	2010 ^{1,2}	2011 ¹	2012 ¹	2013 ¹	2014 ¹	2015 ¹	2016 ^{3,4}	2017 ³
Executive & Legal	14	14	13	14	14	18	12	12	18	21
City Clerk	-	-	-	-	-	-	7	7	4	4
Community & Business Relations	10	8	7	3	1	1	1	1	1	1
Economic Development	-	-	-	-	5	6	8	8	7	8
Finance	55	49	48	48	47	45	45	45	45	48
Development Services	29	30	25	26	24	24	25	28	30	28
Public Works	93	94	89	89	89	92	93	95	96	103
Police	136	136	134	134	134	136	140	144	151	159
Fire	69	68	66	66	66	73	81	83	84	92
Parks & Recreation	65	65	62	64	64	66	65	66	67	68
Library	28	28	27	30	30	31	31	32	32	32
Cultural Services	13	13	12	12	12	13	13	13	13	13
Human Resources	10	10	10	10	13	13	13	14	13	13
Information Technology	25	25	22	21	21	21	21	23	23	23
Golf - Parks & Recreation	19	19	19	14	14	13	13	13	14	14
Water & Power	119	124	115	115	115	115	121	129	132	136
Solid Waste - Public Works	26	28	28	28	28	28	28	28	28	29
Stormwater - Public Works	16	15	15	14	15	15	15	15	14	15
Total	727	726	692	688	692	710	732	756	772	807

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

Full-time equivalent (FTE) employment is calculated by dividing total labor hours by 2080.

Prior to 2008, FTE employment was calculated using 2088 annual hours; a change was necessitated when the pay period frequency was changed from semi-monthly to bi-weekly at the beginning of 2008.

Source: City Budget Office

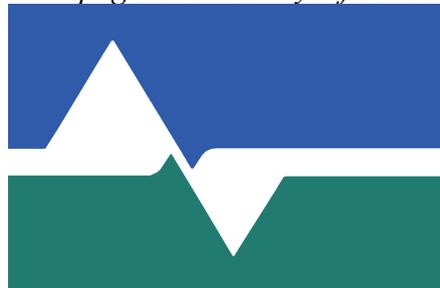
¹ City of Loveland, Colorado Adopted Budget Book - Revised FTE for the appropriate year was used.

² The City of Loveland in 2009 eliminated 33 positions as a result of the economy, this is reflected in the 2010 FTE's.

³ City of Loveland, Colorado Adopted Budget Book - beginning in 2010, use of Adopted Budget FTE levels will be considered standard.

⁴ Court Administration was included with City Clerk prior to 2016 and was moved to Executive and Legal subsequent to 2016.

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Schedule 15
City of Loveland, Colorado
-Statistical Operating Indicators by Function/Program
Last Ten Fiscal Years

	2008	2009	2010	2011	2012
<u>Function/Program</u>					
General Government					
Building Permits Issued	1,663	1,542	1,795	1,854	2,161
Building Inspections Conducted	18,706	14,911	15,265	14,362	19,027
Police					
Physical Arrests (Adults)	3,419	3,121	3,135	2,767	2,981
Physical Arrests (Juveniles)	1,174	997	921	770	776
Parking Violations	1,825	1,212	1,527	1,511	1,452
Traffic Violations	12,669	12,219	11,027 ¹	9,897	9,581
Fire					
Emergency Responses	5,349	5,397	5,736	6,265	6,283
Fires Extinguished	143	104	194	110	107
Business Inspections	751 ²	628	260 ²	143	144
Refuse Collection					
Refuse Collected (tons per day)	95	97	96	96	96
Recyclables Collected (tons per day)	36	33	35	33	35
Yard Waste Collected (tons per day)	80	76	77	108	115
Other Public Works					
Street Resurfacing (miles)	19	25	21	17	13
Potholes Repaired	2,437	1,582	3,167	1,502	1,251
Parks and Recreation					
Athletic Field & Court Reservations	8,402	8,402	7,784	7,221	6,610
Chilson Center Admissions	295,475 ³	305,414	247,511 ³	386,753	432,458
Rounds of Golf	131,851	128,468	120,885	117,059	127,562
Library					
Volumes in Collection (Physical)	165,385 ⁴	161,318	154,732 ⁴	148,005 ⁶	155,450 ⁸
Volumes in Collection (Digital)					9,959 ⁸
Water					
New Connections	225	117	121	188	257
Water Main Breaks	63	70	63	99	76
Average Daily Consumption (thousands of gallons)	10,582	8,951	9,892	10,145	11,513
Peak Daily Consumption (thousands of gallons)	27,300	23,900	24,800	25,000	26,800
Wastewater					
Average Daily Sewage Treatment (thousands of gallons)	5,840	6,210	6,520	6,390	5,900
Power					
Megawatt hours (purchased from PRPA)	726,135	676,931	702,481	731,522	742,507
Transit					
Total Route Miles	207,789	219,910	219,225	228,532	234,976
Passengers	136,018	155,695 ⁵	138,284	133,355	142,169

2013	2014	2015	2016	2017
1,932	2,324	2,762	2,624	2,581
18,709	22,080	31,889	28,787	26,267
2,750	2,616	2,604	2,825	3,029
592	597 ⁶	708 ⁶	552 ⁶	641
1,393	1,379	1,784	1,857	1,826
9,754	10,811	10,363	7,775	9,799
6,436	7,005	7,501	7,915	8,393
82	58	64 ⁹	136 ⁹	167
266	300	348	416	287
93	97	99	98	99
33	27	27	28	27
159	33 ⁷	33 ⁷	39	39
21	15	16	17	10
1,402	3,810	3,911	5,653	3,258
10,548	12,513	10,698	16,928	17,564
468,124	468,015	464,561	464,059	445,713
104,597	115,311	120,940	118,348	117,494
156,242 ⁸	150,247 ⁸	149,613 ⁸	152,993	134,595
14,093 ⁸	25,722 ⁸	421,596 ⁸	537,219	49,386 ¹⁰
251	268	450	403	370
77	75	68	88	48
9,430	9,546	10,003	10,613	10,160
26,600	25,300	27,400	27,300	27,426
6,410	6,500	6,500	6,530	6,158
752,039	754,461	753,665	731,596	724,614
221,396	230,055	247,576	238,217	236,905
142,573	139,199	140,235	116,964	105,917

**Statistical Operating Indicators by Function/Program
Last Ten Fiscal Years**

¹ 2010 Police Traffic Violations lower due to fewer officers available to patrol while conducting other investigative activities.

² 2010 Fire Inspections lower due to a decrease in business inspections, a result of budget and service level reductions.

³ 2010 Chilson Center Admissions lower due to construction, April - November.

⁴ 2010 Library Volumes lower due to elimination of unused materials in anticipation of construction and planning for a new tagging system.

⁵ 2009 Transit passengers increased due to high gas prices, and the addition of the Orange route. In 2010, ridership decreased due to the 34Xpress route being eliminated and the regional FLEX route being added. FLEX transports passengers between Fort Collins and Longmont through Loveland

⁶ 2014 Juvenile arrest statistic added, with historical counts. Previously reported arrests were adults only.

⁷ 2014 Total tons received by Recycling Center, including collections by City trucks, averaged by number of days the Recycling Center is open.

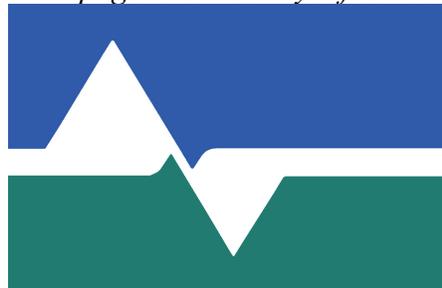
⁸ As of 2015, Library Volumes in Collection will be reported as physical vs digital. Years 2012-2014 were revised retroactively to reflect this distinction.

⁹ Fires Extinguished in 2015 and prior years included building, grass, and vehicle fires. Starting in 2016, Fires Extinguished includes structure, vehicle, and wildland.

¹⁰ 2017 Per a change in State Library standards, reporting for pay as you go services are now only reported on the unique titles borrowed which resulted in a large decline from previous years.

Source: City of Loveland Departments

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Schedule 16
City of Loveland, Colorado
Capital Asset Statistics by Function/Program
Last 10 Fiscal Years

	2008	2009	2010	2011	2012
<i>Police</i>					
Stations	1	1	1	1	1
Divisions / Units	17	12	12	12	12
<i>Fire Stations</i>					
	6	6	6	6	6
<i>Refuse Collection</i>					
Collection Trucks	15	27 ⁶	29 ⁶	23 ⁶	23 ⁶
<i>Other Public Works</i>					
Highways (miles)	24 ¹	24	24	24	25
Streets (miles)	332 ¹	328 ²	328	328	329
Traffic Signals	91	92	92	93	94
<i>Parks and Recreation</i>					
Acreage - Developed Park	388	388	388	388	388
Playgrounds	27	27	27	27	27
Splash Parks	1	2	2	2	2
Baseball/Softball Diamonds	30	30	30	30	30
Soccer/Football Fields	38	38	38	38	38
Community Centers/Recreation Center	1	1	1	1	1
<i>Water</i>					
Water Mains (miles)	429	433	433	435	436
Fire Hydrants	2,791	2,823	2,841	2,860	2,870
Storage Capacity (thousands of gallons)	24,300	20,300	20,300	20,300	20,300
<i>Wastewater</i>					
Sanitary Sewers (miles)	332	333	334	334	334
Treatment Capacity (thousands of gallons)	10,000	10,000	10,000	10,000	10,000
<i>Power</i>					
Overhead Conductors (miles)	304	306	307	305	304
Underground Conductors (miles)	952	961	972	991	1,014
Streetlights	5,086	5,393	5,649	5,734	5,872
<i>Transit</i>					
Fixed Route (3)	3	3	4	5	5
Paratransit (3)	7	7	6	5	5

Note:

¹ In 2008, the Highways (miles) and Streets (miles) have been revised to reflect a change in reporting distribution and provide comparison with a new method used in 2009. Prior to 2008, Highway miles include arterial streets. In 2008 and henceforth, arterials are considered part of Street miles. Highway miles will henceforth consist of only State and U.S. Highways.

² A small decrease in Street miles in 2009 is due to improved accuracy of measurement using GIS resources.

³ Prior to 2016 this was reported as buses and minibuses.

⁴ Correction found for number of parks in 2016, previously 27 reported.

⁵ Splash parks were not previously reported, category added retroactively to 2007.

⁶ Correction found for number of collection trucks in 2016, 2 were added in 2009 and 1 added in 2012.

Source: City of Loveland Departments

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1	1	1	1	1
12	12	12	12	12
6	6	6	6	6
24 ⁶	22 ⁶	24 ⁶	24	22
25	24	24	24	24
331	340	340	343	343
94	94	94	94	97
388	388	438	438	438
27	27	28 ⁴	28	28
2	2	2	2 ⁵	2
30	30	30	30	30
38	38	38	38	38
1	1	1	1	1
437	442	451	456	459
2,899	2,961	3,017	3,103	3,134
20,300	20,300	20,300	20,300	20,300
336	341	342	348	350
10,000	10,000	10,000	10,000	10,000
297	299	298	297	289
1,028	1,062	1,084	1,097	1,121
5,879	6,040	6,055	6,188	6,237
6	6	6	7	6
4	4	4	2	3

Schedule 17
CITY OF LOVELAND, COLORADO
Schedule of Terms

A

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

ADA: Americans with Disabilities Act.

Adjudication: The act or process of reaching settlement judicially.

Amendment 1 (TABOR): An amendment to the Colorado State Constitution that limits revenues and expenditures to the inflation rate, measured by the Denver–Boulder Consumer Price Index, Urban Area (CPI–U), and growth (defined as new construction) of the jurisdiction in the prior year. All new or increased taxes must be voted on by the public. Also, it establishes mandatory emergency reserves.

Appropriation: A legal authorization made by the City Council to make expenditures and incur obligations for specific purposes.

Appropriation Ordinance: An ordinance by means of which appropriations are given legal effect. It is the method by which the expenditure side of the annual budget is enacted into law by the City Council.

ARC: An abbreviation for Annual Required Contributions.

Assessed Valuation: A valuation is set upon real estate or other property by the county assessor to establish a basis for levying taxes. It is equal to 7.96% of market value for residential property and 29% for commercial and industrial property.

B

BPPT: Business Personal Property Tax.

Bond: A form of borrowing money for major capital projects, such as buildings and streets. The City obligates itself to repay the principal at a stated rate of interest over a stated period of time.

Budget: A financial plan of estimated expenditures and the means of financing them for a stated period of time. Upon approval by the City Council the budget appropriation ordinance is the legal basis for expenditures in the budget year.

C

CAD: Computer Aided Dispatch.

Capital Outlay: An item that costs \$5,000 or more and is expected to last one year or longer. Examples include vehicles and equipment.

Capital Expansion Fee (CEF): An assessment on new development to contribute to providing new infrastructure necessitated by population growth.

Capital Program: An annually updated plan of capital expenditures for public facilities, infrastructure and major fixed assets with estimated costs, sources of funding and timing of projects over a five–year period.

Capital Improvements: Expenditures related to the acquisition, expansion or rehabilitation of an element of the city’s physical structure, sometimes referred to as infrastructure. Examples include buildings, streets, bridges, parks and utility systems.

Capital Project: Expenditure for equipment, machinery, facilities, or infrastructure that will provide long-term service or other public benefits.

Carryover: Amount of money remaining at the end of the preceding year and available in the current budget year through an ordinance commonly called the rollover ordinance.

CAFR: Comprehensive Annual Financial Report.

CDBG: Community Development Block Grant.

CEF: Capital Expansion Fee (see definition above).

CFAC: Citizens' Finance Advisory Commission.

CIRSA: Colorado Intergovernmental Risk Sharing Agency.

Committed Fund Balance: Amounts that can only be used for the specific purposes determined by a formal action through ordinances of the highest level of decision-making authority, and remains binding unless removed in the same manner.

Contractual Services: Expenses that are usually incurred by entering into a formal agreement or contract with another party. Expenses included in this category can include insurance, repairs or professional services.

CPI: Consumer Price Index.

CSafe: Colorado Surplus Asset Fund Trust

D

DDA: Downtown Development Authority

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

Defease: A provision that voids a bond or loan when the borrower sets aside cash or bonds sufficient enough to service the borrower's debt.

Department: Major unit of organization in the City.

Depreciation: Expiration in the service life of fixed assets because of wear and tear, deterioration, action of physical elements, inadequacy or obsolescence.

Division: Sub-unit of a department.

DRT: Development Review Team.

E

EMS: Emergency Medical Services.

Encumbrance: Obligations in the form of purchase orders or contracts which are chargeable to an appropriation and for which a part of the appropriation is reserved. Obligations cease to be encumbrances when paid or when the actual liability is set up.

Enterprise Fund: Funds that are self-supported through user fees. Examples include water, waste water, golf, refuse, and power. By the TABOR amendment these funds cannot have more than 10% of their budget subsidized by taxes.

EPA: Environmental Protection Agency.

Exempt: A classification indicating that an employee is not eligible for overtime pay, as defined by the guidelines of the Fair Labor Standards Act (FLSA).

Expenditure: Payment for goods or services, including operating expenses that require the current or future use of net current assets, debt and capital outlays. Note that an encumbrance is not an expenditure, but reserves funds to be expended.

F

FDIC: Federal Deposit Insurance Corporation.

FEMA: Federal Emergency Management Agency.

FICA: An abbreviation for Federal Insurance Contributions Act, this is a compulsory payroll tax which funds Social Security.

Fiduciary Fund: A fund used to account for activity of the City as a trustee over funds allotted to meet a current or future financial obligation, usually on an actuarially sound basis. Example: Pension funds.

FIFO: First In First Out inventory valuation method.

Fiscal Year: The 12-month period to which the operating budget applies. This is January 1 to December 31 for the City of Loveland.

Fixed Assets: Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery and other equipment.

FLSA: Fair Labor Standards Act.

FPPA: An abbreviation for Fire and Police Pension Association.

FTE: Full-time equivalent. The hourly equivalent of a full-time employee. An FTE can be made up of either one full-time employee or two or more part-time employees whose total hours equal 40 per week.

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.

Fund Balance: Net position of a governmental fund (difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources).

G

GAAFR: Governmental Accounting, Auditing and Financial Reporting.

GASB: Governmental Accounting Standards Board.

General Fund: One of five governmental fund types. The general fund typically serves as the chief operating fund of a government. The general fund is used to account for all financial resources not accounted for in some other fund. Financed mainly by sales tax and property tax.

GFOA: Government Finance Officers Association.

GID: General Improvement District.

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

H

Home Rule: A limited grant of discretion from the State of Colorado to Loveland, concerning either the organization of functions or the raising of revenue. Loveland became a home rule city in May of 1996.

HUTF: Highway User Tax Funds

I

IBNR: Incurred but not reported losses estimated liabilities for health claims.

Intergovernmental Revenue: Amounts of money received from federal, state and other governmental bodies.

ICMA: International City/County Management Association

Internal Services Fund: Activities which provide support services to other City departments. Example: Fleet Management or Risk Management.

IT: Information Technology. IT provides innovative information technology and services that are reliable, accessible, and cost effective for the City of Loveland staff and citizens.

J - L

Lease-Purchase Agreement: Financial arrangement which permits the City to pay for the use of equipment or machinery over a period of time through a lease and to purchase it at the end of that time.

Level of Service: Transportation Level of Service (LOS) is based on a ratio of current or anticipated volumes of traffic at peak hours and trip generation along the street divided by the capacity of the street. The City of Loveland has adopted Level A for local roads, Level B for Collectors and Level C for other areas with a few exceptions. When service level falls below LOS C, movements become more restricted and delays may occur during peak periods.

LLBA: Loveland/Larimer Building Authority.

LURA: Loveland Urban Renewal Authority.

M

Median Family Income: An annual income figure for which there are as many families with incomes below that level as there are above.

MFA: An abbreviation for Master Financing Agreement.

Mill Levy: Rate by which assessed valuation is multiplied to determine property tax. A mill is 1/10 of one cent or \$1.00 of tax for each \$1,000 of assessed valuation.

Modified Accrual: Under Modified Accrual Accounting revenues are recorded when they are measurable and available. Expenses are recorded when they are incurred. This differs from the full accrual method where revenues are recorded when received and expenses recorded when the expense is paid for.

N

NAV: Net Asset Value is a mutual fund's assets less its liabilities, divided by the number of shares outstanding.

Net City Budget: Total City operating and capital budget net of transfers among funds, and internal service charges. This amount represents a close approximation of projected spending.

Non-Exempt: A classification indicating that an employee is eligible to be paid for overtime, as defined by the guidelines of the Fair Labor Standards Act (FLSA).

Nonspendable Fund Balance: Resources that must remain intact pursuant to legal or contractual requirements. Examples are: inventories, prepaid expenses, long-term loans, and principal balance of a permanent fund.

NRSRO: Nationally recognized statistical rating organizations.

Q - P

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 personal services, supplies and materials.

Paratransit Service: Door to door transportation services for people who due to health or disability can not use fixed route transportation services.

PDPA: Public Deposit Protection Act

Per capita: An average per person.

PERS: Public Employee Retirement System.

Personal Services: Salaries, wages, benefits and other related costs of employees.

PIF: Plant Investment Fee. (See definition below.) or Public Improvement Fee that refers to the imposition of a fee in the Centerra Metropolitan District #1.

PILT: Payment In Lieu of Tax. An estimate of the amount of taxes that would be chargeable to a utility if owned privately.

Plant Investment Fee (PIF): Charges made on new development to contribute to financing utility facilities to meet the needs of increased population. Applies to Loveland Water and Power. This fee is similar in nature to a Capital Expansion Fee.

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

Property Tax: Annual charge to owners of real property, based on assessed valuation and the mill levy.

PRPA: Platte River Power Authority.

Q - R

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

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

Resources: Total amounts available for appropriation, consisting of estimated beginning funds on hand plus anticipated revenues.

Restricted Fund Balance: Resources that can only be spent for the specific purposes stipulated by constitution, external resources, or through a government's own constitution or charter.

Retire: In the financial sense, to pay off a debt.

Revenues: Funds that the government receives as income such as tax payments, user fees, charges, special assessments, fines, grants and interest income to support the services provided.

Risk Management: As organized attempt to protect a government's assets against accidental loss in the most economical manner, and programs to minimize worker injury and supervisory actions to limit City liability.

RSF: Retail Sales Fee. A fee collected by the merchant for developer or sub-unit of government such as a Metropolitan District to fund the cost of infrastructure and other approved expenses.

RSI: An abbreviation for Required Supplemental Information.

S

Self-Insurance: Establishment of a sum of money sufficient to pay anticipated claims. Used as a planning process to control costs and coverage in lieu of paying premiums to insurance companies.

SIC: Summary by Industry Code.

SID: Special Improvement District. (See definition below.)

SIF: System Impact Fee. (See definition below.)

Services Rendered: Charges made to a fund for support services provided by another fund.

Special Assessment: A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

Special Improvement District (SID): A district composed of property owners who have agreed to join together to complete and pay for the cost of public improvements.

Special Revenue Funds: A fund used to account for the proceeds of specific revenues that are legally restricted to be spent for specific purposes. Example: Capital Expansion Fees.

System Impact Fee (SIF): Impact fees on new development that contribute to financing utility facilities to meet the needs of increased population. Applies to the Water, Wastewater and Storm Water utilities.

T - U

TABOR (Taxpayers' Bill of Rights aka Amendment 1): Refers to an amendment to State constitution, which put in place several restrictions to state and local government. The most significant limits are the requirement for all tax rate increases to be by a vote of approval, and creating revenue limits a government must abide by, refunding all revenue over the limit unless given voter approval otherwise.

TIF: Tax Increment Finance

Transfers: Amounts distributed from one fund to finance activities in another fund. Transfers are shown as an expenditure in the originating fund and a revenue in the receiving fund.

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

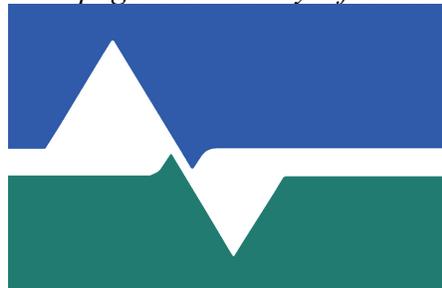
URA: Urban Renewal Authority.

User Fee: Charge to the benefiting party for the direct receipt of a public service.

V - Z

Windy Gap Firing Project: A project that collects stores and diverts water from Windy Gap Reservoir and Lake Granby on Colorado's Western Slope to the Colorado-Big Thompson Project facilities, providing water to users on the Front Range.

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Cover Photo Credit: Freeman Photography

Compliance

This section contains the City's Schedule of Expenditures of Federal Awards, Colorado Local Highway Finance Report and related reports.



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**Independent Auditors' Report On
Internal Control Over Financial Reporting
And On Compliance And Other Matters
Based On An Audit Of Financial Statements
Performed In Accordance With
Government Auditing Standards**

Honorable Mayor and the Members
of the City Council
City of Loveland, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Loveland, Colorado (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 5, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

June 5, 2018



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**Independent Auditors' Report On Compliance
For The Major Federal Program And
Report On Internal Control Over Compliance
Required By The Uniform Guidance**

Honorable Mayor and the Members
of the City Council
City of Loveland, Colorado

Report On Compliance For Each Major Federal Program

We have audited the City of Loveland, Colorado's (the City) compliance with the types of compliance requirements described in the Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2017. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion On Each Major Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2017.

Report On Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and the Members of the City Council
City of Loveland, Colorado

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

June 5, 2018

CITY OF LOVELAND, COLORADO

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2017**

Program Description	Federal CFDA Number	Pass Through Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Health and Human Services				
Passed through National Recreation and Park Association:				
Building Capacity of the Public Health System to Improve Population Health through National, Non-Profit Organizations - financed in part by Prevention and Public Health Funds (PPHF)	93.524	NACDD WVE 091316-04	\$ 3,911	\$ -
Total U.S. Department of Health and Human Services			3,911	-
U.S. Department of Housing and Urban Development				
Passed through Colorado Department of Local Affairs:				
Hurricane Sandy Community Development Block Grant				
Disaster Recovery Grants	14.269	CDBG-DR P15-059 CDBG-DR WI 17-114 CDBG-DR P16-025	772,229	-
Colorado Office of Economic Development and International Trade				
Hurricane Sandy Community Development Block Grant				
Disaster Recovery Grants	14.269	EDTM-02-009	100,000	-
Colorado Department of Public Safety				
Hurricane Sandy Community Development Block Grant				
Disaster Recovery Grants	14.269	CDBGDR-LOV-04	89,994	-
Subtotal Hurricane Sandy Disaster Recovery Grants			962,222	
Direct:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	358,912	288,823
Total U.S. Department of Housing and Urban Development			1,321,135	288,823
U. S. Department of Transportation				
Direct:				
Airport Improvement Program	20.106	N/A	783,980	-
Passed through Colorado Department of Transportation:				
		BRO M830-088 411009207 AQC M830-059 (18119) STM M830-066 (19745) ER M830-084 20540		
Highway Planning & Construction	20.205	411009206	1,012,950	-
Total U.S. Department of Transportation			1,796,930	-
U.S. Department of Justice				
Passed through Colorado Springs Police Department:				
Missing Children's Assistance	16.543	2015-MC-FX-K030	3,950	-
Passed through Colorado Division of Criminal Justice:				
Public Safety Partnership and Community Policing Grants	16.710	2014UMXW0152	38,669	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-1041	16,450	-
Total U.S. Department of Justice			59,069	-
U.S. Department Of Homeland Security				
Direct:				
Cooperating Technical Partners	97.045	N/A	2,000	-
Passed through Colorado Department of Public Safety:				
Emergency Management Performance Grant	97.042	17EM-18-89	46,000	-
		PA-08-CO-4145-PW-00052 PA-08-CO-4145-PW-00298 PA-08-CO-4145-PW-00602		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	69-F	4,524,065	-
Hazard Mitigation Grant Program - Emergency Generator	97.039		326,614	-
Total U.S. Department Of Homeland Security			4,898,679	-
Total Expenditures of Federal Awards			\$ 8,079,724	
Total Amounts Provided to Subrecipients				\$ 288,823

CITY OF LOVELAND, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS December 31, 2017

1. **Organization**

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the City of Loveland, Colorado (the City) for the year ended December 31, 2017. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

2. **Basis Of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. **Indirect Costs**

The City has not elected to use the 10% *de minimis* indirect cost rate as allowed in the Uniform Guidance, Section 414.

CITY OF LOVELAND, COLORADO

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2017**

Section I - Summary Of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

 yes X no

Identification of major programs:

CFDA

Number	Name Of Federal Program Or Cluster
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-NDR)
97.039	Hazard Mitigation Grant (HMGP)
97.036	Disaster Grants - Public Assistance

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X yes no

CITY OF LOVELAND, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)
For The Year Ended December 31, 2017

Section II - Financial Statement Findings

There were no findings relating to the City's financial statements for the year ended December 31, 2017.

Section III - Federal Award Findings And Questioned Costs

There were no findings relating to the City's federal awards for the year ended December 31, 2017.

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT		City or County: CITY OF LOVELAND
		YEAR ENDING : December 2017
This Information From The Records Of: City of Loveland, Colorado:	Prepared By: Phone:	Mona Brooks / Joyce Robinson 970-962-2312 / 970-962-2313

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	12,700,748
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	3,862,344
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	2,142,932
2. General fund appropriations	17,790,195	b. Snow and ice removal	490,004
3. Other local imposts (from page 2)	2,033,560	c. Other	750,418
4. Miscellaneous local receipts (from page 2)	3,457,379	d. Total (a. through c.)	3,383,354
5. Transfers from toll facilities		4. General administration & miscellaneous	4,543,190
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	9,456,330
a. Bonds - Original Issues		6. Total (1 through 5)	33,945,966
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	23,281,134	b. Redemption	
B. Private Contributions	5,422,296	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	3,865,484	2. Notes:	
D. Receipts from Federal Government (from page 2)	1,377,052	a. Interest	
E. Total receipts (A.7 + B + C + D)	33,945,966	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			33,945,966

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		33,945,966	33,945,966		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2017

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	760,794
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	407,103	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	6,400	f. Charges for Services	2,673,228
5. Specific Ownership &/or Other	1,620,057	g. Other Misc. Receipts	4,107
6. Total (1. through 5.)	2,033,560	h. Other	19,250
c. Total (a. + b.)	2,033,560	i. Total (a. through h.)	3,457,379
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,775,920	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	587
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	286,720	d. Federal Transit Admin	
d. Other - CDOT	802,792	e. U.S. Corps of Engineers	
e. Other - Pub Safety/Homeland Sec	52	f. Other Federal	1,376,465
f. Total (a. through e.)	1,089,564	g. Total (a. through f.)	1,377,052
4. Total (1. + 2. + 3.f)	3,865,484	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	23,390	474,558	497,948
b. Engineering Costs	2,973,401	546,209	3,519,610
c. Construction:			
(1). New Facilities	1,012,123	117,508	1,129,631
(2). Capacity Improvements	120,409	289,299	409,708
(3). System Preservation	423,242	4,200,116	4,623,358
(4). System Enhancement & Operation	771,145	1,749,348	2,520,493
(5). Total Construction (1) + (2) + (3) + (4)	2,326,919	6,356,271	8,683,190
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	5,323,710	7,377,038	12,700,748
			(Carry forward to page 1)

Notes and Comments:

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