

2018 Comprehensive Annual Financial Report



City of Loveland, Colorado



City of Loveland, Colorado

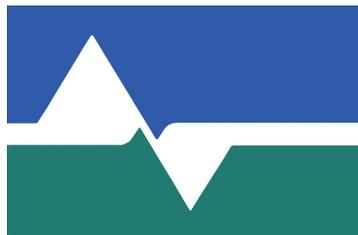
Comprehensive Annual Financial Report

For the fiscal year ended
December 31, 2018

Submitted by
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Acting Finance Director - Alan Krcmarik

Prepared by the Finance
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Introduction

INTRODUCTION



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



City of Loveland

CITY OF LOVELAND

FINANCE DEPARTMENT

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2318 • FAX (970) 962-2900 • TDD (970) 962-2620

May 17, 2019

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

We are pleased to present the Comprehensive Annual Financial Report for the year ended December 31, 2018. 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. The report shows the City's continued progress in making strategic investments in capital projects and infrastructure.

We, as the representatives of Management assume full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls 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 unmodified opinion ("clean opinion") on the City of Loveland's financial statements for the year ended December 31, 2018. 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 75,840 representing approximately 32,000 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 presides over the City Council meetings and has an equal vote on actions taken by the Council.

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, stormwater, 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 jointly provides services mainly to the City and the surrounding rural district. 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, unless City Council sets a different date. 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 City Charter, 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 the full 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 by council.

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 data sources indicate that the healthcare sectors of the economy are growing more rapidly than the rest of the economy. Northern Colorado is growing faster than most other parts of the state and Colorado continues to be among the fastest growing states for the last five years. The region will continue to expand.

Overall, the local economy has returned to pre-Great Recession levels. According to Colorado Department of Labor and Employment data, the local unemployment rate at the end of 2018 was 3.3%, which is 0.5% higher than the 2017 rate of 2.8%

The continuation of the economic recovery depends heavily on job growth and increasing wage levels. The City suspects that there may still be many people who are under-employed, where they are overqualified for the jobs they currently hold. Anecdotally, 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. City Council has continued to support economic and business development policies and programs to retain and expand jobs as one of its highest priorities, along with investment in infrastructure.

Recovery from the flood event of September 2013 continued into 2018. Total recovery expenditures as of December 31, 2018 were \$40,953,858. Reimbursements received from 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 total \$28,297,759 to date. The City will continue to receive reimbursements on recovery expenditures, however, it is important to note that there is a 12.5% match for all FEMA and State reimbursements; a 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 review 2018 results, several indicators provide a foundation for continued optimism:

- Sales tax collections over the same months last year were higher in all 12 months, and finished with total collections 3.3% above 2017.
- The City budgeted for 2.1% growth in the 2018 Revised forecast over 2017 Actuals; actual sales tax collections came in at 100.97% 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 2.95%, 4.56%, and 4.13%. This data is net of Tax Increment Financing (TIF) sales tax revenue sent to the Loveland Urban Renewal Authority and Downtown Development Authority. The most recent three years of actual sales tax growth has been slightly lower than the three years prior to that. For 2019, it is currently forecast that 2019 sales tax will be 5.71% higher than 2018 Actuals. This is largely due to the relocation of one large business from another city to the City of Loveland.
- Building activity in both the residential and commercial/industrial sectors showed continued growth in 2018. 587 housing permits were pulled for single-family, duplex, and multi-family units, 11.6% higher compared to 2017. 625 housing permits are currently projected for 2019, an increase of 6.5% over 2018 expectations.

The 2018 10-year Financial Master Plan shows reason for cautious planning, as the projected Unassigned Fund Balances in upcoming years appear to be insufficient to maintain status quo operations and maintenance along with funding the complete 10-year Capital Plan. Management and Staff will re-evaluate the Capital Projects budget in early 2019 and make the necessary amendments to maintain 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 Financial Master 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 2018: Power Operations Underground Projects made up of both growth-related and general work orders totaled \$9.1 million; Wastewater Lift Station Improvements totaling \$3.8 million; Street Rehabilitation in the amount of \$3.6 million; and Open Land acquisitions of \$2.1 million for the Northwest Community Park.

Three major projects continued in 2018: Wastewater Treatment Plant Extension - budgeted at \$40.2 million with a cost-to-date of \$29.7 million; Windy Gap Firming Project - budgeted at \$61.2 million with a total cost-to-date of \$5.7 million; and the Foundry Project - budgeted at \$9.7 million with a total cost-to-date of \$7.9 million.

Awards and Acknowledgments

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, 2017. This was the thirty-eighth 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 the City is 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 2018. It is the thirty-fourth 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. The City expresses sincere thanks to the entire accounting staff of the City, while Accounting Manager Joyce Robinson and Senior Accountant Jeff Miller deserve particular recognition for their efforts in preparing representative financial statements. The City would also like to express appreciation to the independent certified public accounting firm, Rubin Brown, LLP, Certified Public Accountants for not only its professionalism extended to City staff as it conducted its audit engagement, but also for its guidance and technical assistance.

Finally, The City would like to express its 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 important decision making City-wide. We are pleased to convey the City Council's commitment to excellence to our citizens and all readers of the Fiscal Year Ending 2018 CAFR.

Respectfully Submitted,

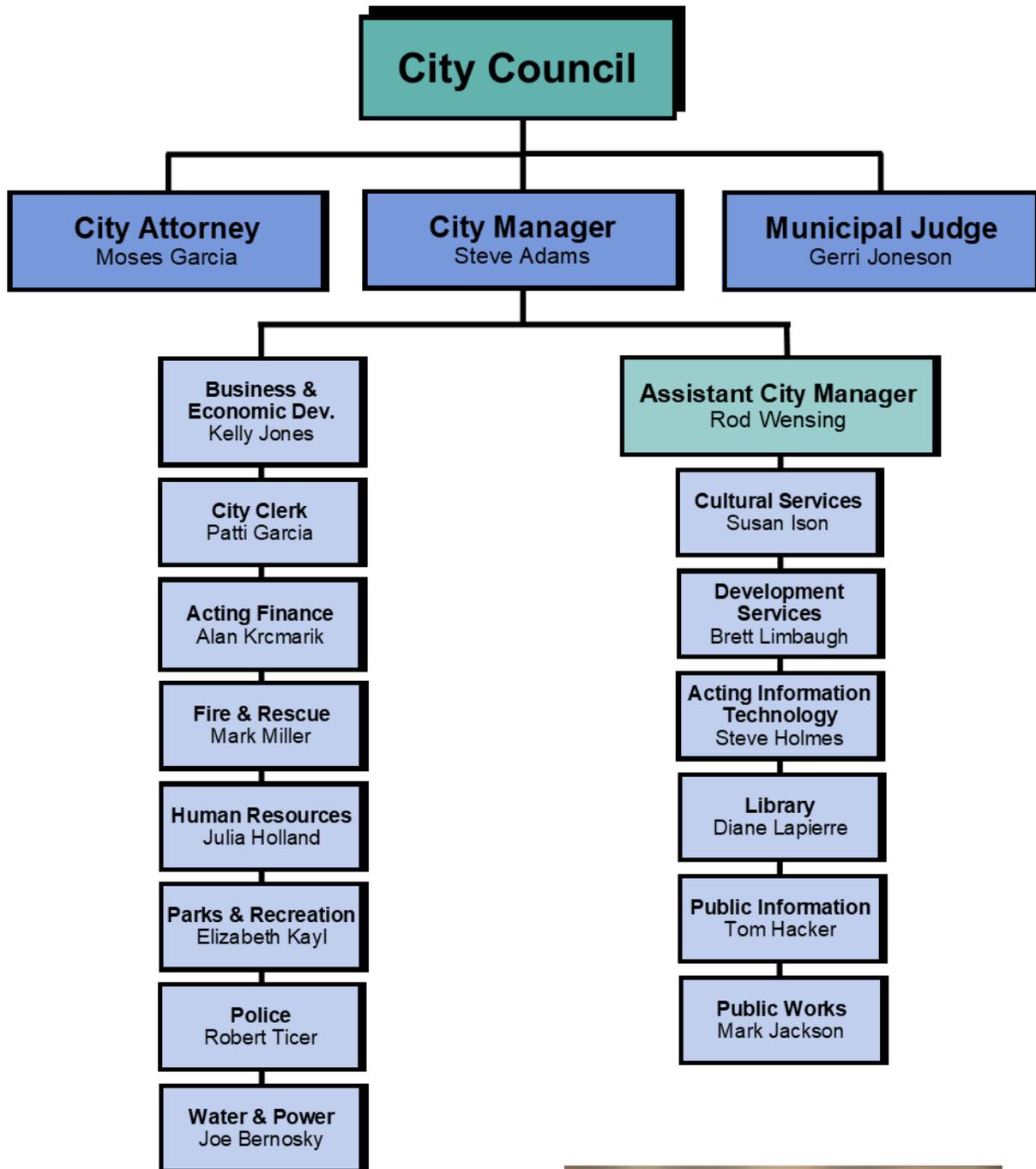


Stephen C. Adams
City Manager



Alan Krcmarik
Acting Finance Director

CITY OF LOVELAND ORGANIZATIONAL CHART 2018



Front Row: Don Overcash, Leah Johnson,
Mayor Jackie 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**

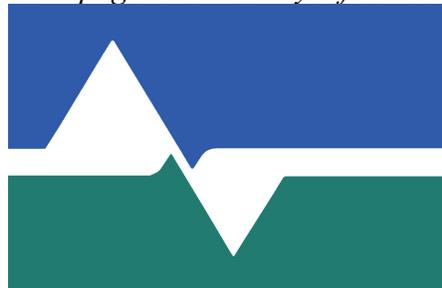
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

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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.

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, 2018, 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, 2018 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.

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 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 May 17, 2019 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

May 17, 2019

Management's Discussion & Analysis

The City of Loveland offers the readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ending December 31, 2018. In addition to this overview and analysis, readers are encouraged to consider the information presented in the letter of transmittal and the City's financial statements, beginning on pages 5 and 24 respectively. Historically, the City's approach to financial management has been conservative. The hallmarks of the approach have been conservative revenue projects, operating and capital expenditures planning with contingencies for unforeseeable events, and a strong preference for using pay-as-you-go financing for major capital projects. Since the Great Recession of 2008-09, the City strives to catch up to continued growth in the region. Bond issues have been used for water and wastewater treatment plant expansions and lease financing was used for improvements in the downtown area. The City has also made strategic investments along with regional partners for major transportation improvements. Over the last few years, use of accumulated reserves has supported these important investments.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows at the close of 2018 by \$1,093,366,846 (net position). This amount is comprised of \$508,662,362 in Governmental Activities and \$584,704,484 in Business-type Activities. Of the net position amount, \$137,294,090 is unrestricted and may be used to meet the City's ongoing obligations in accordance with the City's fund designations and fiscal policies.
- The City's net position increased by \$38,420,726 from the prior year, of which \$9,830,302 is attributable to governmental activities and \$28,590,424 to business-type activities.
- At the close of 2018, the City's governmental activities reported a combined ending fund balance of \$101,368,899, which is a decrease of \$(9,581,455) from prior year; \$14,207,962 of the balance is unassigned.
- At the close of 2018, the General Fund unassigned fund balance was \$14,720,142 or 20% of total General Fund operating expenditures. This is \$4,128,780 higher than at the close of 2017.
- The City's outstanding debt at the end of 2018 increased by \$24,223,501. This increase is primarily the result of \$24,350,000 drawn on Wastewater Bonds.

MAJOR INITIATIVES AND IMPACTS

The City's fiscal position is currently challenging for two main reasons – a diminishing General Fund Balance due to significant planned capital and operating expenditures and a softening sales tax revenue stream.

The City's General Fund Balance was \$44,952,595 at the close of 2016, \$38,848,978 at the close of 2017, and \$32,349,414 at the close of 2018. This is a total decrease of \$12,603,181 over the past three years. During this time, General Fund Balance has been used for the following significant community investments:

2016: (\$2.9 million)

- \$1,193,489 for the Foundry Project
- \$611,539 for fire apparatus replacement
- \$500,000 for the Edison Welding Institute (EWI Incentive)
- \$319,885 for a Roadway Weather Information System
- \$309,678 for the Taft Avenue at Big Barnes Ditch Project

2017: (\$5.8 million)

- \$2,500,000 in contributions to the Colorado Department of Transportation (CDOT) for I-25 projects
- \$1,540,926 for the Foundry Project
- \$500,000 for the EWI Incentive
- \$500,000 in contributions to the Larimer County Foodbank
- \$400,000 in contributions to affordable housing
- \$336,031 for fire apparatus replacement

2018: (\$6.0 million)

- \$2,500,000 in contributions to CDOT for I-25 projects (2019 will see a final \$3,000,000 in planned contributions)
- \$1,010,664 for Viestenz-Smith Mountain Park
- \$572,488 for Wilson Avenue Flood Mitigation
- \$557,239 in contributions to community housing development (previously known as affordable housing)
- \$548,232 for Boyd Lake, US 34, Mountain Lion Drive Intersection
- \$474,117 for Police Records Management System
- \$425,508 for Cemetery Maintenance Shop and Office

2018 saw the continuation of three major capital projects:

1. **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; 2018 cost-to-date- \$5.7 million. The City’s share of the project financing for Windy Gap Firming was included in the 2018 budget but the actual financing and construction of the project has been delayed to at least 2020. There are three separate legal issues yet to be resolved.
2. **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- \$40.2 million; 2018 cost-to-date- \$29.7 million.
3. **Foundry/South Catalyst 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; 2018 construction costs-to-date were \$7.9 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, \$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 2018:

- Power Operations Underground Projects (multiple general and growth-related): \$9.1 million
- Wastewater Lift Station Improvements: \$3.8 million
- Street Rehabilitation: \$3.6 million
- Open Land Acquisition for Northwest Community Park: \$2.1 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. Costs for these projects will be reimbursed in large part by the Federal Emergency Management Agency (FEMA), the State of Colorado, and the Federal Highway Authority (FHWA), 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 until they are closed out by FEMA. The City has met this withholding percentage on all but a few small projects. The 10%, and the small few that have not hit that withholding percentage yet, will be paid when the project is closed out by FEMA. As of December 31, 2018, the City incurred recovery expenses of \$40.9 million and received total reimbursements of \$28.3 million. The City is still expecting to receive \$2.0 million from closeouts on FEMA projects over the next several years, and approximately \$2.1 million from FHWA. Money received to date is broken out as follows:

FEMA	\$ 17,802,654
Insurance	\$ 7,304,825
Other	\$ 3,190,280

Softening Sales Tax:

The City has been experiencing a softening sales tax revenue stream in recent years. In 2014 and 2015, the City experienced 6.75% and 2.95% sales tax growth respectively. In 2017 and 2018, the City experienced 4.13% and 3.30% respectively. In 2018, sales tax comprised 44.3% of total General Fund revenues. See table below for sales tax revenue growth trend from 2011 to 2018. Since sales tax is the single largest General Fund revenue stream, this trend is being closely monitored.

Sales Tax History (net of TIF Revenue)

Year	Actual	% Change
2011	32,248,567	5.86%
2012	34,539,752	7.10%
2013	36,872,201	6.75%
2014	39,360,657	6.75%
2015	40,522,952	2.95%
2016	42,371,545	4.56%
2017	44,119,468	4.13%
2018	45,574,851	3.30%
2011-2018 % Change:		41.32%

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 show how services were financed in the short term as well as what remains for future spending. Fund financial statements 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 businesses. 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 declining. 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 infrastructure such as streets, bridges, storm drains, and water and sewer lines.

The City's Statement of Net Position and Statement of Activities are divided into two types 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 financial resources for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies (i.e.- Capital Expansion Fees). The City's two types of funds—governmental and proprietary—use different accounting methods.

- 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. The relationships (or differences) between Governmental Activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds are illustrated 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 \$1,093,366,846 as of December 31, 2018.

Net Position

Combined net position of the City of Loveland at December 31, 2018 were as follows:

CITY OF LOVELAND, COLORADO STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2018	2017	2018	2017	2018	2017	
Current and other assets	\$ 180,924,949	\$ 182,848,324	\$ 125,270,914	\$ 111,205,931	\$ 306,195,863	\$ 294,054,255	4.1%
Capital assets	396,558,783	379,748,116	517,709,233	476,501,560	914,268,016	856,249,676	6.8%
Total Assets	577,483,732	562,596,440	642,980,147	587,707,491	1,220,463,879	1,150,303,931	6.1%
Deferred Outflow of Resources	28,772	245,978	-	-	28,772	245,978	(88.3)%
Total Assets and Deferred Outflows of Resources	577,512,504	562,842,418	642,980,147	587,707,491	1,220,492,651	1,150,549,909	6.1%
Long-term liabilities	25,171,917	21,611,269	36,571,392	13,277,560	61,743,309	34,888,829	77.0%
Other liabilities	17,885,340	17,951,965	21,704,271	18,315,871	39,589,611	36,267,836	9.2%
Total Liabilities	43,057,257	39,563,234	58,275,663	31,593,431	101,332,920	71,156,665	42.4%
Deferred Inflows of Resources	25,792,885	24,447,121	-	-	25,792,885	24,447,121	5.5%
Total Liabilities and Deferred Inflows of Resources	68,850,142	64,010,355	58,275,663	31,593,431	127,125,805	95,603,786	33.0%
Net Position:							
Net investment in capital assets	375,178,255	370,968,085	487,093,974	463,351,560	862,272,229	834,319,645	3.4%
Restricted-Nonspendable	1,713,632	1,162,585	-	-	1,713,632	1,162,585	47.4%
Restricted	38,943,876	41,041,716	53,143,019	44,650,171	92,086,895	85,691,887	7.5%
Unrestricted	92,826,599	85,659,674	44,467,491	48,112,329	137,294,090	133,772,003	2.6%
Total Net Position	\$ 508,662,362	\$ 498,832,060	\$ 584,704,484	\$ 556,114,060	\$ 1,093,366,846	\$ 1,054,946,120	3.6%

As of December 31, 2018, 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 \$306,195,863 current and other assets include \$235,100,028 in cash and investments. The restricted balance of cash and investments is \$59,491,241 for acquisition or construction of future capital assets.

The largest portion of the City's total net position (78%) 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 includes Certificates of Participation of \$15,900,000, compensated absences of \$5,842,295, oversizing agreements of \$2,161,206, and a long-term capital lease with a balance of \$4,134,297 at the end of 2018. Debt in the Business-Type Activities includes compensated absences of \$2,106,091, oversizing agreements of \$48,652, and water and wastewater bonds of \$24,900,000 and \$11,980,000 respectively.

Changes in Net Position

Revenues and transfers in 2018 of \$290,494,415 exceeded program expenses of \$252,073,689 for an increase in net position of \$38,420,726. This increase includes \$9,087,545 from contributed assets and revenue restricted for capital spending. The remaining \$29,333,181 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 on the next table.

CITY OF LOVELAND, COLORADO CHANGES IN NET POSITION

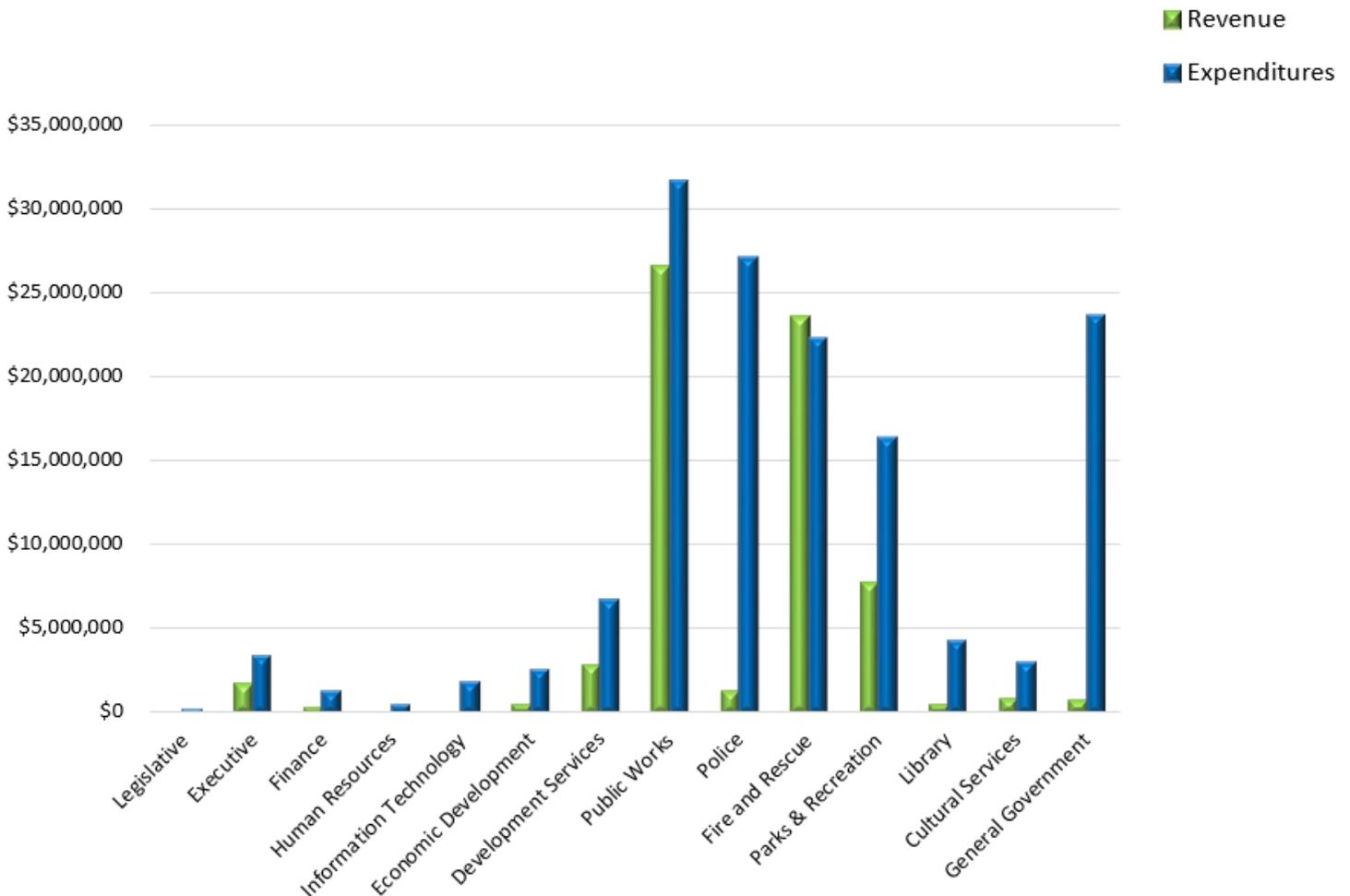
	Governmental Activities		Business-Type Activities		Total		% Change
	2018	2017	2018	2017	2018	2017	
Program Revenue							
Charges for service	\$ 37,646,917	\$ 30,470,755	\$ 117,409,757	\$ 109,908,837	\$ 155,056,674	\$ 140,379,592	10.5%
Operating grants/contributions	21,457,236	22,130,787	333,552	275,738	21,790,788	22,406,525	(2.7)%
Capital grants/contributions	7,045,733	13,680,065	18,763,653	17,720,613	25,809,386	31,400,678	(17.8)%
General Revenues:							
Property Taxes	23,899,977	21,680,942	-	-	23,899,977	21,680,942	10.2%
Sales and Use Taxes	57,372,198	54,481,516	-	-	57,372,198	54,481,516	5.3%
Franchise and Other Taxes	3,800,924	4,216,750	-	-	3,800,924	4,216,750	(9.9)%
Investment Earnings	1,599,707	1,373,292	1,359,120	1,005,237	2,958,827	2,378,529	24.4%
Other	102,157	31,522	(296,516)	-	(194,359)	31,522	(716.6)%
Total Revenues	152,924,849	148,065,629	137,569,566	128,910,425	290,494,415	276,976,054	4.9%
Program Expenses:							
Legislative	187,723	159,913	-	-	187,723	159,913	17.4%
Executive	3,376,411	4,216,698	-	-	3,376,411	4,216,698	(19.9)%
Finance	1,256,557	1,295,259	-	-	1,256,557	1,295,259	(3.0)%
Human Resources	424,206	420,729	-	-	424,206	420,729	0.8%
Information Technology	1,831,164	556,130	-	-	1,831,164	556,130	229.3%
Economic Development	2,551,997	3,090,713	-	-	2,551,997	3,090,713	(17.4)%
Development Services	6,737,725	6,509,166	-	-	6,737,725	6,509,166	3.5%
Public Works	31,567,513	23,931,895	-	-	31,567,513	23,931,895	31.9%
Police	27,082,050	24,783,280	-	-	27,082,050	24,783,280	9.3%
Fire & Rescue	22,272,980	16,365,941	-	-	22,272,980	16,365,941	36.1%
Parks & Recreation	16,364,686	14,103,787	-	-	16,364,686	14,103,787	16.0%
Library	4,272,659	4,123,625	-	-	4,272,659	4,123,625	3.6%
Cultural Services	2,942,481	2,600,451	-	-	2,942,481	2,600,451	13.2%
General Government	23,571,072	24,815,615	-	-	23,571,072	24,815,615	(5.0)%
Water	-	-	16,308,692	16,075,296	16,308,692	16,075,296	1.5%
Wastewater	-	-	11,304,051	9,679,668	11,304,051	9,679,668	16.8%
Stormwater	-	-	4,927,823	5,850,696	4,927,823	5,850,696	(15.8)%
Power	-	-	64,180,716	64,494,714	64,180,716	64,494,714	(0.5)%
Refuse	-	-	7,243,803	6,714,450	7,243,803	6,714,450	7.9%
Golf	-	-	3,669,380	3,872,895	3,669,380	3,872,895	(5.3)%
Total Expenses	144,439,224	126,973,202	107,634,465	106,687,719	252,073,689	233,660,921	7.9%
Increase in net position before transfers	8,485,625	21,092,427	29,935,101	22,222,706	38,420,726	43,315,133	(11.3)%
Transfers	1,344,677	(558,300)	(1,344,677)	558,300	-	-	-%
Increase in net position	9,830,302	20,534,127	28,590,424	22,781,006	38,420,726	43,315,133	(11.3)%
Net Position - Beginning	498,832,060	478,297,934	556,114,060	529,404,942	1,054,946,120	1,007,702,876	4.7%
Restatement	-	-	-	3,928,113	-	3,928,113	(100.0)%
Net Position - Ending	\$ 508,662,362	\$ 498,832,061	\$ 584,704,484	\$ 556,114,061	\$ 1,093,366,846	\$ 1,054,946,122	3.6%

Governmental Activities

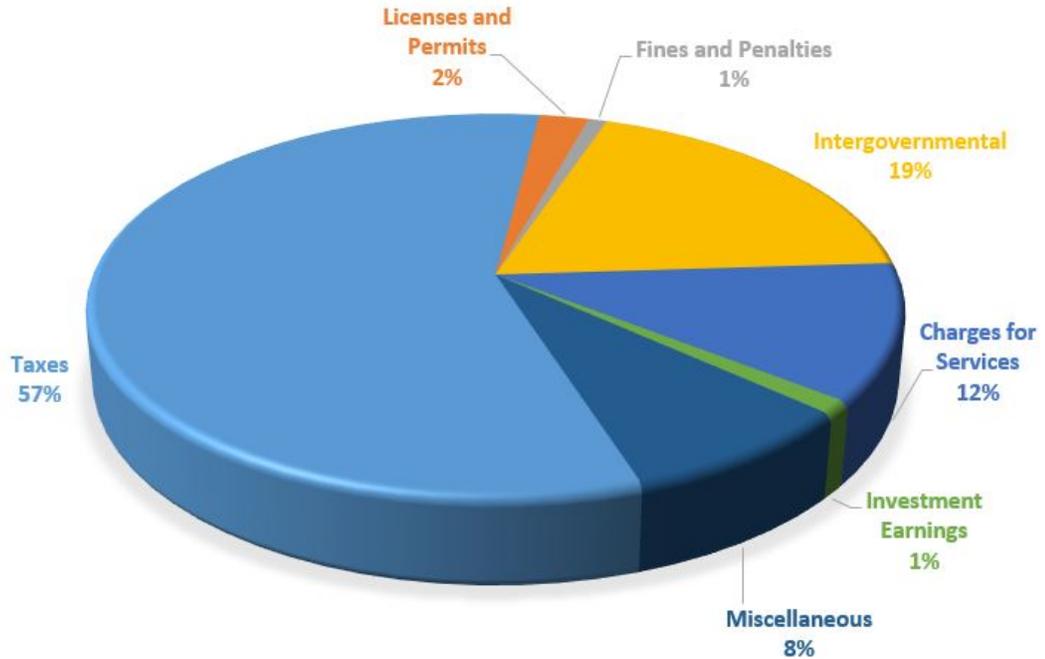
Governmental Activities increased the City’s net position by \$9,830,302. Earnings on investments increased in 2018 by 16% from \$1,373,292 in 2017 to \$1,599,707 in 2018. This increase is due to the sale of certain investments as part of a managed portfolio, market interest rates, and accounting adjustments for the unrealized losses. Property tax revenue increased in 2018 by \$2,219,035.

The following graph compares program revenues and expenditures of Governmental Activities in 2018, illustrating the majority of expenditures are related to public services and safety.

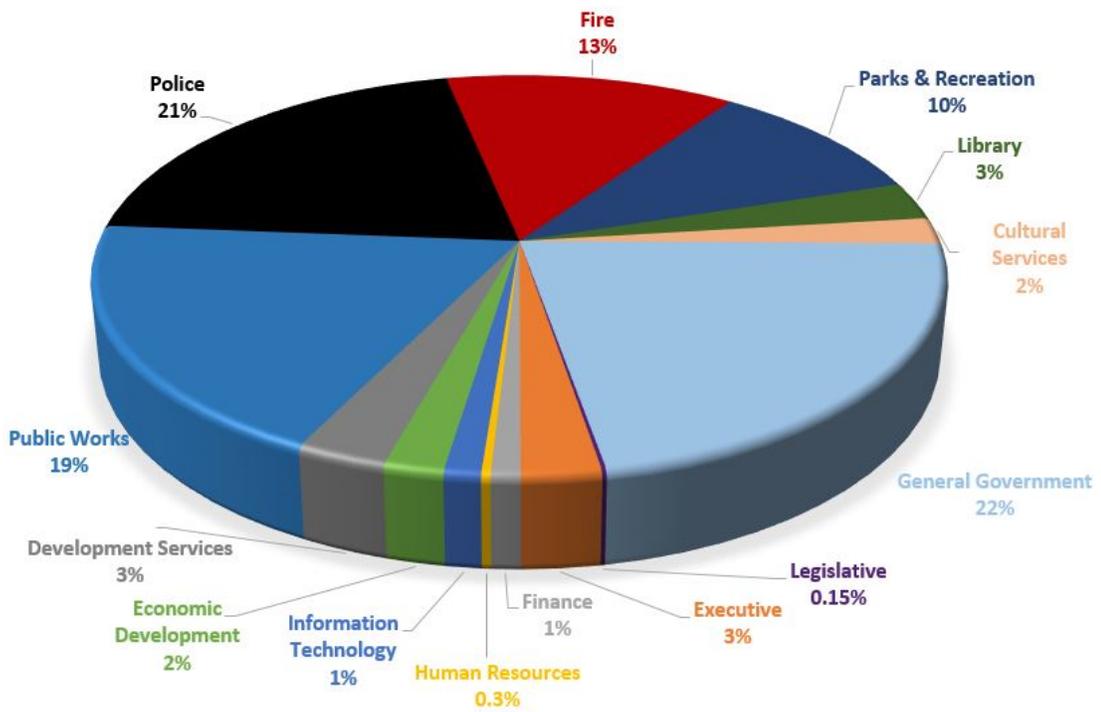
Program Revenue & Expenditures Governmental Activities



Revenue by Source Governmental Funds



Expenditure by Source Governmental Funds



Business-Type Activities

Business-Type Activities include the city-owned utilities: Water, Power, Wastewater, Stormwater, Solid Waste collection, 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 for fund expansion as needed. In developing areas, system improvements such as water and wastewater lines are built by the developer and contributed to the City.

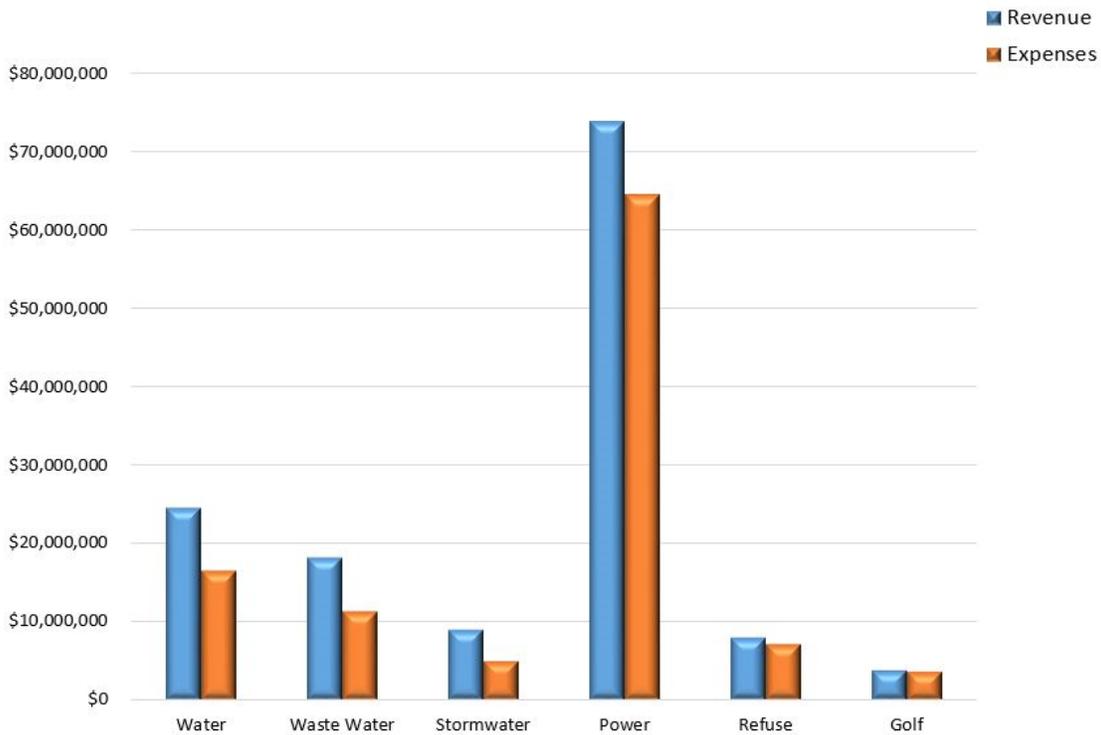
In the graph below, all activities had higher revenues in comparison to expenses.

All business activities will continue to conduct routine rate studies to determine appropriate rates.

For year-end 2018, net position for the Business-Type Activities increased by \$28,590,424. Earnings on investments increased from \$1,005,237 in 2017 to \$1,359,120 in 2018 in the Statement of Revenues, Expenses and Changes in Net Position.

While expenses increased from the prior year in Water, Wastewater and Refuse, the City experienced a decrease in expenses in the Stormwater utility, Power utility, and Golf activities.

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



THE CITY'S FUNDS

Information on the City's major governmental funds begins on page 24. These funds are accounted for using the modified accrual basis of accounting. Overall, the balances of these funds decreased by \$(9,581,456), and the City ended the year with a combined fund balance of \$101,368,899.

The City's Governmental Funds collected less revenue than the constitutional limits (TABOR) by \$(3,070,288) in 2018. The City is allowed to keep and spend the balance of these revenues collected from prior years for public safety, parks maintenance and construction, and street maintenance and construction.

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 \$1,139,118.
- Restricted balance of \$36,297,672 includes \$7,549,152 reserve for excess TABOR, \$2,802,134 reserve for emergencies; \$8,457,297 for Fire and Rescue; \$9,594,715 for Open Space Acquisitions; \$4,302,692 for Parks & Recreation; as well as funds for Urban Revitalization, Convention & Tourism, and Law Enforcement.
- Committed balances include \$43,788,414 for future capital improvements; the Council Capital Reserve; Art in Public Places; public education; affordable housing and downtown maintenance.
- Assigned balances of \$5,361,219 are for items such as Parks Improvements, Fiber Network, as well as other governmental capital improvements.
- Unassigned General Fund is \$14,720,142, 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 the City's Incurred But Not Reported (IBNR)/Claims Liability in conjunction with trend to monitor the adequacy of the reserves. The current balance in the fund is \$5,623,886. The reserve will cover uninsured claims and litigation, as well as open claims from prior years to account for 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 \$3,512,610; the current fund balance is \$10,541,268.

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. Total General Fund revenue of \$85,537,294 increased by 5% for the year. Tax revenue of \$65,341,705, (76)% of the total General Fund revenue increased by 4% in 2018. There were no changes made to the City's mill levy or sales tax rate in 2018. The General Fund balance decreased by \$(6,499,564), (17)%, primarily due to transfers to the Transportation Fund of \$14,514,274, an increase of \$2,985,688, over 2017.

The Loveland Urban Renewal Authority (LURA) Fund revenues increased in 2018 to \$14,926,438. Tax revenues of \$13,992,607 (94% of total revenues) increased by \$158,221 or 1% from 2017. Total 2018 expenditures of \$15,649,170 include the distribution of tax increment financing \$12,602,307, school district fund \$912,607, and other services \$1,078,530.

Total revenues in the Capital Expansion Fees (CEF) fund increased by \$1,292,087, 21% from 2017, due to increased Charges for Services. The fund balance in the CEF Fund decreased by \$(4,337,677) or (11)%, versus an increase in 2017 of \$4,031,759. This decrease is due to Capital Outlay of \$4,583,018 and transfers to the Transportation Fund of \$3,809,305.

Including transfers, the total revenue for the Loveland Fire Rescue Authority Fund was \$18,720,629 and total expenditures were \$18,728,233. Fund balance increased by \$6,366,444, primarily due to the issuance of Long Term Debt of \$4,409,200 and a fund balance transfer of \$1,964,848 from the CEF Fund.

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 \$584,704,484, an increase of \$28,590,424. Each of the Proprietary Funds had net position increases, the most significant in the Power Fund which increased \$8,662,760 from 2017.

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 \$21,590,779 to \$35,066,465; the majority of this increase funded capital projects. Overall, there was an increase of \$13,475,686 from the original Schedule of Budgetary Comparison Schedule budget appropriation.

The largest variance within the General Fund from the 2018 Adopted to the 2018 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 \$6,857,336 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 \$8,172,243 in Capital Projects Fund and \$4,737,886 in the Transportation Fund.

Proprietary Fund Budgetary Highlights

Proprietary Funds increased the original budget for several large capital projects including the following: Namaqua Pump Stations & Tank Improvements \$959,372; Wastewater Treatment Plant Expansion \$26,890,634; Demolition, Penstock, Trestle, and FERC License Surrender in Power \$2,667,460; and the County Road 30 Power Feeder Project \$1,150,000.

Capital Assets and Debt Administration

Capital Assets

At the end of 2018, the City had \$914,268,016 invested in capital assets including but not limited to police and fire equipment, buildings, park facilities, roads, water, wastewater, and power lines.

Overall in the Statement of Net Position, buildings and equipment increased by 2% and construction in process increased by 61% in total for Governmental and Business-Type Activities. The following projects make up the largest portion of the increase to construction in process.

Wastewater Treatment Plant Expansion Project	\$	19,442,506
Foundry Project	\$	7,914,375
Wastewater Parallel Boyd Intercept	\$	5,378,577
Wilson Avenue Flood Mitigation	\$	2,889,514
Boyd Lake US 34 & Mtn Lion Dr. Intersection	\$	2,696,195
Morning Drive Waterline	\$	2,410,105
Loveland Sports Park Phase II	\$	2,286,830

The following table summarizes capital assets net of depreciation for both governmental and business-type activities. More detailed information about the City's capital assets is presented in Note 4 to Financial Statements.

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

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2018	2017	2018	2017	2018	2017	
Land	\$ 59,319,121	\$ 56,256,169	\$ 10,656,083	\$ 9,565,414	\$ 69,975,204	\$ 65,821,583	6.3%
Art Collection	6,989,647	6,777,601	-	-	6,989,647	6,777,601	3.1%
Buildings	51,675,101	52,169,667	9,443,989	9,788,656	61,119,090	61,958,323	(1.4)%
Improvements	29,386,101	31,282,478	98,249,293	204,147,244	127,635,394	235,429,722	(45.8)%
Equipment	15,620,155	12,904,638	7,813,354	7,908,795	23,433,509	20,813,433	12.6%
Water rights	2,624,520	2,624,520	76,145,542	75,789,023	78,770,062	78,413,543	0.5%
Infrastructure	186,600,594	190,649,997	233,187,357	113,028,515	419,787,951	303,678,512	38.2%
Easements	4,693,070	4,603,893	17,354,578	13,696,479	22,047,648	18,300,372	20.5%
Construction in Process	39,650,474	22,479,154	64,859,039	42,577,437	104,509,513	65,056,591	60.6%
Total	\$ 396,558,783	\$ 379,748,117	\$ 517,709,235	\$ 476,501,563	\$ 914,268,018	\$ 856,249,680	6.8%

The large decrease in Improvements reflects a transfer from Improvements to Infrastructure in the Power Fund.

Major additions in 2018 included the following assets:

Power Operations Underground Projects	\$ 9,069,745	Street Rehabilitation	\$ 3,602,825
Wastewater Lift Station Improvements	\$ 3,790,110	Land for Northwest Community Park	\$ 2,109,968

Debt

At year-end, the City had a number of oversizing agreements related to Streets totaling \$2,161,206. There were no contract amendments in 2018. 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 \$620,000 of this debt in 2018. Additionally, the City drew \$24,350,000 in Wastewater bonds in 2018.

On April 24, 2019, the City closed on the City of Loveland Electric and Communication Enterprise Tax-Exempt Revenue Bonds Series 2019A and the City of Loveland Electric and Communication Enterprise Taxable Revenue Bonds Series 2019B. The combined total of net proceeds from the two bonds issued was \$95,420,361. The Enterprise will use the proceeds from the bonds to design, build, and operate a municipal fiber network to provide communications services to the residents and customers of the Power utility. The goal is to provide more reliable, lower cost, and better service than is currently available to the community.

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

NEXT YEAR'S BUDGET AND RATES

The City's financial position moving into 2019 and beyond continues to be relatively healthy overall, however, there is greater concern regarding the fiscal condition of the General Fund – and its diminishing General Fund Balance due to significant planned capital and operating expenditures and a softening sales tax revenue stream. Rising costs of services combined with softening sales tax growth and the planned spending down of General Fund Balance are creating budget challenges. The City is addressing these challenges by utilizing the City's new Fiscal Contingency Plan (adopted by City Council in November 2018) and Fund Balance and Reserve Policy (adopted by City Council in February 2019). The 2019 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 2019, 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 7% in 2019 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 6.7% in 2019, 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 2019 to fund increases in wholesale power costs and additional rehabilitative capital needs.

Significant capital items for 2019 include: Police Department Training Facility; Wastewater Treatment Plant expansion and improvement; the Water Line Replacement project; Customer Information System (CIS); recreation trails and open space acquisition; and natural area development.

Flood recovery projects will continue through 2019. 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 \$287,356 in 2018. Additional expenses and reimbursements will continue into 2019 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.

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, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 9,715	\$ 5,550	\$ 15,265
Equity in Pooled Cash	21,219,643	2,850,888	24,070,531
Equity in Pooled Investments	99,970,023	51,552,968	151,522,991
Receivables (Net):			
Taxes	32,241,309	-	32,241,309
Accounts	5,180,542	11,956,790	17,137,332
Grants	6,159,727	804,256	6,963,983
Accrued Interest	413,416	359,941	773,357
Inventory of Supplies	955,579	3,818,052	4,773,631
Equity in Northern Colorado Regional Airport	9,206,223	-	9,206,223
Restricted Assets:			
Equity in Pooled Restricted Cash	5,568,772	20,731,111	26,299,883
Equity in Pooled Restricted Investments	-	33,191,358	33,191,358
Capital Assets:			
Land, Water Rights and Other Assets not Being Depreciated	73,626,358	104,156,204	177,782,562
Building, Improvements and Equipment, Net of Depreciation	283,281,951	348,693,989	631,975,940
Construction in Progress	39,650,474	64,859,040	104,509,514
Total Assets	577,483,732	642,980,147	1,220,463,879
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Items	28,772	-	28,772
LIABILITIES			
Accounts Payable	10,487,413	15,689,119	26,176,532
Accrued Liabilities	2,130,996	1,171,376	3,302,372
Deposits	1,214,037	2,380,425	3,594,462
Noncurrent Liabilities:			
Due Within One Year	4,052,894	2,463,351	6,516,245
Due in More Than One Year	23,984,904	36,571,392	60,556,296
Pension Liability - Due in More Than One Year	1,187,013	-	1,187,013
Total Liabilities	43,057,257	58,275,663	101,332,920
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	25,792,885	-	25,792,885
NET POSITION			
Net Investment in Capital Assets	375,178,255	487,093,974	862,272,229
Restricted - Nonexpendable	1,713,632	-	1,713,632
Restricted:			
Future Capital Improvements	-	53,143,019	53,143,019
Tabor 3% Emergency Reserve	2,802,134	-	2,802,134
Conservation Trust Fund	4,302,692	-	4,302,692
Open Space Acquisitions	9,594,715	-	9,594,715
Reserve for Excess Tabor	7,549,152	-	7,549,152
Fire and Rescue	8,457,297	-	8,457,297
Other	6,237,886	-	6,237,886
Unrestricted	92,826,599	44,467,491	137,294,090
Total Net Position	\$ 508,662,362	\$ 584,704,484	\$ 1,093,366,846

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, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities:				
Legislative	\$ 187,723	\$ -	\$ -	\$ -
Executive	3,376,411	1,665,482	2,510	-
Finance	1,256,557	243,877	-	-
Human Resources	424,206	-	-	-
Information Technology	1,831,164	-	-	-
Economic Development	2,551,997	156,092	322,211	-
Development Services	6,737,725	2,768,763	1,000	-
Public Works	31,567,513	19,218,892	5,817,010	1,502,061
Police	27,082,050	696,939	8,595	557,082
Fire and Rescue	22,272,980	7,418,801	15,217,320	860,063
Parks & Recreation	16,364,686	4,834,484	31,153	2,867,534
Library	4,272,659	95,501	26,994	317,800
Cultural Services	2,942,481	470,431	30,443	265,713
General Government	23,571,072	77,655	-	675,480
Total Governmental Activities	144,439,224	37,646,917	21,457,236	7,045,733
Business Type Activities:				
Water	16,308,692	18,689,859	204,710	5,240,118
Wastewater	11,304,051	13,053,629	24,543	4,898,254
Stormwater	4,927,823	7,000,161	-	1,980,576
Power	64,180,716	66,770,400	104,100	6,644,705
Refuse	7,243,803	8,074,467	-	-
Golf	3,669,380	3,821,241	199	-
Total Business-Type Activities	107,634,465	117,409,757	333,552	18,763,653
City Total	\$ 252,073,689	\$ 155,056,674	\$ 21,790,788	\$ 25,809,386
General revenues:				
Property Taxes				
Sales and Use Taxes				
Franchise Taxes				
Other Taxes				
Investment Earnings				
Gain/(Loss) on Sale of Assets				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

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

Net (Expenses) Revenues
and Change in Net Position

Governmental Activities	Business Type Activities	Totals
\$ (187,723)	\$ -	\$ (187,723)
(1,708,419)	-	(1,708,419)
(1,012,680)	-	(1,012,680)
(424,206)	-	(424,206)
(1,831,164)	-	(1,831,164)
(2,073,694)	-	(2,073,694)
(3,967,962)	-	(3,967,962)
(5,029,550)	-	(5,029,550)
(25,819,434)	-	(25,819,434)
948,301	-	948,301
(8,631,515)	-	(8,631,515)
(3,832,364)	-	(3,832,364)
(2,175,894)	-	(2,175,894)
(22,817,937)	-	(22,817,937)
(78,564,241)	-	(78,564,241)
-	7,825,995	7,825,995
-	6,672,375	6,672,375
-	4,052,914	4,052,914
-	9,338,489	9,338,489
-	830,664	830,664
-	152,060	152,060
-	28,872,497	28,872,497
\$ (78,564,241)	\$ 28,872,497	\$ (49,691,744)
23,899,977	-	23,899,977
57,372,198	-	57,372,198
1,860,176	-	1,860,176
1,940,748	-	1,940,748
1,599,707	1,359,120	2,958,827
102,157	(296,516)	(194,359)
1,344,677	(1,344,677)	-
88,119,640	(282,073)	87,837,567
9,830,302	28,590,424	38,420,726
498,832,060	556,114,060	1,054,946,120
\$ 508,662,362	\$ 584,704,484	\$ 1,093,366,846

City of Loveland, Colorado
Balance Sheet
Governmental Fund Types
December 31, 2018

	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Loveland Fire Rescue Authority
ASSETS					
Cash	\$ 9,415	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash	3,033,095	-	34,535	2,861	4,880,993
Equity in Pooled Investments	23,684,859	-	1,662	34,739,292	3,891,679
Receivables (Net):					
Taxes	16,045,744	15,501,145	24,424	-	-
Accounts	1,102,060	977,608	989,916	142,497	1,456,444
Grants	321,930	-	4,207,615	3,471	234,558
Due from Other Funds	2,000,000	-	-	-	-
Accrued Interest	70,102	3,018	-	135,741	33,112
Interfund Loan Receivable	43,493	-	-	3,082,861	-
Inventory	-	-	512,180	-	-
Equity in Pooled Restricted Cash	1,852,587	1,237,540	-	-	-
Total Assets	48,163,285	17,719,311	5,770,332	38,106,723	10,496,786
LIABILITIES					
Accounts Payable	2,019,430	44,427	1,824,573	1,136,919	344,271
Accrued Liabilities	756,678	-	147,292	1,774	341,346
Due to Other Funds	-	-	2,000,000	-	-
Interfund Loan Payable	1,616,067	1,877,575	-	-	-
Total Liabilities	4,392,175	1,922,002	3,971,865	1,138,693	685,617
DEFERRED INFLOWS OF RESOURCES					
Unavailable Grant Revenue	1,230,661	-	1,798,467	145,968	1,353,872
Deferred Property Taxes	10,191,035	15,501,145	-	-	-
Total Deferred Inflows of Resources	11,421,696	15,501,145	1,798,467	145,968	1,353,872
Total Liabilities and Deferred Inflows of Resources	15,813,871	17,423,147	5,770,332	1,284,661	2,039,489
Fund Balances:					
Nonspendable	43,493	-	512,180	-	-
Restricted	11,988,505	296,164	-	-	8,457,297
Committed	5,597,274	-	-	36,822,062	-
Assigned	-	-	-	-	-
Unassigned	14,720,142	-	(512,180)	-	-
Total Fund Balances	32,349,414	296,164	-	36,822,062	8,457,297
Total Liabilities and Fund Balances	\$ 48,163,285	\$ 17,719,311	\$ 5,770,332	\$ 38,106,723	\$ 10,496,786

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

City of Loveland, Colorado
Balance Sheet
Governmental Fund Types
December 31, 2018

	Capital Project Funds	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ -	\$ 300	\$ 9,715
Equity in Pooled Cash	4,814,390	2,559,753	15,325,627
Equity in Pooled Investments	2,150,772	16,067,197	80,535,461
Receivables (Net):			
Taxes	-	669,996	32,241,309
Accounts	-	29,544	4,698,069
Grants	1,240,765	151,388	6,159,727
Due from Other Funds	-	-	2,000,000
Accrued Interest	19,822	63,686	325,481
Interfund Loan Receivable	-	-	3,126,354
Inventory	-	18,841	531,021
Equity in Pooled Restricted Cash	-	2,100,328	5,190,455
Total Assets	8,225,749	21,661,033	150,143,219
LIABILITIES			
Accounts Payable	4,740,451	192,131	10,302,202
Accrued Liabilities	-	47,646	1,294,736
Due to Other Funds	-	-	2,000,000
Interfund Loan Payable	-	-	3,493,642
Total Liabilities	4,740,451	239,777	17,090,580
DEFERRED INFLOWS OF RESOURCES			
Unavailable Grant Revenue	1,240,765	121,122	5,890,855
Deferred Property Taxes	-	100,705	25,792,885
Total Deferred Inflows of Resources	1,240,765	221,827	31,683,740
Total Liabilities and Deferred Inflows of Resources	5,981,216	461,604	48,774,320
Fund Balances:			
Nonspendable	-	1,157,959	1,713,632
Restricted	993,921	14,561,785	36,297,672
Committed	-	1,369,078	43,788,414
Assigned	1,250,612	4,110,607	5,361,219
Unassigned	-	-	14,207,962
Total Fund Balances	2,244,533	21,199,429	101,368,899
Total Liabilities and Fund Balances	\$ 8,225,749	\$ 21,661,033	\$ 150,143,219

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.	390,572,896
City's joint venture equity interest in Northern Colorado Regional Airport	9,206,223
City's Net Pension Liability	(1,187,013)
Certain deferred inflows of resources represent deferred revenue which revenue does not represent current available resources. These revenues are eliminated at the activity level.	5,890,855
Certain deferred outflows of resources represent deferred expenses relating to pension expenses	28,722
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.	30,585,929
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
(Accrued Leave \$5,608,646, Certificates of Participation \$15,900,000, Capital Leases, \$4,134,297 and developer oversizing agreements \$2,161,206)	(27,804,149)
Net Position of Governmental Activities	<u>\$ 508,662,362</u>

City of Loveland, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund Types
For the Year Ended December 31, 2018

	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Loveland Fire Rescue Authority
Revenues:					
Taxes	\$ 65,341,705	\$ 13,992,607	\$ -	\$ -	\$ -
Licenses and Permits	2,960,864	-	201,314	-	179,057
Fines and Penalties	1,263,732	-	-	-	-
Intergovernmental	1,602,360	-	8,990,808	2,964	15,076,906
Charges for Services	4,601,551	912,607	2,896,381	6,891,200	1,486,723
Investment Earnings	595,620	21,224	1,662	568,391	85,332
Miscellaneous	9,171,462	-	683,187	125,595	1,892,611
Total Revenues	85,537,294	14,926,438	12,773,352	7,588,150	18,720,629
Expenditures:					
Current:					
Legislative	187,723	-	-	-	-
Executive	2,953,811	-	-	-	-
Finance	1,221,190	-	-	-	-
Human Resources	385,130	-	-	-	-
Information Technology	424,943	-	-	-	-
Economic Development	1,403,163	-	-	-	-
Development Services	3,811,987	-	-	-	-
Public Works	3,781,896	-	19,477,306	-	-
Police	25,769,955	-	-	8,445	-
Fire	-	-	-	-	16,656,580
Parks & Recreation	10,989,062	-	-	867,329	-
Library	3,918,838	-	-	-	-
Cultural Services	2,727,844	-	-	-	-
General Government	13,620,308	14,593,444	-	10,933	-
Capital Outlay	1,923,804	994,015	11,657,961	4,583,018	1,630,968
Debt service					
Principal	-	-	-	-	274,903
Interest and debt service costs	596,499	61,711	-	-	165,782
Total Expenditures	73,716,153	15,649,170	31,135,267	5,469,725	18,728,233
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,821,141	(722,732)	(18,361,915)	2,118,425	(7,604)
Other Financing Sources (Uses):					
Transfers In	2,859,590	-	18,440,644	-	1,964,848
Transfers (Out)	(21,180,295)	-	(78,729)	(6,456,102)	-
Capital Lease	-	-	-	-	4,409,200
Total Other Financing Sources (Uses)	(18,320,705)	-	18,361,915	(6,456,102)	6,374,048
Net Change in Fund Balance	(6,499,564)	(722,732)	-	(4,337,677)	6,366,444
Fund Balances--Beginning	38,848,978	1,018,896	-	41,159,739	2,090,853
Fund Balances--Ending	\$ 32,349,414	\$ 296,164	\$ -	\$ 36,822,062	\$ 8,457,297

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

Capital Project Funds	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 4,072,472	\$ 83,406,784
-	-	3,341,235
-	-	1,263,732
24,984	1,835,868	27,533,890
-	126,030	16,914,492
140,007	187,471	1,599,707
1,043	320,011	12,193,909
166,034	6,541,852	146,253,749
-	-	187,723
-	368,996	3,322,807
-	-	1,221,190
-	-	385,130
1,002,250	109,461	1,536,654
-	1,097,796	2,500,959
-	-	3,811,987
385,084	646,949	24,291,235
474,117	-	26,252,517
-	-	16,656,580
79,125	1,288,207	13,223,723
-	-	3,918,838
-	-	2,727,844
-	14,799	28,239,484
10,744,832	371,918	31,906,516
-	-	274,903
-	-	823,992
12,685,408	3,898,126	161,282,082
(12,519,374)	2,643,726	(15,028,333)
4,976,855	552,630	28,794,567
(14,764)	(27,000)	(27,756,890)
-	-	4,409,200
4,962,091	525,630	5,446,877
(7,557,283)	3,169,356	(9,581,456)
9,801,816	18,030,073	110,950,355
\$ 2,244,533	\$ 21,199,429	\$ 101,368,899

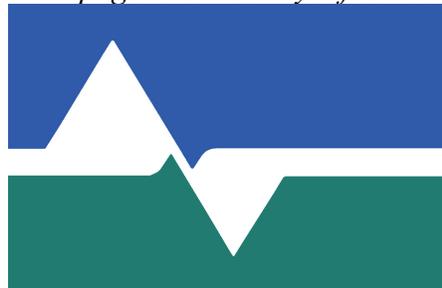
City of Loveland, Colorado
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds To
the Statement of Activities
For the Year Ended December 31, 2018

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

Net change in fund balances - total governmental funds	\$ (9,581,456)
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 \$31,906,516 exceeded depreciation \$16,255,749 in the current period.	15,650,767
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.	435,876
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.	2,200,454
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 an increase in accrued leave \$1,038,009; a decrease for developer oversizing agreements, net of accrued interest \$647,183; and a increase in pension costs due to the change in the Net Pension Liability \$55,133.	(445,959)
Expenses that are recorded for the Airport joint venture in the statement of activities that are not reported as expenses in the funds.	(748,076)
Issuance of Long-Term Debt not reported in Statement of Activities, less principal payments of \$274,903.	(4,134,297)
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.	6,452,993
Change in net position of governmental activities	\$ 9,830,302

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, 2018

	Business-Type Activities - Enterprise Funds		
	Water	Waste Water	Stormwater
ASSETS			
Current Assets:			
Cash	\$ -	\$ -	-
Equity in Pooled Cash	11,150	62,521	716,199
Equity in Pooled Investments	7,072,437	14,319,730	9,426,961
Receivables, Net	1,562,555	1,550,524	884,977
Due From Other Funds	1,450,000	-	-
Accrued Interest	118,434	77,527	47,441
Inventory, at Cost	292,460	3,999	15,217
Total Current Assets	10,507,036	16,014,301	11,090,795
Non-current Assets:			
Interfund Loan Receivable	-	-	-
Restricted Assets:			
Future Raw Water Projects Restricted Cash	8,277,703	-	-
Future Easement Improvements Restricted Cash	-	-	-
Equity in Pooled Restricted Cash	549,047	7,022,268	3,158,634
Reservoir Improvements Restricted Cash	-	-	-
Equity in Pooled Restricted Investments	21,855,802	6,795,312	-
Total Restricted Assets	30,682,552	13,817,580	3,158,634
Capital Assets:			
Land	508,867	380,222	6,212,999
Intangible Assets/Easements	4,233,248	4,259,216	4,427,968
Buildings	3,467,553	3,441,799	94,184
Equipment	2,401,104	3,167,955	3,105,680
Improvements Other Than Buildings	178,677,038	81,145,440	48,362,325
Water Rights	76,051,042	-	-
Construction in Progress	10,369,704	38,049,047	2,250,448
Total Capital Assets	275,708,556	130,443,679	64,453,604
Accumulated Depreciation	(56,170,041)	(32,320,578)	(15,806,764)
Net Capital Assets	219,538,515	98,123,101	48,646,840
Total Non-Current Assets	250,221,067	111,940,681	51,805,474
Total Assets	\$ 260,728,103	\$ 127,954,982	\$ 62,896,269

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, 2018
(Continued)

Business-Type Activities - Enterprise Funds					Governmental
Power	Refuse	Golf	Totals	Internal	Service
\$ 1,350	\$ 1,250	\$ 2,950	\$ 5,550	\$ -	
14,181	817,181	1,229,656	2,850,888	5,894,016	
14,071,327	4,068,645	2,593,868	51,552,968	19,434,562	
7,724,422	833,347	205,221	12,761,046	482,473	
2,400,000	-	-	3,850,000	-	
80,122	21,938	14,479	359,941	87,935	
3,271,780	129,359	105,237	3,818,052	424,558	
27,563,182	5,871,720	4,151,411	75,198,445	26,323,544	
2,250,000	-	-	2,250,000	367,288	
-	-	-	8,277,703	-	
-	-	91,161	91,161	-	
779,448	676,670	-	12,186,067	378,317	
-	-	176,180	176,180	-	
4,540,244	-	-	33,191,358	-	
5,319,692	676,670	267,341	53,922,469	378,317	
2,498,493	-	1,055,502	10,656,083	209,516	
4,434,147	-	-	17,354,579	-	
4,067,961	378,098	4,267,724	15,717,319	1,976,509	
4,254,227	7,071,636	2,626,916	22,627,518	13,344,195	
177,527,058	232,356	8,248,531	494,192,748	-	
-	-	94,500	76,145,542	-	
14,181,216	-	8,625	64,859,040	-	
206,963,102	7,682,090	16,301,798	701,552,829	15,530,220	
(62,294,264)	(5,341,643)	(11,910,306)	(183,843,596)	(9,544,333)	
144,668,838	2,340,447	4,391,492	517,709,233	5,985,887	
152,238,530	3,017,117	4,658,833	573,881,702	6,731,492	
\$ 179,801,712	\$ 8,888,837	\$ 8,810,244	\$ 649,080,147	\$ 33,055,036	

City of Loveland, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2018
(Continued)

	Business-Type Activities - Enterprise Funds		
	Water	Waste Water	Stormwater
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,322,296	6,214,359	1,195,367
Accrued Liabilities	309,115	527,260	55,860
Due to Other Funds	-	2,400,000	-
Deposits	-	-	-
Compensated Absences	279,888	240,722	76,730
Loan Payable - Current	640,000	665,000	-
Total Current Liabilities	2,551,299	10,047,341	1,327,957
Long-Term Liabilities:			
Compensated Absences	228,999	196,955	62,779
Loan Payable	11,340,000	24,235,000	-
Interfund Loan Payable	2,250,000	-	-
Total Long-Term Liabilities	13,818,999	24,431,955	62,779
Total Liabilities	16,370,298	34,479,296	1,390,736
NET POSITION			
Net Investment in Capital Assets	207,509,863	79,536,494	48,646,840
Restricted for Future Capital Improvements	30,682,552	13,817,580	3,158,634
Restricted	-	-	-
Unrestricted	6,165,390	121,612	9,700,059
Total Net Position	\$ 244,357,805	\$ 93,475,686	\$ 61,505,533

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, 2018
(Continued)

Business-Type Activities - Enterprise Funds				Governmental
Power	Refuse	Golf	Totals	Activities Internal Service
6,376,408	176,031	404,658	15,689,119	1,399,240
195,764	77,305	54,724	1,220,028	836,260
1,450,000	-	-	3,850,000	-
2,380,425	-	-	2,380,425	-
328,990	106,161	125,860	1,158,351	128,484
-	-	-	1,305,000	-
10,731,587	359,497	585,242	25,602,923	2,363,984
269,173	86,858	102,976	947,740	105,123
-	-	-	35,575,000	-
-	-	-	2,250,000	-
269,173	86,858	102,976	38,772,740	105,123
11,000,760	446,355	688,218	64,375,663	2,469,107
144,668,838	2,340,447	4,391,492	487,093,974	5,985,887
4,540,244	676,670	267,341	53,143,021	-
-	-	-	-	378,317
19,591,870	5,425,365	3,463,193	44,467,489	24,221,725
\$ 168,800,952	\$ 8,442,482	\$ 8,122,026	\$ 584,704,484	\$ 30,585,929

City of Loveland, Colorado
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Water	Waste Water	Stormwater
Operating Revenues:			
Charges for Services	\$ 16,195,497	\$ 13,037,921	\$ 6,958,015
Miscellaneous	1,858,378	40,253	40,862
Total Operating Revenues	18,053,875	13,078,174	6,998,877
Operating Expenses:			
Personal Services	4,988,230	3,797,693	1,619,917
Supplies	1,167,672	764,484	77,834
Purchased Services	4,484,818	3,113,206	1,430,499
Purchased Power	-	-	-
Payment for Services	1,136,667	914,659	487,791
Depreciation	4,096,999	2,156,873	1,311,781
Total Operating Expenses	15,874,386	10,746,915	4,927,822
Net Operating Income (loss)	2,179,489	2,331,259	2,071,055
Nonoperating Revenues (Expenses):			
Investment Earnings	464,659	330,920	166,478
Interest Revenue (Expense)	(432,729)	(556,341)	-
Bond Expenses	(1,575)	(795)	-
Gain (Loss) on Sale of Capital Assets	(258,519)	(14,719)	89,240
Total Nonoperating Revenues (Expense)	(228,164)	(240,935)	255,718
Net Income (Loss) Before Contributions and Transfers	1,951,325	2,090,324	2,326,773
Capital Contributions:			
System Impact/Development Fees	2,689,782	1,852,689	322,204
Contributed Assets	2,043,878	3,045,565	1,658,372
Aid to Construction	-	-	-
Raw Water Development Fees	837,182	-	-
Cash in Lieu of Water Rights	506,459	-	-
Capital Grant Contributions	3,514	-	1,285
Transfers In	750,000	-	550
Transfers (Out)	(314,820)	(514,192)	(205,702)
Change in Net Position	8,467,320	6,474,386	4,103,482
Total Net Position - Beginning	235,890,485	87,001,300	57,402,051
Total Net Position - Ending	\$ 244,357,805	\$ 93,475,686	\$ 61,505,533

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	
\$	65,489,477	\$ 8,074,468	\$ 3,821,134	\$ 113,576,512	\$ 24,989,049
	1,367,382	-	308	3,307,183	248,707
	66,856,859	8,074,468	3,821,442	116,883,695	25,237,756
	4,044,011	2,408,605	2,067,792	18,926,248	2,235,867
	658,316	232,721	503,934	3,404,961	2,239,258
	5,522,565	3,163,126	716,260	18,430,474	13,859,333
	44,596,397	-	-	44,596,397	-
	4,564,369	545,715	-	7,649,201	-
	4,840,381	893,635	381,393	13,681,062	1,101,884
	64,226,039	7,243,802	3,669,379	106,688,343	19,436,342
	2,630,820	830,666	152,063	10,195,352	5,801,414
	291,829	58,760	46,475	1,359,121	245,292
	45,300	-	-	(943,770)	-
	-	-	-	(2,370)	-
	(154,514)	41,752	250	(296,510)	87,787
	182,615	100,512	46,725	116,471	333,079
	2,813,435	931,178	198,788	10,311,823	6,134,493
	3,216,912	-	-	8,081,587	-
	914,525	-	-	7,662,340	11,500
	2,513,269	-	-	2,513,269	-
	-	-	-	837,182	-
	-	-	-	506,459	-
	17,643	-	-	22,442	-
	-	-	-	750,550	307,000
	(813,024)	(247,490)	-	(2,095,228)	-
	8,662,760	683,688	198,788	28,590,424	6,452,993
	160,138,192	7,758,794	7,923,238	556,114,060	24,132,936
\$	168,800,952	\$ 8,442,482	\$ 8,122,026	\$ 584,704,484	\$ 30,585,929

City of Loveland, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Water	Waste Water	Stormwater
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 16,151,642	\$ 13,083,694	\$ 6,968,606
Cash Received from Interfund Services	-	-	-
Cash Payments for Goods and Services	(6,496,709)	(2,561,905)	(1,821,956)
Cash Payment to Employees	(5,033,274)	(3,820,488)	(1,655,033)
Miscellaneous	1,858,374	52,124	40,863
Other Receipts	-	-	-
Net Cash Provided (Used) by Operating Activities	6,480,033	6,753,425	3,532,480
Cash Flows from Non-Capital Financing Activities:			
Transfers In	750,000	-	550
Transfers Out	(314,820)	(514,191)	(205,702)
Net Cash Provided (Used) by Non-Capital Financing Activities	435,180	(514,191)	(205,152)
Cash Flows from Capital and Related Financing Activities			
System Impacy/Development Fees	2,689,782	1,852,688	322,204
Proceeds on Sale of Capital Assets	5,800	19,250	89,240
Payments for Capital Acquisition	(5,920,402)	(26,231,920)	(2,073,405)
Raw Water Development Fees	837,182	-	-
Capital Grant Contributions	3,514	-	250,681
Cash in Lieu of Water Rights	506,459	-	-
Aid to Construction	-	-	-
Debt Principal Proceeds (Payment)	(1,370,000)	24,350,000	-
Bond Expenses	(1,575)	(795)	-
Interest Paid	(440,835)	(152,568)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,690,075)	(163,345)	(1,411,280)
Cash Flows from Investing Activities: Purchase			
Purchase of Investments	(4,128,520)	(3,595,184)	(1,679,030)
Proceeds from Sale of Investments	(1,634,549)	4,004,086	-
Investment Earnings	519,223	351,406	205,313
Net Cash Flows Provided (Used) by Investing Activities	(5,243,846)	760,308	(1,473,717)
Net Increase in Cash and Cash Equivalents	(2,018,708)	6,836,197	442,331
Cash and Cash Equivalents - Jan. 1	10,856,608	248,592	3,432,502
Cash and Cash Equivalents - Dec. 31	\$ 8,837,900	\$ 7,084,789	\$ 3,874,833
Reconciliation of Operating Income to Net			
Operating Income	\$ 2,179,489	\$ 2,331,259	\$ 2,071,055
Adjustments to Reconcile Operating Income to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation	4,096,999	2,156,873	1,311,781
Decrease in Accounts Receivable	43,855	58,174	10,591
(Increase) Decrease in Inventory	(10,498)	972	(1,818)
Increase (Decrease) in Current Liabilities	170,188	2,206,147	140,871
Total Adjustments	4,300,544	4,422,166	1,461,425
Net Cash Provided (Used) by Operating Activities	\$ 6,480,033	\$ 6,753,425	\$ 3,532,480
Noncash Investing, Capital and Financing Activities:			
Contributed Assets from Subdividers	\$ 2,043,878	\$ 3,045,565	\$ 1,658,372
Unrealized Loss on Investments	(79,983)	(35,225)	(54,533)
Reconciliation of cash and cash equivalents to statement of net position:			
Cash and cash equivalents	11,150	62,521	716,199
Restricted Assets - cash and cash equivalents	8,826,750	7,022,268	3,158,634
	\$ 8,837,900	\$ 7,084,789	\$ 3,874,833

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

Business-Type Activities - Enterprise Funds					Governmental Activities	
Power	Refuse	Golf	Total	Internal Service		
\$ 66,145,516	\$ 8,076,637	\$ 3,821,129	\$ 114,247,224	\$ -	-	
-	-	-	-	-	25,168,297	
(54,827,914)	(3,933,596)	(1,180,320)	(70,822,400)	(15,910,498)	(15,910,498)	
(4,136,123)	(2,406,626)	(2,087,911)	(19,139,455)	(1,700,052)	(1,700,052)	
1,367,382	(7,080)	307	3,311,970	270,929	270,929	
-	-	-	-	-	-	
8,548,861	1,729,335	553,205	27,597,339	7,828,676	7,828,676	
-	-	-	750,550	307,000	307,000	
(813,025)	(247,490)	-	(2,095,228)	-	-	
(813,025)	(247,490)	-	(1,344,678)	307,000	307,000	
3,216,912	-	-	8,081,586	-	-	
72,246	47,885	-	234,421	87,788	87,788	
(12,963,182)	(459,038)	(22,329)	(47,670,276)	(1,814,401)	(1,814,401)	
-	-	-	837,182	-	-	
404,784	-	-	658,979	-	-	
-	-	-	506,459	-	-	
1,986,683	-	-	1,986,683	-	-	
750,000	-	-	23,730,000	45,551	45,551	
-	-	-	(2,370)	-	-	
45,300	-	-	(548,103)	-	-	
(6,487,257)	(411,153)	(22,329)	(12,185,439)	(1,681,062)	(1,681,062)	
(3,710,375)	(828,318)	(570,748)	(14,512,175)	(3,521,277)	(3,521,277)	
2,845,325	-	-	5,214,862	-	-	
345,784	88,714	60,027	1,570,467	345,250	345,250	
(519,266)	(739,604)	(510,721)	(7,726,846)	(3,176,027)	(3,176,027)	
729,313	331,088	20,155	6,340,376	3,278,587	3,278,587	
65,666	1,164,013	1,479,792	17,247,173	2,993,746	2,993,746	
\$ 794,979	\$ 1,495,101	\$ 1,499,947	\$ 23,587,549	\$ 6,272,333	\$ 6,272,333	
\$ 2,630,820	\$ 830,666	\$ 152,063	\$ 10,195,352	\$ 5,801,414	\$ 5,801,414	
4,840,381	893,635	381,393	13,681,062	1,101,884	1,101,884	
656,041	2,167	-	770,828	763,815	763,815	
(33,011)	16,807	(1,400)	(28,948)	(71,140)	(71,140)	
454,630	(13,940)	21,149	2,979,045	232,703	232,703	
5,918,041	898,669	401,142	17,401,987	2,027,262	2,027,262	
\$ 8,548,861	\$ 1,729,335	\$ 553,205	\$ 27,597,339	\$ 7,828,676	\$ 7,828,676	
\$ 914,525	\$ -	\$ -	\$ 7,662,340	\$ 11,500	\$ 11,500	
(77,233)	(40,633)	(18,234)	(305,841)	(134,345)	(134,345)	
15,531	818,431	1,232,606	2,856,438	5,894,016	5,894,016	
779,448	676,670	267,341	20,731,111	378,317	378,317	
\$ 794,979	\$ 1,495,101	\$ 1,499,947	\$ 23,587,549	\$ 6,272,333	\$ 6,272,333	

City of Loveland, Colorado
Statement of Assets and Liabilities
Agency Funds
December 31, 2018

ASSETS		
Equity in Pooled Cash and Cash Equivalents	\$	356,341
Equity in Pooled Investments		73,362
Accrued Interest		1,587
<hr/>		
Total Assets	\$	431,290
<hr/>		
LIABILITIES		
Due to Improvement District	\$	430,962
Accounts Payable		328
<hr/>		
Total Liabilities	\$	431,290

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

City of Loveland, Colorado
Notes to Financial Statements
December 31, 2018

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 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. The election held on November 7, 2017 for an increase in the property taxes of not more than 5.00 mills for the Authority did not pass however the DDA's ability to issue debt secured by tax increment revenues did pass.

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, 2018, 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, 2018	
Total Current Assets	\$ 2,645,339
Total Capital Assets (net of accumulated depreciation)	15,990,533
Total Assets	<u>18,635,872</u>
Total Current Liabilities	(223,426)
Total Net Position	<u>\$ 18,412,446</u>

For the Year Ended December 31, 2018	
Total operating revenue	\$ 808,308
Total operating expenses	(3,150,600)
Interest income	31,930
Non-operating revenue	485,000
Capital contributions	329,210
Change in Net Position	<u>\$ (1,496,152)</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 items not properly included among program revenues are reported instead as *general revenues*.

Note 1: Summary of Significant Accounting Policies (continued)

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

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.

Note 1: Summary of Significant Accounting Policies (continued)

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

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 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 may include Money Market Funds, Certificates of Deposit, Government Investment Pool, Corporate Securities, Municipal Bonds, 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.

Note 1: Summary of Significant Accounting Policies (continued)

E. Cash and Investments (continued)

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 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 property, sales and use tax and other miscellaneous receivables. Receivables are reported net of allowance for uncollectable accounts. At December 31, 2018, the allowance for uncollectable accounts was \$251,403. 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 2018, the three-year cycle of physical inventories included Library, Police, Power, Golf, Refuse, Public Works, Traffic and Transit, and Cultural Services-Rialto.

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

Note 1: Summary of Significant Accounting Policies (continued)

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 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

Note 1: Summary of Significant Accounting Policies (continued)

L. Fund Balance (continued)

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.

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, 2018, consisted of the following:

Deposits	\$ 50,742,020
Investments	\$ 184,787,711
Total	\$ 235,529,731

Deposits and investments are displayed within this report as follows:

Cash	\$ 15,265
Equity in Pooled Cash and Cash Equivalents	24,070,531
Equity in Pooled Investments	151,522,991
Equity in Restricted Cash	26,299,883
Equity in Restricted Investments	33,191,358
Equity in Pooled Cash and Cash Equivalents - Agency Fund	356,341
Equity in Pooled Investments Agency Fund	73,362
Total	\$ 235,529,731

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. There is also restricted cash for the Wastewater Revenue bonds that is held by the trustee bank.

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 \$9,359,892 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.

Note 2: Cash and Investments (continued)

B. Fair Value (continued)

City of Loveland has invested \$3,080 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 related to ColoTrust can be found on their website, www.colotruster.com.

The City has the following recurring fair value measurements as of December 31, 2018:

- U.S. Treasury securities of \$44,558,225 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of \$113,408,826 are valued using matrix pricing techniques (Level 2 inputs)
- Corporate Bonds of \$21,338,245 are valued using matrix pricing techniques (Level 2 inputs)
- Municipal Bonds of \$4,003,918 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, 2018, the City had \$17,769,215 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 may 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, 2018, the City had the following investments:

<u>Investment Type</u>							
<i>Governmental and Business-Type Activities</i>	Standard and Poor's Rating	Less than 1	1-3	4-5	More than 5	Total	
Certificates of Deposit	N/A	\$ 492,772	\$ 985,140	\$ -	\$ -	\$ 1,477,912	
U.S. Treasury Notes	N/A	2,934,325	31,782,087	9,824,122	-	44,540,534	
U.S. Agency Securities	AA+	19,661,636	64,366,381	19,476,726	9,859,059	113,363,802	
Corporate Bonds	AA-/A+/AA/AA+	4,892,201	16,437,573	-	-	21,329,774	
Municipal Bonds	AA/AA+	985,333	3,016,996	-	-	4,002,329	
Total		\$ 28,966,267	\$ 116,588,177	\$ 29,300,848	\$ 9,859,059	\$ 184,714,351	
<i>Fiduciary Funds</i>							
Certificates of Deposit	N/A	196	391	-	-	587	
U.S. Treasury Notes	N/A	1,165	12,623	3,902	-	17,690	
U.S. Agency Securities	AA+	7,809	25,564	7,735	3,916	45,024	
Corporate Bonds	AA-/A+/AA/AA+	1,943	6,528	-	-	8,471	
Municipal Bonds	AA/AA+	391	1,198	-	-	1,589	
Total		\$ 11,504	\$ 46,304	\$ 11,637	\$ 3,916	\$ 73,361	

Note 2: Cash and Investments (continued)

D. Investments (continued)

1. **Local Government Investment Pools:** At December 31, 2018, the City had \$3,080 invested in Colotrust and \$9,359,990 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, 2018, 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 (24.11%), Federal Home Loan Bank (18.35%), Federal National Mortgage Association (10.41%), Federal Home Loan Mortgage Corporation (16.79%) and Federal Farm Credit Bank (15.83%).

E. Restricted Investments

Investments of \$33,191,358 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, 2018, were as follows:

Due From	Due to	Amount
Transportation Fund	General Fund	\$ 2,000,000
Power Fund	Water Fund	\$ 1,450,000
Waste Water Fund	Power Fund	\$ 2,400,000

Interfund balance due to the General Fund, Power General Fund and Waste Water SIF 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, 2018
CEF Fund	Loveland Urban Renewal	\$ 829,730	\$ 72,378	\$ 757,352
Power Fund	Water Fund	3,000,000	750,000	2,250,000
CEF Fund	Loveland Urban Renewal	1,179,664	102,902	1,076,762
General Fund	Loveland Urban Renewal	47,650	4,157	43,493
CEF Fund	General Fund	1,403,654	154,907	1,248,747
Fleet Fund	General Fund	\$ 412,839	\$ 45,551	\$ 367,288

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
2019	\$ 2,250,000	\$ 750,000	\$ 42,458	\$ 792,458
2020	1,500,000	750,000	22,500	772,500
2021	750,000	750,000	11,250	761,250
Total		\$ 2,250,000	\$ 76,208	\$ 2,326,208

Interest Rate Projections*

2019	2020	2021	2022	2023
2.30%	1.55%	1.65%	1.65%	1.75%

*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)

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

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
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		\$ 1,076,761	\$ 167,872	\$ 1,244,633

**Loveland Urban Renewal Authority
Payment Schedule**

	Beginning Balance	Principal	Interest	Total Payment
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		\$ 43,493	\$ 6,781	\$ 50,274

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

Loveland Urban Renewal Authority Payment Schedule

	Beginning				
	Balance	Principal	Interest	Total Payment	
2019	\$ 757,333	\$ 74,549	\$ 22,721	\$ 97,270	
2020	682,803	76,786	20,484	97,270	
2021	606,018	79,088	18,181	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	8,254	97,270	
2026	186,123	91,686	5,584	97,270	
2027	94,437	94,437	2,833	97,270	
Total		\$ 757,352	\$ 118,076	\$ 875,430	

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				
	Balance	Principal	Interest	Total Payment	
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		\$ 1,616,067	\$ 203,644	\$ 1,819,711	

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

Transfers between funds were as follows:

	Transfers In:								
	General	Capital Projects	Transportation	Affordable Housing	Loveland Fire Rescue Authority	Water	Storm Water	Internal Services	Total
<u>Transfers Out:</u>									
General	\$ 2,289,059	\$ 3,073,782	\$ 14,514,274	\$ 552,630	\$ -	\$ 750,000	\$ 550	\$ -	\$ 21,180,295
Capital Projects	14,764	-	-	-	-	-	-	-	14,764
Lodging Tax	22,000	-	5,000	-	-	-	-	-	27,000
Transportation	78,729	-	-	-	-	-	-	-	78,729
CEFs	-	374,949	3,809,305	-	1,964,848	-	-	307,000	6,456,102
Water	41,573	262,405	10,842	-	-	-	-	-	314,820
Waste Water	245,392	262,405	6,394	-	-	-	-	-	514,191
Power	154,167	648,294	10,564	-	-	-	-	-	813,025
Storm Water	13,386	108,049	84,267	-	-	-	-	-	205,702
Refuse	521	246,969	-	-	-	-	-	-	247,490
					\$				
	\$ 2,859,591	\$ 4,976,853	\$ 18,440,646	\$ 552,630	1,964,848	\$ 750,000	\$ 550	\$ 307,000	\$ 29,852,118

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 was initiated by the City for the following reason:

The General Fund transferred \$14,514,274 to the Transportation Fund for various street capital projects throughout the City

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

Governmental Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 56,256,169	\$ 3,062,952	\$ -	\$ 59,319,121
Easements	4,603,891	89,179	-	4,693,070
Water Rights	2,624,520	-	-	2,624,520
Art Collection	6,777,603	212,044	-	6,989,647
Construction in Progress	22,479,154	20,887,173	3,715,853	39,650,474
Total Capital Assets, not being depreciated	92,741,337	24,251,348	3,715,853	113,276,832
Capital Assets, being depreciated				
Buildings	78,676,196	1,621,367	-	80,297,563
Equipment	41,372,355	5,713,634	1,732,055	45,353,934
Improvements Other Than Buildings	54,494,969	591,900	353,467	54,733,402
Infrastructure	289,237,120	5,858,534	-	295,095,654
Total Capital Assets, being depreciated	463,780,640	13,785,435	2,085,522	475,480,553
Less accumulated depreciation for:				
Buildings	26,506,532	2,115,930	-	28,622,462
Equipment	28,467,718	2,974,861	1,708,800	29,733,779
Improvements Other Than Buildings	23,212,490	2,358,903	224,092	25,347,301
Infrastructure	98,587,121	9,907,939	-	108,495,060
Total Accumulated Depreciation	176,773,861	17,357,633	1,932,892	192,198,602
Total capital assets, being depreciated, net	287,006,779	(3,572,198)	152,630	283,281,951
Governmental activities capital assets, net	\$ 379,748,116	\$ 20,679,150	\$ 3,868,483	\$ 396,558,783
Business-type Activities				
Business-type Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 9,565,414	\$ 1,090,669	\$ -	\$ 10,656,083
Easements	13,696,480	3,663,167	5,069	17,354,578
Water Rights	75,789,022	356,520	-	76,145,542
Construction in Progress	42,577,438	42,839,388	20,557,787	64,859,039
Total Capital Assets, not being depreciated	\$ 141,628,354	\$ 47,949,744	\$ 20,562,856	169,015,242
Capital Assets, being depreciated				
Buildings	15,717,320	-	-	15,717,320
Equipment	21,436,755	2,136,234	945,471	22,627,518
Improvements Other Than Buildings	314,839,607	5,133,402	162,162,626	157,810,383
Infrastructure	155,894,541	182,274,481	1,786,656	336,382,366
Total Capital Assets, being depreciated	\$ 507,888,223	\$ 189,544,117	\$ 164,894,753	532,537,587
Less accumulated depreciation for:				
Buildings	5,928,664	344,667	-	6,273,331
Equipment	13,527,960	2,225,026	938,822	14,814,164
Improvements Other Than Buildings	110,692,363	3,881,594	55,012,867	59,561,090
Infrastructure	42,866,025	61,843,603	1,514,619	103,195,009
Total Accumulated Depreciation	\$ 173,015,012	\$ 68,294,890	\$ 57,466,308	183,843,594
Total capital assets, being depreciated, net	334,873,211	121,249,227	107,428,445	348,693,993
Business-type activities capital assets, net	\$ 476,501,565	\$ 169,198,971	\$ 127,991,301	\$ 517,709,235

Note 4: Capital Assets (continued)

Power Improvements Other than Building were reclassified to Infrastructure in the amount of \$161,511,093. This resulted in a transfer of accumulated depreciation of \$54,613,828 from Improvements Other than Building to Infrastructure.

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

Governmental Activities	
Executive	\$ 2,599
Library	327,664
Finance	14,983
Information Technology	280,582
Development Services	2,910,291
Public Works	7,681,006
Police	862,709
Fire	857,780
Parks & Recreation	2,904,677
Cultural Services	287,677
Nondepartmental	125,782
Internal Service Fund	1,101,884
Total Governmental Activities	\$ 17,357,633

Business-Type Activities	
Water	\$ 4,096,999
Wastewater	2,156,873
Stormwater	1,311,781
Power	4,840,381
Solid Waste	893,635
Golf	381,393
Total Business-Type Activities	\$ 13,681,062

Note 5: Long-Term Debt

Long-term liability activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018	Due Within One Year
Governmental Activities					
Capital Leases	\$ -	\$ 4,409,200	\$ 274,903	\$ 4,134,297	\$ 232,449
Compensated Absences	4,757,727	3,915,748	2,831,180	5,842,295	3,213,262
Certificates of Participation	15,900,000	-	-	15,900,000	-
Oversizing Agreements	2,808,389	-	647,183	2,161,206	607,183
Total	\$ 23,466,116	\$ 8,324,948	\$ 3,753,266	\$ 28,037,798	\$ 4,052,894
Business-Type Activities					
Water Bonds	\$ 12,600,000	\$ -	\$ 620,000	\$ 11,980,000	\$ 640,000
Wastewater Bonds	550,000	24,350,000	-	24,900,000	665,000
Compensated Absences	1,661,242	1,731,242	1,286,393	2,106,091	1,158,351
Oversizing Agreements	-	48,652	-	48,652	-
Total	\$ 14,811,242	\$ 26,129,894	\$ 1,906,393	\$ 39,034,743	\$ 2,463,351

Note 5: Long-Term Debt (continued)

A. Certificates of Participation

In March, 2017 the City closed the lease certificates of participation financing transaction bearing interest 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.

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 Municipal Building, 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
2019	\$ -	\$ 539,010
2020	360,000	535,959
2021	370,000	523,670
2022	380,000	511,043
2023	400,000	497,991
2024-2028	2,185,000	2,277,741
2029-2032	12,205,000	1,360,407
Total	\$ 15,900,000	\$ 6,245,821

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 1 2017, and interest payments are due semi-annually on February 1 and August 1. 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 1 2017, and interest payments are due semi-annually on February 1 and August 1. The 2015 revenue bonds are payable solely from the net revenue of the water utility system, after deduction of operating expenses.

Note 5: Long-Term Debt (continued)

B. Water and Wastewater Bonds (continued)

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, and the spent amount for 2018 was \$18,036,607. The remainder of \$6,313,393 was expended in 2019. 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 1 2019, and interest payments are due semi-annually on February 1 and August 1. The 2017 revenue bonds are payable solely from the net revenue of the wastewater utility system, after deduction of operating expenses.

Year	Principal			Interest		
	2013 Water Bond	2015 Water Bond	2017 Wastewater Bond	2013 Water Bond	2015 Water Bond	2017 Wastewater Bond
2019	\$ 480,000	\$ 160,000	\$ 665,000	\$ 289,812	\$ 86,271	\$ 989,570
2020	495,000	165,000	690,000	274,500	81,503	965,772
2021	515,000	165,000	715,000	258,709	76,586	941,214
2022	530,000	170,000	4,050,000	242,281	71,669	915,665
2023	545,000	175,000	880,000	225,373	66,603	771,858
2024-2028	3,005,000	955,000	5,065,000	854,282	251,810	3,285,123
2029-2033	3,515,000	1,105,000	6,560,000	343,563	100,575	2,120,144
2034-2037	-	-	6,275,000	-	-	657,805
Total	\$ 9,085,000	\$ 2,895,000	\$ 24,900,000	\$ 2,488,520	\$ 735,017	\$ 10,647,151

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.

	<u>Amount Pledged</u>	<u>Term of Commitment</u>
2013 Water Bond	\$ 11,573,520	2033
2015 Water Bond	3,630,017	2033
2017 Wastewater Bond	35,546,877	2037
	\$ 50,750,414	

C. Capital Lease

The Loveland Fire Rescue Authority entered into a capital lease on March 30, 2018. This lease was entered into to fund the construction of Fire Station 7 and the purchase of Type 1 and Type 3 engines for Fire Station 7. The repayment schedule for the lease are semi-annual interest payments on June 1st and December 1st with the principal payments on December 1st. The rate of interest on the lease is 3.59% with a final maturity of June 1, 2033. Payments on this lease started on June 1, 2018.

Note 5: Long-Term Debt (continued)

C. Capitalized Lease (continued)

Year	Principal	Interest
2019	\$ 232,449	\$ 148,421
2020	240,794	140,076
2021	249,438	131,432
2022	258,393	122,477
2023	267,669	113,201
2024-2028	1,489,573	414,776
2029-2033	1,395,981	127,498
Total	\$ 4,134,297	\$ 1,197,881

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, 2018 is \$3,835,000.

E. Intergovernmental Agreement for Apparatus Purchase

In November 2016 an agreement was entered into between Loveland Fire Rescue Authority and Loveland Rural Fire Protection District for apparatus purchase for the Loveland Rural Fire Protection District. This agreement was for the purchase of one Type-3 fire engine and three 2,000 gallon fire tenders. The apparatus funding will be paid back over ten years with the final payment to be in 2026. The interest rate will be the same as the City's annual return on it's investment portfolio. The payments are due on June 15 of each year.

Year	Principal	Interest
2019	\$ 150,000	\$ 25,572
2020	150,000	25,969
2021	150,000	22,974
2022	150,000	18,729
2023	150,000	14,484
2024-2026	361,811	23,829
Total	\$ 1,111,811	\$ 131,557

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, 2018, 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, 2018 is as follows:

Project	Date of Contract	Orig Contract Amount	Jan 1, 2018 Balance	Contract Changes	Contract Additions	Contract Payments	December 31, 2018 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	308,706	-	-	50,000	258,706
Highway 34 @ Sculptor	4/13/07	1,154,569	531,968	-	-	120,000	411,968
Sculptor South of US 34	4/13/07	431,271	431,271	-	-	120,000	311,271
Thompson 2nd Subdivision	9/24/07	313,874	313,874	-	-	100,000	213,874
43rd St. West of Wilson	8/22/08	664,529	514,366	-	-	257,183	257,183
Dakota Glen Sidewalk	2/17/12	9,087	-	(9,087)	-	-	-
Street Oversizing Agreements		\$ 3,746,578	\$ 2,808,389	\$ -	\$ -	\$ 647,183	\$ 2,161,206
Mountain Pacific 1st Subdivision	1/23/18	\$ 48,652	\$ -	\$ -	\$ 48,652	\$ -	48,652
Wastewater Oversizing Agreements		\$ 48,652	\$ -	\$ -	\$ 48,652	\$ -	48,652
TOTAL DEVELOPER AGREEMENTS		\$ 3,795,230	\$ 2,808,389	\$ -	\$ 48,652	\$ 647,183	\$ 2,209,858

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

Note 6: Contractual Obligations (continued)

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 \$674 leaving an ending fund balance of \$47,382.

Note 8: Commitments And Contingencies

A. Risk Management

To manage risk, 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 2018, the deductible paid by the City for property, and auto physical damage is \$250,000 per occurrence. The deductible paid by the City for liability claims is \$250,000.

The deductible paid by the City for workers' compensation in each incident is \$100,000, with loss amounts over \$100,000 paid by Pinnacol. The City's Workers' Compensation insurance is renewed each July, and for the 2018-2019 renewal period (7/01/2018 through 6/30/2019) 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 benefit eligible employees with a variety of benefits, including a partially self-insured medical plan, self-insured dental coverage, short-term and long-term disability plans, a life insurance plan and employee assistance as well as other ancillary benefits. Medical insurance is self-insured up to a fully insured stop-loss coverage of \$175,000. Estimated liabilities for medical and dental 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. Individual stop-loss coverage reduces the City's risk by shifting responsibility for large claims to the stop-loss provider. Medical 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. Medical aggregate stop-loss coverage is also applicable and protects the City against high total claims for the healthcare plan. The Employee Benefits Fund has \$10,541,268 in fund balance for employee benefit claims. Short-term Disability is managed by an Administrative Services Only agreement; Short-term Disability wages are paid by the City. Long-term Disability and Life Insurance coverage 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 \$5,623,886 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 \$16,165,154.

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

Description	December 31, 2018	December 31, 2017
Unpaid Claims - Beginning	\$ 1,556,545	\$ 1,950,606
Incurred Claims (includes IBNR's)	8,299,190	9,331,679
Claims Paid	<u>(8,177,619)</u>	<u>(9,725,740)</u>
Unpaid Claims Ending	\$ 1,678,116	\$ 1,556,545

Note 8: Commitments And Contingencies (continued)

B. Construction Commitments

At December 31, 2018 the City had several construction projects in process. The most significant of these are as follows:

Project	Budget		Cost to date	
Windy Gap Firming	\$	61,200,000	\$	5,735,219
Wastewater Treatment Plant Expansion	\$	42,098,913	\$	31,588,006
Police Training Campus	\$	19,532,690	\$	434,003
South Catalyst/Foundry Project Combined	\$	9,718,883	\$	7,970,745
Transportation Rehab	\$	6,820,243	\$	6,820,561

C. Contingent Liabilities

At this time, the City is a defendant in all pending litigation, and the claims are covered by insurance. Even if these were not covered by insurance, the City Attorney does not believe any of the lawsuits would 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.

- 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.
- 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.
- 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 2018 are as follows:

	Police Officers	Firefighters	Non-uniformed Employees
Required Contribution Rate			
Employer	10%	10%	5% - 9%
Employee	10%	10%	3%
Amounts Contributed			
Employer	\$ 940,426	\$ 687,077	\$ 2,609,419
Employee	940,426	687,077	1,188,387
Total	\$ 1,880,852	\$ 1,374,154	\$ 3,797,806

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans

The City participates in two defined benefit pension plans, the Loveland and Rural Consolidated Volunteer 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 69.41% funded. The membership of the Loveland and Rural Consolidated Volunteer Firefighters Pension Plan is:

Retirees and Beneficiaries	62
Inactive, Nonretired Members	4
Active Members	0
<hr/>	
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, 2018 is:

Total Pension Liability	\$ 3,879,830
Plan Fiduciary Net Position	\$ 2,692,817
Net Pension Liability	\$ 1,187,013

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balance	\$ 3,993,486	\$ 2,644,400	\$ 1,349,086
Changes for the Year			
Service Cost	-	-	-
Interest	284,838	-	284,838
Difference between expected and actual experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	101,670	(101,670)
Net Investment Income	-	360,131	(360,131)
Benefit Payments, Including Refunds	(398,494)	(398,494)	-
Administrative Expense	-	(14,890)	14,890
Net Changes	(113,656)	48,417	(162,073)
Ending Balance as of 12/31/18	\$ 3,879,830	\$ 2,692,817	\$ 1,187,013

Deferred outflows of resources of \$61,700 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, 2019. Other amounts reported as net deferred outflows (inflows) of resources related to pensions which is Actual Investment Earnings different than Assumed \$(32,930) will be recognized in pension expense as follows:

Year Ended December 31:

2019	\$ 14,450
2020	9,329
2021	(22,054)
2022	(34,655)
2023	-
Thereafter	-
Total	<u>\$(32,930)</u>

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, 2017. 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	3.0%
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-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. All tables projected with Scale AA.

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

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

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:

Single Discount Rate	7.5%
Long-Term Expected Rate of Investment Return	7.5%
Long-Term Municipal Bond Rate ²	3.31%

The last year ending December 31 in the 2018 to 2117 projection period for which projected benefit payments are fully funded is year 2117.

²Source: "State & local bonds" rate from Federal Reserve statistical release (H.15) as of December 31, 2017. 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%	\$ 1,512,174
Current Single Discount Rate Assumption of 7.5%	\$ 1,187,013
1% Increase to 8.5%	\$ 906,793

8. Long Term Expected Rate of Return:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	8.33%
Equity Long/Short	9%	7.15%
Private Capital	24%	9.70%
Fixed Income	15%	3.00%
Absolute Return	9%	6.46%
Managed Futures	4%	6.85%
Cash	2%	2.26%
Total	100%	7.40%

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, 2017, are summarized in the above table.

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

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 and was discontinued in 2018.

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 used for the same purposes. As of December 31, 2018, \$7,549,152 was available for these purposes. Of that amount, \$325,000 is budgeted to be spent in 2019.

The City has established an Emergency Reserve, representing 3% of qualifying expenditures, as required by the amendment. At December 31, 2018, the emergency reserve of \$2,802,134 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 2018.

Actual revenue	\$ 93,435,380	CPI increase	2.73%
Base revenue	96,505,668	Growth increase	1.89%
Surplus/(Defecit)	\$ (3,070,288)	Total increase allowed	4.62%

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 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, 2018 is \$11,951,981.

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.

Note 11: Fund Balance Designation (continued)

The table below provides detail for each category of fund balance

FUND BALANCES	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Loveland Fire & Rescue Authority	Capital Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable:								
Inventory	\$ -	\$ -	\$ 512,180	\$ -	\$ -	\$ -	\$ 18,841	\$ 531,021
Interfund Loan Receivable	43,493	-	-	-	-	-	-	43,493
Permanent Fund Principal	-	-	-	-	-	-	1,139,118	1,139,118
Total Nonspendable	43,493	-	512,180	-	-	-	1,157,959	1,713,632
Restricted								
Tabor 3% Emergency Reserve	2,802,134	-	-	-	-	-	-	2,802,134
Unspent Proceeds Capital Projects	814,975	-	-	-	-	-	-	814,975
Reserve for Excess Tabor	7,549,152	-	-	-	-	-	-	7,549,152
Capital Improvements	-	-	-	-	-	993,921	-	993,921
Urban Revitalization	-	296,164	-	-	-	-	121,062	417,226
Parks & Recreation	-	-	-	-	-	-	4,302,692	4,302,692
Open Space Acquisitions	-	-	-	-	-	-	9,594,715	9,594,715
Law Enforcement	-	-	-	-	-	-	47,382	47,382
Fire & Rescue	-	-	-	-	8,457,297	-	-	8,457,297
Conventions & Tourism	-	-	-	-	-	-	495,934	495,934
Museum Programs	557,596	-	-	-	-	-	-	557,596
Police Donations	19,651	-	-	-	-	-	-	19,651
Library Books	244,997	-	-	-	-	-	-	244,997
Total Restricted	11,988,505	296,164	-	-	8,457,297	993,921	14,561,785	36,297,672
Committed:								
Special Projects	5,096,764	-	-	-	-	-	-	5,096,764
Future Capital Improvements	-	-	-	33,739,201	-	-	-	33,739,201
Interfund Loan Receivable	-	-	-	3,082,861	-	-	-	3,082,861
Art in Public Places	500,510	-	-	-	-	-	-	500,510
Public Education	-	-	-	-	-	-	317,375	317,375
Downtown Maintenance	-	-	-	-	-	-	154,704	154,704
Affordable Housing Agreements	-	-	-	-	-	-	896,999	896,999
Total Committed	5,597,274	-	-	36,822,062	-	-	1,369,078	43,788,414
Assigned								
Parks Capital Improvements	-	-	-	-	-	-	1,677,773	1,677,773
Fiber Network	-	-	-	-	-	-	522,025	522,025
Capital Improvements	-	-	-	-	-	1,250,612	-	1,250,612
Spendable Portion Of Permanent Fund	-	-	-	-	-	-	1,910,809	1,910,809
Total Assigned	-	-	-	-	-	1,250,612	4,110,607	5,361,219
Unassigned:	14,720,142	-	(512,180)	-	-	-	-	14,207,962
Total Fund Balances	\$ 32,349,414	\$ 296,164	\$ -	\$36,822,062	\$ 8,457,297	\$ 2,244,533	\$ 21,199,429	\$ 101,368,899

Note 12: Tax Abatement

The City’s Incentive Policy adopted in October 2017 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.

Note 12: Tax Abatement (continued)

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. Artspace submitted a loan payment of \$14,642 in May 2018 per the agreement's terms.

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 2017 taxes payable in 2018. The annual payment amount of BPPT is estimated to be \$47,500.

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 the first half of 2019. An incentive for \$2 million with annual installments of \$200,000, plus 2%, over 10 years for development of a movie theater complex is also part of the agreement. A July 2018 amendment to the agreement approved an additional cap amount of \$477,647 for additional project improvements

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 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 and second year payments have been received by the City.

Note 12: Tax Abatement (continued)

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.

Intellivation, LLC

The company is building a new facility in Loveland and plans to relocate existing Northern Colorado employees as well as adding new jobs. The City agrees to reimburse up to \$30,000 in building permit fees and construction material use tax credit. The reimbursement will occur after the company has obtained a certificate of occupancy issued by the City.

Vertiv Services, Inc

Vertiv plans to open a Colorado office to serve as a regional technology and customer experience center located in Centerra. The City signed an incentive agreement in July 2018, providing for a reimbursement to tenant improvements in an amount not to exceed \$25,000. The agreement is contingent on Vertiv signing a 10-year lease agreement and issuance of a certificate of occupancy by the City.

LPR Construction

The Loveland Urban Renewal Authority (LURA) has incentivized a planned expansion of LPR Construction Co. LLC and Longbow Industries, LLC, up to \$750,000 to defray costs of certain public improvements at 205 E. 6th St. In March 2018, LURA purchased real property at 205 E. 6th Street (Larimer County Building) and the associated parking lot. The incentive requires LPR/Longbow to purchase the property from LURA and execute a lease agreement for the associated parking lot prior to the City issuing any of the incentive payments.

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. The company was purchased by TriPoint Oil & Gas Production Systems, LLC

Tharp Cabinet Company LP

The Company is relocating its current Loveland business to a new larger site in Loveland, allowing Tharp to expand its operations and improve manufacturing efficiencies. The incentive, approved in September 2018, is for \$250,000 to assist with the move to the new location. The incentive will be paid in two installments of \$125,000 each. The first payment will be made after issuance of a certificate of occupancy by the City and proof of a purchase agreement for the property. The remaining payment will be issued at the six-month anniversary date of the issuance of the certificate of occupancy.

Note 12: Tax Abatement (continued)

The current year cost of the City's Tax Abatement program, in foregone tax revenue, is \$47,500.

Note 13: Subsequent Events

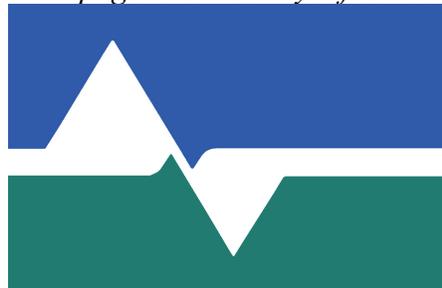
Issuance of Bonds

On April 24, 2019 the Power Enterprise fund issued bonds totaling \$85,015,000 to fund the construction of a municipal fiber network. The bond issue consisted of \$58,445,000 tax-exempt revenue bonds and \$26,570,000 taxable revenue bonds. The Power Enterprise fund is now titled the Electric and Communications Enterprise fund.

Former Larimer County Building

In May 2019 the agreement between the Loveland Urban Renewal Authority and another party to purchase the County building was rescinded. The Loveland Urban Renewal Authority is currently the owner of the former Larimer County building.

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Required Supplementary Info



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, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 65,753,518	\$ 64,431,631	\$ 65,341,705	\$ 910,074
Licenses and Permits	3,743,700	3,147,200	2,960,864	(186,336)
Fines and Penalties	836,100	836,100	1,263,732	427,632
Intergovernmental	1,117,170	1,662,572	1,602,360	(60,212)
Charges for Services	4,545,395	4,624,640	4,601,551	(23,089)
Investment Earnings	468,729	468,729	595,620	126,891
Miscellaneous	8,438,590	8,527,199	9,171,462	644,263
Total Revenues	84,903,202	83,698,071	85,537,294	1,839,223
Expenditures:				
Current:				
Legislative	143,523	173,023	187,723	(14,700)
Executive	3,336,245	3,784,650	2,953,811	830,839
Finance	1,747,070	1,715,914	1,221,190	494,724
Human Resources	659,848	659,848	385,130	274,718
Information Technology	373,714	680,132	424,943	255,189
Economic Development	1,755,949	2,359,215	1,403,163	956,052
Development Services	3,878,480	4,040,885	3,811,987	228,898
Public Works	3,658,201	4,260,373	3,781,896	478,477
Police	25,987,482	26,508,862	25,769,955	738,907
Parks & Recreation	11,106,735	11,274,902	10,989,062	285,840
Library	3,812,817	4,018,160	3,918,838	99,322
Cultural Services	2,701,790	2,742,690	2,727,844	14,846
General Government	13,642,247	13,757,342	13,620,308	137,034
Capital Outlay	3,126,432	4,185,377	1,923,804	2,261,573
Debt Service				
Interest and debt service costs	254,920	254,920	596,499	(341,579)
Total Expenditures	76,185,453	80,416,293	73,716,153	6,700,140
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,717,749	3,281,778	11,821,141	8,539,363
Other Financing Sources (Uses):				
Transfers In	3,297,801	4,148,321	2,859,590	(1,288,731)
Transfers (Out)	(21,590,779)	(35,066,465)	(21,180,295)	13,886,170
Total Other Financing Sources (Uses)	(18,292,978)	(30,918,144)	(18,320,705)	12,597,439
Net Change in Fund Balance	(9,575,229)	(27,636,366)	(6,499,564)	21,136,802
Fund Balance--Beginning	38,848,978	38,848,978	38,848,978	-
Fund Balance--Ending	\$ 29,273,749	\$ 11,212,612	\$ 32,349,414	\$ 21,136,802

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Urban Renewal Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 12,387,981	\$ 12,387,981	\$ 13,992,607	\$ 1,604,626
Charges for Services	983,000	983,000	912,607	(70,393)
Investment Earnings	50,818	50,818	21,224	(29,594)
Miscellaneous	-	732,000	-	(732,000)
Total Revenues	13,421,799	14,153,799	14,926,438	772,639
Expenditures:				
Current:				
Services	100,000	898,016	1,078,530	(180,514)
School District Fund	983,000	983,000	912,607	70,393
Distribution of Tax Increment Financing	12,051,410	12,051,410	12,602,307	(550,897)
Capital Outlay	-	1,003,000	994,015	8,985
Principal	-	732,000	-	732,000
Interest and debt service costs	80,000	102,000	61,711	40,289
Total Expenditures	13,214,410	15,769,426	15,649,170	120,256
Excess (Deficiency) of Revenues Over (Under) Expenditures	207,389	(1,615,627)	(722,732)	892,895
Other Financing Sources (Uses):				
Transfers In	-	1,482,000	-	(1,482,000)
Transfers (Out)	-	(40,000)	-	40,000
Total Other Financing Sources (Uses)	-	1,442,000	-	(1,442,000)
Net Change in Fund Balance	207,389	(173,627)	(722,732)	(549,105)
Fund Balance--Beginning	1,018,896	1,018,896	1,018,896	-
Fund Balance--Ending	\$ 1,226,285	\$ 845,269	\$ 296,164	\$ (549,105)

See accompanying independent auditors' report.

City of Loveland, Colorado
Transportation
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Licenses and Permits	\$ 257,000	\$ 257,000	\$ 201,314	\$ (55,686)
Intergovernmental	5,461,810	16,234,017	8,990,808	(7,243,209)
Charges for Services	2,928,606	2,928,606	2,896,381	(32,225)
Investment Earnings	-	-	1,662	1,662
Miscellaneous	6,000	106,290	683,187	576,897
Total Revenues	8,653,416	19,525,913	12,773,352	(6,752,561)
Expenditures:				
Current:				
Public Works	13,447,288	17,218,983	19,477,306	(2,258,323)
Capital Outlay	9,486,863	27,874,180	11,657,961	16,216,219
Total Expenditures	22,934,151	45,093,163	31,135,267	13,957,896
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,280,735)	(25,567,250)	(18,361,915)	7,205,335
Other Financing Sources (Uses):				
Transfers In	14,356,659	25,764,748	18,440,644	(7,324,104)
Transfers (Out)	(75,924)	(197,498)	(78,729)	118,769
Total Other Financing Sources (Uses)	14,280,735	25,567,250	18,361,915	(7,205,335)
Net Change in Fund Balance	-	-	-	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Fire Rescue Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Licenses and Permits	\$ 158,370	\$ 188,370	\$ 179,057	\$ (9,313)
Intergovernmental	14,987,659	15,815,854	15,076,906	(738,948)
Charges for Services	855,970	1,206,470	1,486,723	280,253
Investment Earnings	10,000	10,000	85,332	75,332
Miscellaneous	1,574,440	1,790,453	1,892,611	102,158
Total Revenues	17,586,439	19,011,147	18,720,629	(290,518)
Expenditures:				
Current:				
Fire	16,378,985	22,215,384	16,656,580	5,558,804
Capital Outlay	508,451	3,266,119	1,630,968	1,635,151
Principal	-	275,000	274,903	97
Interest and debt service costs	-	366,000	165,782	200,218
Total Expenditures	16,887,436	26,122,503	18,728,233	7,394,270
Excess (Deficiency) of Revenues Over (Under) Expenditures	699,003	(7,111,356)	(7,604)	7,103,752
Other Financing Sources (Uses):				
Transfers In	-	3,002,007	1,964,848	(1,037,159)
Transfers (Out)	-	(130,000)	-	130,000
Capital Lease	-	4,409,200	4,409,200	-
Total Other Financing Sources (Uses)	-	7,281,207	6,374,048	(907,159)
Net Change in Fund Balance	699,003	169,851	6,366,444	6,196,593
Fund Balance--Beginning	2,090,853	2,090,853	2,090,853	-
Fund Balance--Ending	\$ 2,789,856	\$ 2,260,704	\$ 8,457,297	\$ 6,196,593

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)
2018	\$ 114,327	\$ 234,878	\$(120,551)
2017	74,032	101,670	(27,638)
2016	74,032	177,764	(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	-	-	-
2009	-	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

Financial Reporting period ending December 31,	2018	2017	2016	2015
Measurement period ending December 31,	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ -	\$ 7,212	\$ 7,212	\$ 9,256
Interest on the Total Pension Liability	284,838	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	-	0
Benefit Payments	(398,494)	(396,888)	(368,980)	(371,640)
Net Change in Total Pension Liability	(113,656)	448,345	(101,585)	161,364
Total Pension Liability - Beginning	3,993,486	3,545,141	3,646,726	3,485,362
Total Pension Liability - Ending (a)	3,879,830	3,993,486	3,545,141	3,646,726
Plan Fiduciary Net Position				
Employer Contributions	101,670	91,175	101,434	96,210
Pension Plan Net Investment Income	360,131	133,811	51,437	183,273
Benefit Payments	(398,494)	(396,888)	(368,980)	(371,640)
Pension Plan Administrative Expense	(14,890)	(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	48,417	(89,627)	(135,917)	(10,175)
Plan Fiduciary Net Position - Beginning	2,644,400	2,734,027	2,869,944	2,880,119
Plan Fiduciary Net Position - Ending (b)	2,692,817	2,644,400	2,734,027	2,869,944
Net Pension Liability - Ending (a) - (b)	\$ 1,187,013	\$ 1,349,086	\$ 811,114	\$ 776,782
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.41%	66.22%	77.12%	78.70%
Covered Payroll	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	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 four years information is presented.

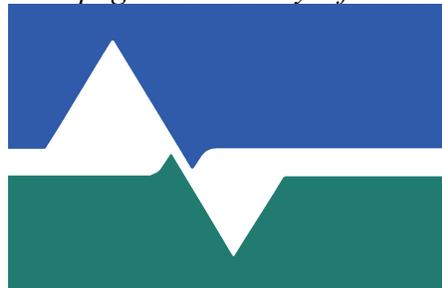
Notes to Required Supplementary Information (RSI)

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 \$99,666,236 were approved during 2018. 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.
- 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.
- For the year ended December 31, 2018 expenditures exceeded budgeted appropriations by \$12,308 for the Lodging Tax fund. This excess in expenditures was due to higher than anticipated personal services due to a mid-year hire. Appropriate measures have been taken to prevent future excesses.

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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, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 2,964	\$ 2,964
Charges for Services	9,300,238	8,720,718	6,891,200	(1,829,518)
Investment Earnings	524,102	505,266	568,391	63,125
Miscellaneous	173,808	927,808	125,595	(802,213)
Total Revenues	9,998,148	10,153,792	7,588,150	(2,565,642)
Expenditures				
Police	-	-	8,445	(8,445)
Parks & Recreation	61,161	961,161	867,329	93,832
General Government	35,000	35,000	10,933	24,067
Capital Outlay	6,478,999	7,354,303	4,583,018	2,771,285
Total Expenditures	6,575,160	8,350,464	5,469,725	2,880,739
Excess (deficiency) of revenues over (under) expenditures	3,422,988	1,803,328	2,118,425	315,097
Other Financing Sources (Uses):				
Transfers (Out)	(8,142,827)	(16,837,152)	(6,456,102)	10,381,050
Total Other Financing Sources (Uses)	(8,142,827)	(16,837,152)	(6,456,102)	10,381,050
Net Change in Fund Balance	(4,719,839)	(15,033,824)	(4,337,677)	10,696,147
Fund Balance--Beginning	41,159,739	41,159,739	41,159,739	-
Fund Balance--Ending	\$ 36,439,900	\$ 26,125,915	\$ 36,822,062	\$ 10,696,147

See accompanying independent auditors' report.

City of Loveland, Colorado
Capital Project Funds
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 151,852	\$ 24,984	\$ (126,868)
Investment Earnings	-	-	140,007	140,007
Miscellaneous	9,000,000	18,820,212	1,043	(18,819,169)
Total Revenues	9,000,000	18,972,064	166,034	(18,806,030)
Expenditures				
Information Technology	-	5,891,570	1,002,250	4,889,320
Economic Development	-	21,305	-	21,305
Public Works	1,025,000	543,052	385,084	157,968
Police	-	1,427,174	474,117	953,057
Fire	-	39,647	-	39,647
Parks & Recreation	-	99,549	79,125	20,424
Capital Outlay	19,871,500	35,770,120	10,744,832	25,025,288
Total Expenditures	20,896,500	43,792,417	12,685,408	31,107,009
Excess (deficiency) of revenues over (under) expenditures	(11,896,500)	(24,820,353)	(12,519,374)	12,300,979
Other Financing Sources (Uses):				
Transfers In	12,187,363	25,023,912	4,976,855	(20,047,057)
Transfers (Out)	(290,863)	(286,263)	(14,764)	271,499
Total Other Financing Sources (Uses)	11,896,500	24,737,649	4,962,091	(19,775,558)
Net Change in Fund Balance	-	(82,704)	(7,557,283)	(7,474,579)
Fund Balance--Beginning	9,801,816	9,801,816	9,801,816	-
Fund Balance--Ending	\$ 9,801,816	\$ 9,719,112	\$ 2,244,533	\$ (7,474,579)

See accompanying independent auditors' report.

Non-Major Govt. 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.

COMMUNITY HOUSING DEVELOPMENT—to account for proceeds from land owner agreements upon sale of affordable housing residencies.

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.

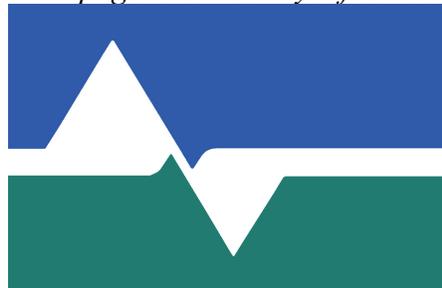
FIBER NETWORK—to account for funding used for improvements and maintenance of the fiber network city-wide.

DOWNTOWN DEVELOPMENT AUTHORITY—to account for funding to aid in the development and redevelopment of properties within the boundaries of the Authority.

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, 2018

SPECIAL REVENUE

	General Improvement District #1	Conservation Trust	Community Development Block Grant	Larimer County Open Space	Downtown Development Authority	Loveland/ Larimer Building Authority
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	-
Equity in Pooled Cash	29,260	-	21,139	1,360,874	116,686	34,890
Equity in Pooled Investments	124,406	3,820,649	-	6,522,799	4,183	-
Receivables (Net):						
Taxes	41,897	-	-	501,088	59,250	-
Accounts	-	-	-	-	-	-
Grants	-	34,855	30,266	83,017	-	-
Accrued Interest	596	15,121	-	24,548	193	-
Inventory	-	-	-	-	-	-
Restricted Assets:						
Equity in Pooled Restricted Cash	-	500,000	-	1,231,849	-	-
Total Assets	196,159	4,370,625	51,405	9,724,175	180,312	34,890
LIABILITIES						
Accounts Payable	-	27,395	49,275	26,652	-	28,763
Accrued Liabilities	-	5,683	2,130	19,791	-	6,127
Total Liabilities	-	33,078	51,405	46,443	-	34,890
DEFERRED INFLOWS OF RESOURCES						
Unavailable Grant Revenue	-	34,855	-	83,017	-	-
Deferred Property Taxes	41,455	-	-	-	59,250	-
Total Deferred Inflows of Resources	41,455	34,855	-	83,017	59,250	-
Total Liabilities and Deferred Inflows of Resources	41,455	67,933	51,405	129,460	59,250	34,890
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	4,302,692	-	9,594,715	121,062	-
Committed	154,704	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total Fund Balances	154,704	4,302,692	-	9,594,715	121,062	-
Total Liabilities and Fund Balances	\$ 196,159	\$ 4,370,625	\$ 51,405	\$ 9,724,175	\$ 180,312	\$ 34,890

See accompanying independent auditors' report.

SPECIAL REVENUE					CAPITAL PROJECTS	PERMANENT FUND	
Community Housing Development	Police Seizures & Forfeitures	Lodging Tax	Peg Fee	Fiber Network	Parks & Recreation Improvement	Perpetual Care	Total
\$ -	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ 300
436,128	-	486,386	72,489	6	-	1,895	2,559,753
466,264	47,221	3,164	223,726	500,799	1,316,718	3,037,268	16,067,197
-	-	47,612	20,149	-	-	-	669,996
-	-	4,544	-	25,000	-	-	29,544
-	-	3,250	-	-	-	-	151,388
3,354	161	23	1,011	1,875	6,040	10,764	63,686
-	-	18,841	-	-	-	-	18,841
-	-	-	-	-	368,479	-	2,100,328
905,746	47,382	564,120	317,375	527,680	1,691,237	3,049,927	21,661,033
8,747	-	32,180	-	5,655	13,464	-	192,131
-	-	13,915	-	-	-	-	47,646
8,747	-	46,095	-	5,655	13,464	-	239,777
-	-	3,250	-	-	-	-	121,122
-	-	-	-	-	-	-	100,705
-	-	3,250	-	-	-	-	221,827
8,747	-	49,345	-	5,655	13,464	-	461,604
-	-	18,841	-	-	-	1,139,118	1,157,959
-	47,382	495,934	-	-	-	-	14,561,785
896,999	-	-	317,375	-	-	-	1,369,078
-	-	-	-	522,025	1,677,773	1,910,809	4,110,607
896,999	47,382	514,775	317,375	522,025	1,677,773	3,049,927	21,199,429
\$ 905,746	\$ 47,382	\$ 564,120	\$ 317,375	\$ 527,680	\$ 1,691,237	\$ 3,049,927	\$ 21,661,033

City of Loveland, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2018

SPECIAL REVENUE

	General Improvement District #1	Conservation Trust	Community Development Block Grant	Larimer County Open Space	Downtown Development Authority	Loveland/ Larimer Building Authority
Revenues:						
Taxes	\$ 50,073	\$ -	\$ -	\$ 2,755,981	\$ 121,000	\$ -
Intergovernmental	-	866,395	245,002	61,524	-	662,947
Charges for Services	-	-	-	-	-	-
Investment Earnings	1,803	51,379	-	45,140	62	-
Miscellaneous	-	-	1,998	100,064	-	-
Total Revenues	51,876	917,774	247,000	2,962,709	121,062	662,947
Expenditures:						
Current:						
Executive	-	-	247,000	-	-	-
Information Technology	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	646,949
Parks & Recreation	-	292,311	-	966,435	-	15,998
General Government	14,799	-	-	-	-	-
Capital Outlay	-	202,803	-	144,980	-	-
Total Expenditures	14,799	495,114	247,000	1,111,415	-	662,947
Excess (Deficiency) of Revenues Over Expenditures	37,077	422,660	-	1,851,294	121,062	-
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balance	37,077	422,660	-	1,851,294	121,062	-
Fund Balances--Beginning	117,627	3,880,032	-	7,743,421	-	-
Fund Balances--Ending	\$ 154,704	\$ 4,302,692	\$ -	\$ 9,594,715	\$ 121,062	\$ -

See accompanying independent auditors' report.

SPECIAL REVENUE						CAPITAL PROJECTS	PERMANENT FUND	
Community Housing Development	Police Seizures & Forfeitures	Lodging Tax	Peg Fee	Fiber Network	Parks & Recreation Improvement	Perpetual Care	Total	
\$ -	\$ -	\$ 937,950	\$ 105,179	\$ 102,289	\$ -	\$ -	\$ 4,072,472	
-	-	-	-	-	-	-	1,835,868	
-	-	-	-	-	49,330	76,700	126,030	
7,785	674	3,782	2,508	7,327	24,254	42,757	187,471	
75,839	-	135,360	-	-	6,750	-	320,011	
83,624	674	1,077,092	107,687	109,616	80,334	119,457	6,541,852	
121,996	-	-	-	-	-	-	368,996	
-	-	-	7,182	102,279	-	-	109,461	
-	-	1,097,796	-	-	-	-	1,097,796	
-	-	-	-	-	-	-	646,949	
-	-	-	-	-	13,463	-	1,288,207	
-	-	-	-	-	-	-	14,799	
-	-	-	-	-	24,135	-	371,918	
121,996	-	1,097,796	7,182	102,279	37,598	-	3,898,126	
(38,372)	674	(20,704)	100,505	7,337	42,736	119,457	2,643,726	
552,630	-	-	-	-	-	-	552,630	
-	-	(27,000)	-	-	-	-	(27,000)	
552,630	-	(27,000)	-	-	-	-	525,630	
514,258	674	(47,704)	100,505	7,337	42,736	119,457	3,169,356	
382,741	46,708	562,479	216,870	514,688	1,635,037	2,930,470	18,030,073	
\$ 896,999	\$ 47,382	\$ 514,775	\$ 317,375	\$ 522,025	\$ 1,677,773	\$ 3,049,927	\$ 21,199,429	

City of Loveland, Colorado
General Improvement District #1
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 44,832	\$ 44,832	\$ 50,073	\$ 5,241
Investment Earnings	500	500	1,803	1,303
Total Revenues	45,332	45,332	51,876	6,544
Expenditures:				
Current:				
General Government	22,500	22,500	14,799	7,701
Total Expenditures	22,500	22,500	14,799	7,701
Net Change in Fund Balance	22,832	22,832	37,077	14,245
Fund Balance--Beginning	117,627	117,627	117,627	-
Fund Balance--Ending	\$ 140,459	\$ 140,459	\$ 154,704	\$ 14,245

See accompanying independent auditors' report.

City of Loveland, Colorado
Conservation Trust
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,263,140	\$ 1,685,580	\$ 866,395	\$ (819,185)
Investment Earnings	46,134	46,134	51,379	5,245
Total Revenues	1,309,274	1,731,714	917,774	(813,940)
Expenditures:				
Current:				
Parks & Recreation	402,446	427,640	292,311	135,329
Capital Outlay	205,000	2,130,524	202,803	1,927,721
Total Expenditures	607,446	2,558,164	495,114	2,063,050
Net Change in Fund Balance	701,828	(826,450)	422,660	1,249,110
Fund Balance--Beginning	3,880,032	3,880,032	3,880,032	-
Fund Balance--Ending	\$ 4,581,860	\$ 3,053,582	\$ 4,302,692	\$ 1,249,110

See accompanying independent auditors' report.

City of Loveland, Colorado
Community Development Block Grant
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 316,186	\$ 816,279	\$ 245,002	\$ (571,277)
Miscellaneous	-	-	1,998	1,998
Total Revenues	316,186	816,279	247,000	(569,279)
Expenditures:				
Current:				
Executive	316,186	816,279	247,000	569,279
Total Expenditures	316,186	816,279	247,000	569,279
Net Change in Fund Balance	-	-	-	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

City of Loveland, Colorado
Larimer County Open Space
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 2,553,519	\$ 2,553,519	\$ 2,755,981	\$ 202,462
Intergovernmental	148,429	296,859	61,524	(235,335)
Investment Earnings	70,143	70,143	45,140	(25,003)
Miscellaneous	48,415	48,415	100,064	51,649
Total Revenues	2,820,506	2,968,936	2,962,709	(6,227)
Expenditures:				
Parks & Recreation	1,043,772	1,255,120	966,435	288,685
Capital Outlay	360,000	1,931,929	144,980	1,786,949
Total Expenditures	1,403,772	3,187,049	1,111,415	2,075,634
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,416,734	(218,113)	1,851,294	2,069,407
Other Financing Sources (Uses):				
Transfers (Out)	(364,600)	(4,600)	-	4,600
Total Other Financing Sources (Uses)	(364,600)	(4,600)	-	4,600
Net Change in Fund Balance	1,052,134	(222,713)	1,851,294	2,074,007
Fund Balance--Beginning	7,743,421	7,743,421	7,743,421	-
Fund Balance--Ending	\$ 8,795,555	\$ 7,520,708	\$ 9,594,715	\$ 2,074,007

See accompanying independent auditors' report.

City of Loveland, Colorado
Downtown Development Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ -	\$ 121,000	\$ 121,000	\$ -
Investment Earnings	-	62	62	-
Total Revenues	-	121,062	121,062	-
Net Change in Fund Balance	-	121,062	121,062	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ 121,062	\$ 121,062	\$ -

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Larimer Building Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 689,180	\$ 689,180	\$ 662,947	\$ (26,233)
Total Revenues	689,180	689,180	662,947	(26,233)
Expenditures:				
Current:				
Public Works	671,680	671,680	646,949	24,731
Parks & Recreation	17,500	17,500	15,998	1,502
Total Expenditures	689,180	689,180	662,947	26,233
Net Change in Fund Balance	-	-	-	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

City of Loveland, Colorado
Community Housing Development
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Investment Earnings	\$ -	\$ 5,800	\$ 7,785	\$ 1,985
Miscellaneous	-	-	75,839	75,839
Total Revenues	-	5,800	83,624	77,824
Expenditures:				
Executive	557,239	945,724	121,996	823,728
Total Expenditures	557,239	945,724	121,996	823,728
Excess (Deficiency) of Revenues Over (Under) Expenditures	(557,239)	(939,924)	(38,372)	901,552
Other Financing Sources (Uses):				
Transfers In	557,239	557,239	552,630	(4,609)
Total Other Financing Sources (Uses)	557,239	557,239	552,630	(4,609)
Net Change in Fund Balance	-	(382,685)	514,258	896,943
Fund Balance--Beginning	382,741	382,741	382,741	-
Fund Balance--Ending	\$ 382,741	\$ 56	\$ 896,999	\$ 896,943

See accompanying independent auditors' report.

City of Loveland, Colorado
Police Seizures & Forfeitures
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Investment Earnings	\$ -	\$ 674	\$ 674	\$ -
Total Revenues	-	674	674	-
Net Change in Fund Balance	-	674	674	-
Fund Balance--Beginning	46,708	46,708	46,708	-
Fund Balance--Ending	\$ 46,708	\$ 47,382	\$ 47,382	-

See accompanying independent auditors' report.

City of Loveland, Colorado
Lodging Tax
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 867,258	\$ 867,258	\$ 937,950	\$ 70,692
Investment Earnings	7,239	7,239	3,782	(3,457)
Miscellaneous	65,626	65,626	135,360	69,734
Total Revenues	940,123	940,123	1,077,092	136,969
Expenditures:				
Economic Development	972,488	1,085,488	1,097,796	(12,308)
Total Expenditures	972,488	1,085,488	1,097,796	(12,308)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,365)	(145,365)	(20,704)	124,661
Other Financing Sources (Uses):				
Transfers (Out)	(25,000)	(32,000)	(27,000)	5,000
Total Other Financing Sources (Uses)	(25,000)	(32,000)	(27,000)	5,000
Net Change in Fund Balance	(57,365)	(177,365)	(47,704)	129,661
Fund Balance--Beginning	562,479	562,479	562,479	-
Fund Balance--Ending	\$ 505,114	\$ 385,114	\$ 514,775	\$ 129,661

See accompanying independent auditors' report.

City of Loveland, Colorado
Peg Fee
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 78,000	\$ 78,000	\$ 105,179	\$ 27,179
Investment Earnings	4,615	4,615	2,508	(2,107)
Total Revenues	82,615	82,615	107,687	25,072
Expenditures:				
Current:				
Information Technology	100,000	100,000	7,182	92,818
Capital Outlay:				
Capital Outlay	90,000	90,000	-	90,000
Total Expenditures	190,000	190,000	7,182	182,818
Net Change in Fund Balance	(107,385)	(107,385)	100,505	207,890
Fund Balance--Beginning	216,870	216,870	216,870	-
Fund Balance--Ending	\$ 109,485	\$ 109,485	\$ 317,375	\$ 207,890

See accompanying independent auditors' report.

City of Loveland, Colorado
Fiber Network
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 80,000	\$ 80,000	\$ 102,289	\$ 22,289
Investment Earnings	7,903	7,903	7,327	(576)
Total Revenues	87,903	87,903	109,616	21,713
Expenditures:				
Information Technology	100,000	193,820	102,279	91,541
Capital Outlay	-	20,615	-	20,615
Total Expenditures	100,000	214,435	102,279	112,156
Net Change in Fund Balance	(12,097)	(126,532)	7,337	133,869
Fund Balance--Beginning	514,688	514,688	514,688	-
Fund Balance--Ending	\$ 502,591	\$ 388,156	\$ 522,025	\$ 133,869

See accompanying independent auditors' report.

City of Loveland, Colorado
Parks & Recreation Improvement
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 360	\$ 360	\$ -	\$ (360)
Charges for Services	53,902	53,902	49,330	(4,572)
Investment Earnings	24,203	24,203	24,254	51
Miscellaneous	-	-	6,750	6,750
Total Revenues	78,465	78,465	80,334	1,869
Expenditures:				
Parks & Recreation	-	-	13,463	(13,463)
Capital Outlay	300,000	657,416	24,135	633,281
Total Expenditures	300,000	657,416	37,598	619,818
Excess (Deficiency) of Revenues Over (Under) Expenditures	(221,535)	(578,951)	42,736	621,687
Other Financing Sources (Uses):				
Transfers (Out)	(105,500)	(105,500)	-	105,500
Total Other Financing Sources (Uses)	(105,500)	(105,500)	-	105,500
Net Change in Fund Balance	(327,035)	(684,451)	42,736	727,187
Fund Balance--Beginning	1,635,037	1,635,037	1,635,037	-
Fund Balance--Ending	\$ 1,308,002	\$ 950,586	\$ 1,677,773	\$ 727,187

See accompanying independent auditors' report.

City of Loveland, Colorado
Perpetual Care
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 62,583	\$ 62,583	\$ 76,700	\$ 14,117
Investment Earnings	73,060	73,060	42,757	(30,303)
Total Revenues	135,643	135,643	119,457	(16,186)
Net Change in Fund Balance	135,643	135,643	119,457	(16,186)
Fund Balance--Beginning	2,930,470	2,930,470	2,930,470	-
Fund Balance--Ending	\$ 3,066,113	\$ 3,066,113	\$ 3,049,927	\$ (16,186)

See accompanying independent auditors' report.

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 REPLACEMENT & MANAGEMENT—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, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 15,882,778	\$ 15,882,778	\$ 16,195,497	\$ 312,719
Cash in Lieu of Water Rights	527,084	527,084	506,459	(20,625)
Miscellaneous	961,773	1,529,871	1,425,649	(104,222)
Investment Earnings	493,380	493,380	464,659	(28,721)
System Impact/Development Fees	3,418,203	3,418,203	2,689,782	(728,421)
Raw Water Development Fees	545,524	545,524	837,182	291,658
Transfers In	751,026	751,026	750,000	(1,026)
Aid to Construction	3,056,400	3,056,400	-	(3,056,400)
Capital Grant Contributions	-	-	3,514	3,514
Total Revenues	25,636,168	26,204,266	22,872,742	(3,331,524)
Expenditures:				
Personal Services	5,483,175	5,483,175	4,988,230	494,945
Supplies	3,526,260	2,369,340	1,167,672	1,201,668
Purchased Services	6,229,467	5,457,872	4,484,818	973,054
Payment for Services	1,111,790	1,111,790	1,136,667	(24,877)
Transfers (Out)	927,250	2,134,079	314,820	1,819,259
Capital Acquisitions	13,974,690	17,308,104	6,007,452	11,300,652
Bond Expenses	620,000	620,000	1,575	618,425
Total Expenditures	31,872,632	34,484,360	18,101,234	16,383,126
Net Change in Fund Balance	(6,236,464)	(8,280,094)	4,771,508	13,051,602

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	5,800
Contributed Assets	2,043,878
Depreciation	(4,096,999)
Loss on Sale of Capital Asset	(264,319)
Capital Acquisition	6,007,452
Statement Total	<u>\$ 8,467,320</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Waste Water
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 13,020,470	\$ 13,020,470	\$ 13,037,921	\$ 17,451
Miscellaneous	996,475	996,475	55,320	(941,155)
Investment Earnings	177,810	177,810	330,920	153,110
System Impact/Development Fees	2,145,526	2,145,526	1,852,689	(292,837)
Transfers In	170	170	-	(170)
Bond Proceeds	-	24,351,000	-	(24,351,000)
Total Revenues	16,340,451	40,691,451	15,276,850	(25,414,601)
Expenditures:				
Personal Services	4,063,030	4,063,030	3,797,693	265,337
Supplies	1,887,206	957,771	764,484	193,287
Purchased Services	4,110,770	4,002,915	3,113,206	889,709
Payment for Services	910,940	910,940	914,659	(3,719)
Transfers (Out)	176,800	1,624,956	514,192	1,110,764
Capital Acquisitions	13,561,610	42,520,685	26,231,920	16,288,765
Interest Expense	-	-	29,410	(29,410)
Bond Expenses	138,225	138,225	542,793	(404,568)
Total Expenditures	24,848,581	54,218,522	35,908,357	18,310,165
Net Change in Fund Balance	(8,508,130)	(13,527,071)	(20,631,507)	(7,104,436)

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:			
Gain on Sale of Capital Asset			19,250
Contributed Assets			3,045,565
Depreciation			(2,156,873)
Loss on Sale of Capital Asset			(33,969)
Capital Acquisition			26,231,920
Statement Total			\$ 6,474,386

See accompanying independent auditors' report.

City of Loveland, Colorado
Stormwater
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 6,511,680	\$ 6,511,680	\$ 6,958,015	\$ 446,335
Miscellaneous	31,373	31,373	40,862	9,489
Investment Earnings	109,320	109,320	166,478	57,158
System Impact/Development Fees	366,790	366,790	322,204	(44,586)
Transfers In	-	-	550	550
Capital Grant Contributions	-	-	1,285	1,285
Total Revenues	7,019,163	7,019,163	7,489,394	470,231
Expenditures:				
Personal Services	1,753,018	1,743,018	1,619,917	123,101
Supplies	508,894	85,586	77,834	7,752
Purchased Services	1,693,937	1,768,900	1,430,499	338,401
Payment for Services	455,820	455,820	487,791	(31,971)
Transfers (Out)	190,600	623,908	205,702	418,206
Capital Acquisitions	4,662,000	7,407,315	2,073,404	5,333,911
Total Expenditures	9,264,269	12,084,547	5,895,147	6,189,400
Net Change in Fund Balance	(2,245,106)	(5,065,384)	1,594,247	6,659,631

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	89,240
Contributed Assets	1,658,372
Depreciation	(1,311,781)
Capital Acquisition	2,073,404
Statement Total	<u>\$ 4,103,482</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Power
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 65,420,510	\$ 65,420,510	\$ 65,489,477	\$ 68,967
Miscellaneous	1,180,230	1,220,230	1,412,682	192,452
Investment Earnings	270,770	270,770	291,829	21,059
System Impact/Development Fees	3,115,360	3,115,360	3,216,912	101,552
Transfers In	795,040	795,040	-	(795,040)
Aid to Construction	1,840,000	1,840,000	2,513,269	673,269
Capital Grant Contributions	426,000	426,000	17,643	(408,357)
Total Revenues	73,047,910	73,087,910	72,941,812	(146,098)
Expenditures:				
Personal Services	4,708,581	4,708,581	4,044,011	664,570
Supplies	3,333,616	755,858	658,316	97,542
Purchased Services	6,916,669	10,568,048	5,522,565	5,045,483
Purchased Power	44,079,146	44,079,146	44,596,397	(517,251)
Payment for Services	4,579,440	4,579,440	4,564,369	15,071
Transfers (Out)	211,985	2,980,118	813,024	2,167,094
Capital Acquisitions	11,751,090	19,683,351	12,963,182	6,720,169
Total Expenditures	75,580,527	87,354,542	73,161,864	14,192,678
Net Change in Fund Balance	(2,532,617)	(14,266,632)	(220,052)	14,046,580

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:	
Gain on Sale of Capital Asset	72,246
Contributed Assets	914,525
Depreciation	(4,840,381)
Loss on Sale of Capital Asset	(226,760)
Capital Acquisition	12,963,182
Statement Total	\$ 8,662,760

See accompanying independent auditors' report.

City of Loveland, Colorado
Refuse
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 7,724,710	\$ 7,724,710	\$ 8,074,468	\$ 349,758
Miscellaneous	(6,150)	(6,150)	-	6,150
Investment Earnings	5,000	5,000	58,760	53,760
Total Revenues	7,723,560	7,723,560	8,133,228	409,668
Expenditures:				
Personal Services	2,711,163	2,629,949	2,408,605	221,344
Supplies	1,220,310	281,483	232,721	48,762
Purchased Services	3,333,591	3,407,475	3,163,126	244,349
Payment for Services	504,146	504,146	545,715	(41,569)
Transfers (Out)	-	1,080,000	247,490	832,510
Capital Acquisitions	302,700	1,691,156	459,037	1,232,119
Total Expenditures	8,071,910	9,594,209	7,056,694	2,537,515
Net Change in Fund Balance	(348,350)	(1,870,649)	1,076,534	2,947,183

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:			
Gain on Sale of Capital Asset		47,885	
Depreciation		(893,635)	
Loss on Sale of Capital Asset		(6,133)	
Capital Acquisition		459,037	
Statement Total		<u>\$ 683,688</u>	

See accompanying independent auditors' report.

City of Loveland, Colorado
Golf
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 3,943,391	\$ 3,943,391	\$ 3,821,134	\$ (122,257)
Miscellaneous	-	-	308	308
Investment Earnings	49,478	49,478	46,475	(3,003)
Total Revenues	3,992,869	3,992,869	3,867,917	(124,952)
Expenditures:				
Personal Services	2,243,797	2,243,797	2,067,792	176,005
Supplies	646,117	647,286	503,934	143,352
Purchased Services	671,939	734,941	716,260	18,681
Capital Acquisitions	979,134	914,963	22,329	892,634
Total Expenditures	4,540,987	4,540,987	3,310,315	1,230,672
Net Change in Fund Balance	(548,118)	(548,118)	557,602	1,105,720

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

Gain on Sale of Capital Asset	250
Depreciation	(381,393)
Capital Acquisition	22,329
Statement Total	<u>\$ 198,788</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Combining Statement of Net Position
Internal Service
December 31, 2018

	Fleet Replacement	Fleet Management	Risk & Insurance	Employee Benefits	Totals
ASSETS					
Current Assets:					
Equity in Pooled Cash	\$ 1,834,088	\$ 249,197	\$ 327,736	\$ 3,482,995	\$ 5,894,016
Equity in Pooled Investments	5,931,755	77,897	6,070,012	7,354,898	19,434,562
Receivables, Net	29,440	2,882	-	450,151	482,473
Accrued Interest	21,788	1,261	22,427	42,459	87,935
Inventory, at Cost	-	424,558	-	-	424,558
Total Current Assets	7,817,071	755,795	6,420,175	11,330,503	26,323,544
Noncurrent Assets:					
Interfund Loan Receivable	367,288	-	-	-	367,288
Restricted Assets:					
Equity in Pooled Restricted Cash	-	-	-	378,317	378,317
Total Restricted Assets	-	-	-	378,317	378,317
Property, Plant & Equipment:					
Land	209,516	-	-	-	209,516
Buildings	1,976,509	-	-	-	1,976,509
Equipment	13,180,791	163,404	-	-	13,344,195
Total Property, Plant & Equipment	15,366,816	163,404	-	-	15,530,220
Accumulated Depreciation	(9,483,464)	(60,869)	-	-	(9,544,333)
Net Property, Plant & Equipment	5,883,352	102,535	-	-	5,985,887
Total Non-Current Assets	6,250,640	102,535	-	378,317	6,731,492
Total Assets	14,067,711	858,330	6,420,175	11,708,820	33,055,036
LIABILITIES					
Current Liabilities:					
Accounts Payable	123,660	107,241	764,787	403,552	1,399,240
Accrued Liabilities	-	58,654	13,606	764,000	836,260
Compensated Absences	-	118,641	9,843	-	128,484
Total Current Liabilities	123,660	284,536	788,236	1,167,552	2,363,984
Compensated Absences	-	97,070	8,053	-	105,123
Total Liabilities	123,660	381,606	796,289	1,167,552	2,469,107
NET POSITION					
Net Investment in Capital Assets	5,883,352	102,535	-	-	5,985,887
Restricted	-	-	-	378,317	378,317
Unrestricted	8,060,699	374,189	5,623,886	10,162,951	24,221,725
Total Net Position	\$ 13,944,051	\$ 476,724	\$ 5,623,886	\$ 10,541,268	\$ 30,585,929

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, 2018

	Fleet Replacement	Fleet Management	Risk & Insurance	Employee Benefits	Totals
Operating Revenues:					
Charges for Services	\$ 2,269,480	\$ 4,910,859	\$ 2,973,879	\$ 14,834,831	\$ 24,989,049
Miscellaneous	885	10,969	183,069	53,784	248,707
Total Operating Revenues	2,270,365	4,921,828	3,156,948	14,888,615	25,237,756
Operating Expenses:					
Personal Services	-	1,764,671	466,818	4,378	2,235,867
Supplies	21,409	2,121,319	5,623	90,907	2,239,258
Purchased Services	-	805,983	2,041,877	11,011,473	13,859,333
Depreciation	1,085,199	16,685	-	-	1,101,884
Total Operating Expenses	1,106,608	4,708,658	2,514,318	11,106,758	19,436,342
Net Operating Income (loss)	1,163,757	213,170	642,630	3,781,857	5,801,414
Nonoperating Revenues (Expenses):					
Investment Earnings	68,067	2,585	75,752	98,888	245,292
Gain (Loss) on Sale of Capital Assets	87,787	-	-	-	87,787
Total Nonoperating Revenues (Expenses)	155,854	2,585	75,752	98,888	333,079
Net Income (Loss) Before Transfers	1,319,611	215,755	718,382	3,880,745	6,134,493
Contributed Assets	11,500	-	-	-	11,500
Transfers In	307,000	-	-	-	307,000
Change in Net Position	1,638,111	215,755	718,382	3,880,745	6,452,993
Total Net Position - Beginning	12,305,940	260,969	4,905,504	6,660,523	24,132,936
Total Net Position - Ending	\$ 13,944,051	\$ 476,724	\$ 5,623,886	\$ 10,541,268	\$ 30,585,929

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, 2018

	Fleet Replacement	Fleet Management	Risk & Insurance	Employee Benefits	Totals
Cash Flows from Operating Activities:					
Cash Received from Interfund Services	\$ 2,219,539	\$ 4,927,349	\$ 2,982,572	\$ 15,038,837	\$ 25,168,297
Cash Payments for Goods and Services	101,962	(2,976,076)	(2,158,293)	(10,878,091)	(15,910,498)
Cash Payments to Employees	-	(1,779,122)	(478,848)	557,918	(1,700,052)
Miscellaneous	23,107	10,969	183,067	53,786	270,929
Net Cash Provided by Operating Activities	2,344,608	183,120	528,498	4,772,450	7,828,676
Cash Flows from Non-Capital Financing Activities:					
Transfers In	307,000	-	-	-	307,000
Net Cash Provided (Used) by Noncapital Financing Activities	307,000	-	-	-	307,000
Cash Flows from Capital and Related Financing Activities:					
Proceeds on Sale of Capital Assets	87,788	-	-	-	87,788
Payments for Capital Acquisition	(1,814,401)	-	-	-	(1,814,401)
Debt Principal Proceeds	45,551	-	-	-	45,551
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,681,062)	-	-	-	(1,681,062)
Cash Flows from Investing Activities:					
Purchase of Investments	(968,090)	(55,064)	(1,021,275)	(1,476,848)	(3,521,277)
Proceeds from Sale of Investments	-	-	-	-	-
Investment Earnings	91,328	4,994	95,963	152,965	345,250
Net Cash Flows Provided (Used) by Investing Activities	(876,762)	(50,070)	(925,312)	(1,323,883)	(3,176,027)
Net Increase (Decrease) in Cash and Cash Equivalents	93,784	133,050	(396,814)	3,448,567	3,278,587
Cash and Cash Equivalents - Jan. 1	1,740,304	116,147	724,550	412,745	2,993,746
Cash and Cash Equivalents--Dec. 31	1,834,088	249,197	327,736	3,861,312	6,272,333
Reconciliation of Operating Income (Loss) to Net Operating Income (Loss)					
Operating Income (Loss)	1,163,757	213,170	642,630	3,781,857	5,801,414
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,085,199	16,685	-	-	1,101,884
(Increase) Decrease in Accounts Receivable	(27,718)	16,490	8,693	766,350	763,815
(Increase) Decrease in Inventory	-	(71,140)	-	-	(71,140)
Increase (Decrease) in Current Liabilities	123,370	7,915	(122,825)	224,243	232,703
Total Adjustments	1,180,851	(30,050)	(114,132)	990,593	2,027,262
Net Cash Provided by Operating Activities	\$ 2,344,608	\$ 183,120	\$ 528,498	\$ 4,772,450	\$ 7,828,676
Noncash Investing, Capital and Financing Activities:					
Contributed Assets	\$ 11,500	\$ -	\$ -	\$ -	\$ 11,500
Unrealized Loss on Investments	(31,088)	(3,220)	(27,003)	(73,034)	(134,345)
Reconciliation of cash and cash equivalents to statement of net position:					
Cash and cash equivalents	1,834,088	249,197	327,736	3,482,995	5,894,016
Restricted Assets - cash and cash equivalents	-	-	-	378,317	378,317
Total	\$ 1,834,088	\$ 249,197	\$ 327,736	\$ 3,861,312	\$ 6,272,333

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, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 2,376,012	\$ 2,376,012	\$ 2,269,480	\$ (106,532)
Miscellaneous	-	-	885	885
Investment Earnings	-	-	68,067	68,067
Transfers In	157,000	613,681	307,000	(306,681)
Total Revenues	2,533,012	2,989,693	2,645,432	(344,261)
Expenditures:				
Supplies	-	-	21,409	(21,409)
Capital Acquisitions	1,879,620	3,030,433	1,814,401	1,216,032
Total Expenditures	1,879,620	3,030,433	1,835,810	1,194,623
Net Change in Fund Balance	653,392	(40,740)	809,622	850,362

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	87,787
Contributed Assets	11,500
Depreciation	(1,085,199)
Capital Acquisitions	1,814,401
Statement Total	<u>\$ 1,638,111</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Fleet Management
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 5,634,998	\$ 5,634,998	\$ 4,910,859	\$ (724,139)
Miscellaneous	62,600	62,600	10,969	(51,631)
Investment Earnings	-	-	2,585	2,585
Total Revenues	5,697,598	5,697,598	4,924,413	(773,185)
Expenditures:				
Personal Services	1,837,184	1,837,184	1,764,671	72,513
Supplies	2,460,097	2,482,647	2,121,319	361,328
Purchased Services	916,104	912,104	805,983	106,121
Capital Acquisitions	90,000	71,450	-	71,450
Total Expenditures	5,303,385	5,303,385	4,691,973	611,412
Net Change in Fund Balance	394,213	394,213	232,440	(161,773)

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Depreciation	(16,685)
Statement Total	<u>\$ 215,755</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Risk & Insurance
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 3,132,705	\$ 3,132,705	\$ 2,973,879	\$ (158,826)
Miscellaneous	-	-	183,069	183,069
Investment Earnings	70,778	70,778	75,752	4,974
Total Revenues	3,203,483	3,203,483	3,232,700	29,217
Expenditures:				
Personal Services	481,975	481,975	466,818	15,157
Supplies	10,350	8,850	5,623	3,227
Purchased Services	2,661,212	4,368,003	2,041,877	2,326,126
Total Expenditures	3,153,537	4,858,828	2,514,318	2,344,510
Net Change in Fund Balance	49,946	(1,655,345)	718,382	2,373,727

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Statement Total	<u>\$ 718,382</u>
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See accompanying independent auditors' report.

City of Loveland, Colorado
Employee Benefits
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 15,771,527	\$ 15,771,527	\$ 14,834,831	\$ (936,696)
Miscellaneous	72,000	72,000	53,784	(18,216)
Investment Earnings	58,985	58,985	98,888	39,903
Total Revenues	15,902,512	15,902,512	14,987,503	(915,009)
Expenditures:				
Personal Services	16,750	16,750	4,378	12,372
Supplies	141,500	127,500	90,907	36,593
Purchased Services	15,588,600	15,611,960	11,011,473	4,600,487
Total Expenditures	15,746,850	15,756,210	11,106,758	4,649,452
Net Change in Fund Balance	155,662	146,302	3,880,745	3,734,443

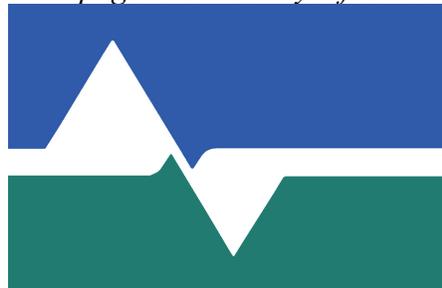
Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Statement Total \$ 3,880,745

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, 2018

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Special Assessments	\$ 482,250	\$ 482,250	\$ 489,619	\$ 7,369
Interest	5,000	5,000	9,808	4,808
Total Revenues	487,250	487,250	499,427	12,177
Expenditures:				
General Administration	10,000	10,000	3,139	6,861
Bond Principal	300,000	375,000	365,000	10,000
Bond Interest	179,350	179,350	156,683	22,667
Trustee Fees	650	650	300	350
Total Expenditures	490,000	565,000	525,122	39,878
Net Change in Fund Balance	(2,750)	(77,750)	(25,695)	52,055
Fund Balance--Beginning	-	-	456,657	456,657
Fund Balance--Ending	\$ (2,750)	\$ (77,750)	\$ 430,962	\$ 508,712
Reconciliation to Statement of Changes in				
Assets and Liabilities				
Accounts Payable			328	
Balance, December 31, 2018			<u>\$ 431,290</u>	

See accompanying independent auditors' report.

City of Loveland, Colorado

**Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2018**

	<u>Special Improvement District No. 1</u>		Total
	Debt Service Reserve	Bond Fund Principal Account	
ASSETS			
Investments, at Fair Value:			
Equity in Pooled Cash and Cash Equivalents	\$ 337,158	\$ 19,183	\$ 356,341
Equity in Pooled Investments	58,793	14,569	73,362
Accrued Interest	-	1,587	1,587
Total Assets	\$ 395,951	\$ 35,339	\$ 431,290
LIABILITIES			
Due to Improvement District	\$ 395,951	\$ 35,011	\$ 430,962
Accounts Payable	-	328	328
Total Liabilities	\$ 395,951	\$ 35,339	\$ 431,290

City of Loveland, Colorado

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2018**

	<u>Special Improvement District No.1</u>		Total
	Debt Service Reserve	Bond Fund Principal Account	
Balance, December 31, 2017	\$ 332,411	\$ 125,249	\$ 457,661
Additions	63,540	35,338	98,878
Reductions	-	125,249	125,249
Balance, December 31, 2018	\$ 395,952	\$ 35,338	\$ 431,290

See accompanying independent auditors' report.

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)

	2009	2010	2011	2012	2013
Governmental Activities					
Net Investment in Capital Assets	\$ 282,094,308	\$ 296,245,854	\$ 302,978,097	\$ 301,942,160	\$ 301,651,481
Restricted	55,213,777	60,868,797	27,593,075	29,777,379	27,990,603
Unrestricted	46,692,418	35,752,393	74,582,278	83,391,502	95,320,222
Total Governmental Activities Net Position	384,000,503	392,867,044	405,153,450	415,111,041	424,962,306
Business-Type Activities					
Net Investment in Capital Assets	358,157,819	358,776,050	366,796,045	372,589,212	380,761,746
Future Capital Improvements	15,682,636	44,558,594	42,606,195	44,869,255	41,854,010
Unrestricted	62,842,795	39,341,161	43,221,838	44,177,057	44,941,194
Total Business-Type Activities Net Position	436,683,250	442,675,805	452,624,078	461,635,524	467,556,950
Primary government					
Net Investment In Capital Assets	640,252,127	655,021,904	669,774,142	674,531,372	682,413,227
Restricted	70,896,413	105,427,397	70,199,270	74,646,634	69,844,613
Unrestricted	109,535,213	75,093,554	117,804,116	127,568,559	140,261,416
Total Primary Government Net Position	\$ 820,683,753	\$ 835,542,855	\$ 857,777,528	\$ 876,746,565	\$ 892,519,256

	2014	2015	2016	2017	2018
\$	327,486,198	\$ 334,471,486	\$ 349,269,785	\$ 370,968,085	\$ 375,178,255
	25,425,762	23,991,063	19,889,376	42,204,301	40,657,508
	88,271,751	89,140,975	109,138,773	85,659,674	92,826,599
	441,183,711	447,603,524	478,297,934	498,832,060	508,662,362
	398,830,123	412,250,813	439,794,339	463,351,560	487,093,974
	43,987,341	38,346,067	38,620,559	44,650,171	53,143,019
	39,181,529	50,999,539	50,990,044	48,112,329	44,467,491
	481,998,993	501,596,419	529,404,942	556,114,060	584,704,484
	726,316,321	746,722,299	789,064,124	834,319,645	862,272,229
	69,413,103	62,337,130	58,509,935	86,854,472	93,800,527
	127,453,280	140,140,514	160,128,817	133,772,003	137,294,090
\$	923,182,704	\$ 949,199,943	\$ 1,007,702,876	\$ 1,054,946,120	\$ 1,093,366,846

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

	2009	2010	2011	2012
Expenses				
Governmental Activities:				
Legislative	\$ 92,527	\$ 106,423	\$ 101,073	\$ 97,103
Executive	1,871,876	1,623,339	1,839,314	2,298,957
Finance	1,741,878	1,693,044	2,156,020	3,685,096
Human Resources	1,073,291	865,084	750,448	929,651
Information Technology	3,201,358	3,028,545	3,251,193	3,101,836
Economic Development	671,547	742,248	1,235,598	1,764,192
Development Services	3,080,478	6,451,593	6,397,469	5,656,043
Public Works	17,574,001	16,253,368	17,425,656	18,940,024
Police	15,914,451	16,233,097	16,817,499	16,806,697
Fire and Rescue	8,320,414	8,070,024	8,075,617	10,481,974
Parks & Recreation	9,528,681	8,698,322	9,572,290	10,206,841
Library	2,233,356	2,316,785	2,625,349	2,701,016
Cultural Services	1,679,305	1,264,556	1,464,118	1,845,305
General Government	10,136,397	12,366,477	14,777,308	18,234,265
Interest on Long-Term Debt	2,466	718	-	-
Total Governmental Activities Expense	77,122,026	79,713,623	86,488,952	96,749,000
Business-Type Activities:				
Water	10,986,538	10,977,567	10,194,425	10,506,013
Wastewater	6,852,037	7,178,264	6,931,011	7,142,390
Stormwater	3,549,583	3,437,189	3,550,937	3,315,186
Power	38,632,522	42,895,642	45,197,485	47,438,660
Refuse	5,663,917	4,520,127	4,881,326	5,143,011
Golf	3,747,162	3,451,922	3,248,098	3,262,626
Total Business-Type Activities Expenses	69,431,759	72,460,711	74,003,282	76,807,886
Total Primary Government Expenses	146,553,785	152,174,334	160,492,234	173,556,886
Program Revenues				
Governmental Activities:				
Charges for services:				
Executive	1,021,440	1,021,714	897,804	936,190
Finance	219,229	309,737	256,669	171,616
Human Resources	-	-	-	23
Economic Development	-	-	-	35,872
Development Services	983,228	1,394,530	1,247,933	1,662,823
Public Works	2,212,688	2,011,339	2,223,493	2,128,714
Police	590,046	908,643	1,114,811	906,400
Fire	1,246,198	1,085,517	1,316,110	286,551
Parks & Recreation	3,074,121	3,091,808	3,615,168	4,039,590
Library	91,213	106,942	95,470	98,541
Cultural Services	217,598	179,942	166,584	279,291
General Government	4,438,733	4,008,670	4,452,074	5,537,449
Operating grants and contributions	4,060,830	5,179,313	5,487,692	14,626,446
Capital grants and contributions	11,212,573	9,341,231	10,272,856	9,488,471
Total Governmental Activities Revenues	\$ 29,367,897	\$ 28,639,386	\$ 31,146,664	\$ 40,197,977

Source: City of Loveland Financial Statements

	2013	2014	2015	2016	2017	2018
\$	118,263	\$ 162,625	\$ 157,812	\$ 151,146	\$ 159,913	\$ 187,723
	2,040,641	1,944,875	2,134,424	2,199,258	4,216,699	3,376,411
	1,495,077	1,736,626	1,731,226	1,846,402	1,295,259	1,256,557
	312,209	156,840	249,177	358,285	420,729	424,206
	2,951,995	656,388	925,018	983,766	556,131	1,831,164
	2,509,865	3,922,742	5,416,693	4,046,522	3,090,713	2,551,997
	6,120,833	7,085,388	7,303,464	7,391,751	6,509,167	6,737,725
	19,132,121	29,259,394	19,659,340	22,454,121	23,931,894	31,567,513
	17,753,905	19,092,543	20,122,411	21,508,676	24,783,280	27,082,050
	10,110,872	11,267,310	13,127,952	13,968,518	16,365,941	22,272,980
	12,989,173	13,139,972	13,433,473	14,149,386	14,103,788	16,364,686
	3,267,977	3,465,978	3,513,276	3,598,465	4,123,625	4,272,659
	3,083,926	2,269,629	2,375,343	2,522,341	2,600,450	2,942,481
	20,233,243	21,610,982	24,936,240	24,003,139	24,815,615	23,571,072
	-	-	-	-	-	-
	102,120,100	115,771,292	115,085,849	119,181,776	126,973,204	144,439,224
	13,219,134	14,421,083	14,993,052	15,666,363	16,075,296	16,308,692
	8,514,371	8,152,372	9,004,724	9,078,498	9,679,668	11,304,051
	3,837,057	4,142,323	4,218,805	4,342,427	5,850,696	4,927,823
	53,828,287	56,745,572	56,935,935	58,211,434	64,494,714	64,180,716
	5,768,080	5,772,448	5,956,930	6,453,721	6,714,450	7,243,803
	3,466,487	3,649,645	3,757,673	4,558,219	3,872,895	3,669,380
	88,633,416	92,883,443	94,867,119	98,310,662	106,687,719	107,634,465
	190,753,516	208,654,735	209,952,968	217,492,438	233,660,923	252,073,689
	874,554	960,705	1,093,954	944,041	1,041,189	1,665,482
	194,586	220,807	213,550	206,081	264,016	243,877
	-	26	-	-	-	-
	56,049	75,718	80,205	94,072	611,278	156,092
	1,648,640	2,405,098	2,742,511	3,058,494	2,567,529	2,768,763
	3,156,866	3,317,741	5,272,211	5,803,971	6,506,628	19,218,892
	1,126,139	1,249,248	1,124,858	1,263,912	1,444,770	696,939
	318,997	416,909	365,378	582,014	4,839,718	7,418,801
	5,705,461	5,273,998	4,326,854	5,131,937	4,757,024	4,834,484
	85,239	90,717	93,226	92,278	72,431	95,501
	290,673	366,835	366,894	418,057	431,274	470,431
	5,738,507	5,938,830	6,430,198	7,054,713	7,934,902	77,655
	15,501,176	15,144,081	18,170,851	18,282,481	22,130,784	21,457,236
	11,321,276	24,080,916	12,390,432	21,755,995	5,405,297	7,045,733
\$	46,018,163	\$ 59,541,629	\$ 52,671,122	\$ 64,688,046	\$ 58,006,840	\$ 66,149,886

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

	2009	2010	2011	2012
Business-type Activities				
Charges for services				
Water	\$ 7,040,217	\$ 7,662,143	\$ 12,899,042	\$ 10,119,971
Wastewater	6,994,755	7,012,971	7,066,252	7,259,071
Stormwater	3,875,594	3,966,869	3,989,549	4,032,801
Power	40,575,277	43,883,091	47,374,719	50,842,438
Refuse	5,597,397	5,769,092	5,903,328	6,003,233
Golf	3,525,805	3,538,047	3,455,162	3,729,636
Capital grants and contributions	5,848,727	8,017,959	7,050,956	6,785,850
Operating grants and contributions	-	-	-	-
Total Business-Type Activities Revenues	73,457,772	79,850,172	87,739,008	88,773,000
Total Primary-Government Revenues	102,825,669	108,489,558	118,885,672	128,970,977
Net (Expense) Revenue				
Governmental Activities	(47,754,129)	(51,074,237)	(55,342,288)	(56,551,023)
Business-Type Activities	4,026,013	7,389,461	13,735,726	11,965,114
Total Primary Government Net (Expense)/Revenues	(43,728,116)	(43,684,776)	(41,606,562)	(44,585,909)
General Revenues & Other Changes in Net Position				
Governmental Activities				
Taxes				
Property Taxes	17,660,441	18,873,614	18,829,989	18,727,569
Sales and Use Taxes	32,365,675	35,404,740	36,535,125	39,849,259
Franchise Taxes	1,630,518	1,620,420	1,626,216	1,728,289
Other Taxes	1,070,207	934,515	991,556	998,390
Investment Earnings	2,967,278	967,636	2,561,535	1,124,663
Gain on Sale of Assets	885	15,113	691,883	23,083
Transfers	2,498,637	2,124,740	6,392,390	4,057,361
Total Governmental Activities	58,193,641	59,940,778	67,628,694	66,508,614
Business-Type Activities				
Investment Earnings	2,117,833	727,834	2,238,345	958,828
Gain on Sale of Assets	-	-	366,592	144,865
Transfers	(2,498,637)	(2,124,740)	(6,392,390)	(4,057,361)
Total Business-Type Activities	(380,804)	(1,396,906)	(3,787,453)	(2,953,668)
Total Primary Government	57,812,837	58,543,872	63,841,241	63,554,946
Change in Net Position				
Governmental Activities	10,439,512	8,866,541	12,286,406	9,957,591
Business-Type Activities	3,645,209	5,992,555	9,948,273	9,011,446
Total Primary Government	\$ 14,084,721	\$ 14,859,096	\$ 22,234,679	\$ 18,969,037

Source: City of Loveland Financial Statements

	2013	2014	2015	2016	2017	2018
\$	10,100,125	\$ 11,637,020	\$ 13,252,667	\$ 15,298,606	\$ 16,756,753	\$ 18,689,859
	8,122,896	8,658,044	9,523,580	10,812,210	11,937,729	13,053,629
	4,124,910	4,539,285	5,113,905	5,785,926	6,483,986	7,000,161
	54,541,358	56,131,726	57,513,426	60,070,432	63,851,915	66,770,400
	6,040,794	6,242,999	6,506,747	6,823,296	7,053,445	8,074,467
	3,256,450	3,497,796	3,734,006	3,796,133	3,825,009	3,821,241
	11,615,334	17,332,613	16,712,187	22,466,304	17,720,613	18,763,653
	-	89,863	288,683	211,522	275,738	333,552
	97,801,867	108,129,346	112,645,201	125,264,429	127,905,188	136,506,962
	143,820,030	167,670,975	165,316,323	189,952,475	185,912,028	194,513,802
	(56,101,937)	(56,229,663)	(62,414,727)	(54,493,730)	(60,691,596)	(78,289,338)
	9,168,451	15,245,903	17,778,082	26,953,767	21,217,468	28,872,497
	(46,933,486)	(40,983,760)	(44,636,645)	(27,539,963)	(39,474,128)	(49,416,841)
	18,708,893	18,706,275	18,546,909	20,904,830	21,680,942	23,899,977
	42,342,445	46,954,355	48,751,148	50,527,501	54,481,516	57,372,198
	1,772,839	1,886,816	1,864,925	1,800,051	2,018,640	1,860,176
	1,175,053	1,390,290	1,415,285	1,210,092	2,198,110	1,940,748
	(941,945)	1,917,038	1,265,529	589,669	1,373,292	1,599,707
	208,383	298,520	569,139	170,947	31,522	102,157
	2,687,534	1,297,774	(824,365)	(308,505)	(558,300)	1,344,677
	65,953,202	72,451,068	71,588,570	74,894,585	81,225,722	88,119,640
	(581,995)	1,500,081	994,979	546,251	1,005,237	1,359,120
	22,504	(1,006,167)	-	-	-	(296,516)
	(2,687,534)	(1,297,774)	824,365	308,505	558,300	(1,344,677)
	(3,247,025)	(803,860)	1,819,344	854,756	1,563,537	(282,073)
	62,706,177	71,647,208	73,407,914	75,749,341	82,789,259	87,837,567
	9,851,265	16,221,405	9,173,843	20,400,855	20,534,126	9,830,302
	5,921,426	14,442,043	19,597,426	27,808,523	22,781,005	28,590,424
\$	15,772,691	\$ 30,663,448	\$ 28,771,269	\$ 48,209,378	\$ 43,315,131	\$ 38,420,726

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

	2009	2010	2011	2012
General Fund				
Reserved	\$ 9,513,491	\$ -	N/A	N/A
Unreserved	12,781,122	-	N/A	N/A
Nonspendable	N/A	193,375	329,125	321,720
Restricted	N/A	7,264,376	1,809,815	1,861,860
Committed	N/A	5,590,537	8,197,419	13,272,193
Assigned	N/A	5,619,476	1,894,325	1,065,056
Unassigned	N/A	5,215,076	14,532,228	16,560,028
Total General Fund	\$ 22,294,613	\$ 23,882,840	\$ 26,762,912	\$ 33,080,857
All Other Governmental Funds				
Reserved	4,850,000	-	N/A	N/A
Unreserved, Reported in:				
Special Revenue Funds	62,881,959	-	N/A	N/A
Permanent Fund	2,303,074	-	N/A	N/A
Capital Projects Funds	1,106,285	-	N/A	N/A
Nonspendable				
Capital Expansion Fees	N/A	4,850,000	4,850,000	4,850,000
Transportation	N/A	-	-	-
Other Governmental Funds	N/A	785,267	817,067	850,368
Restricted				
Loveland Urban Renewal Authority	N/A	185,066	251,647	293,037
Loveland Fire Rescue Authority	N/A	N/A	-	290,339
Capital Expansion Fees	N/A	35,910,797	N/A	-
Capital Projects	N/A	497,409	484,050	N/A
Other Governmental Funds	N/A	16,225,882	19,051,371	21,310,055
Committed				
Capital Expansion Fees	N/A	N/A	33,533,090	34,915,356
Other Governmental Funds	N/A	3,065,973	1,787,648	327,551
Assigned				
Capital Projects	N/A	611,898	349,023	202,257
Transportation	N/A	-	-	-
Other Governmental Funds	N/A	1,630,126	2,671,148	3,964,896
Unassigned				
Transportation				
Total All Other Governmental Funds	71,141,318	63,762,418	63,795,044	67,003,859
Total Governmental Funds	\$ 93,435,931	\$ 87,645,258	\$ 90,557,956	\$ 100,084,716

2013	2014	2015	2016	2017	2018
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
16,701	199,045	55,603	51,685	47,650	43,493
1,851,741	2,439,462	2,317,041	2,906,882	25,715,544	11,988,505
11,941,797	18,219,015	24,784,252	19,097,578	2,494,422	5,597,274
1,412,714	1,344,179	1,385,845	1,155,031	-	-
25,621,810	22,996,438	17,902,106	21,741,419	10,591,362	14,720,142
\$ 40,844,763	\$ 45,198,139	\$ 46,444,847	\$ 44,952,595	\$ 38,848,978	\$ 32,349,414
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
4,485,000	2,130,012	N/A	-	-	-
-	-	-	-	-	512,180
900,768	957,172	997,132	1,033,093	1,114,935	1,157,959
264,893	516,443	735,192	972,722	1,018,896	296,164
17,397	17,397	17,397	101,176	2,090,853	8,457,297
-	-	-	-	-	-
-	-	-	-	-	993,921
20,454,105	19,166,231	17,545,105	14,823,817	12,216,423	14,561,785
33,436,499	25,948,944	33,331,085	37,127,980	41,159,739	36,822,062
380,202	389,879	485,775	515,297	717,238	1,369,078
862,472	872,472	1,058,324	2,331,869	9,801,816	1,250,612
-	-	-	-	-	-
3,949,823	4,155,436	3,934,819	3,796,447	3,981,477	4,110,607
					(512,180)
64,751,159	54,153,986	58,104,829	60,702,401	72,101,377	69,019,485
\$ 105,595,922	\$ 99,352,125	\$ 104,549,676	\$ 105,654,996	\$ 110,950,355	\$ 101,368,899

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

	2009	2010	2011	2012
Revenues				
Taxes	\$ 52,547,699	\$ 56,767,696	\$ 57,814,739	\$ 61,102,185
Licenses and Permits	1,248,207	1,631,549	1,655,825	2,013,353
Fines and Penalties	1,060,985	1,233,836	936,370	956,357
Intergovernmental	10,751,411	13,568,325	11,178,476	19,529,719
Charges for Services	11,417,323	8,096,514	9,456,148	10,443,932
Investment Earnings	2,967,280	967,636	2,561,536	1,124,663
Miscellaneous	1,118,202	4,556,679	7,692,460	7,341,636
Total Revenues	81,111,107	86,822,235	91,295,554	102,511,845
Expenditures				
Current				
Legislative	92,527	106,423	101,073	97,103
Executive	1,867,240	1,659,790	1,824,253	2,239,590
Finance	1,730,611	1,663,029	2,125,071	3,720,738
Human Resources	1,055,378	865,256	743,473	896,637
Information Technology	3,046,033	2,866,681	3,090,394	2,954,763
Economic Development	636,047	737,517	1,242,393	1,770,654
Development Services	3,057,460	3,475,109	3,504,061	2,757,555
Public Works	11,834,864	11,266,032	12,370,062	13,436,298
Public Safety	23,122,840	23,421,938	24,321,444	26,377,802
Parks & Recreation	7,239,370	6,989,404	7,711,711	8,096,184
Library	1,925,829	2,015,483	2,324,888	2,467,633
Cultural Services	1,450,988	1,133,935	1,359,067	1,511,896
General Government	11,919,268	13,131,709	11,765,075	18,697,093
Capital Outlay	14,379,840	24,987,466	22,141,774	12,018,499
Debt Service				
Principal	52,677	37,529	-	-
Interest	2,466	718	-	-
Total Expenditures	83,413,438	94,358,019	94,624,739	97,042,445
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,302,331)	(7,535,784)	(3,329,185)	5,469,400
Other Financing Sources (Uses)				
Transfers In	12,328,477	18,301,735	17,559,666	11,408,533
Transfers (Out)	(9,806,675)	(16,556,624)	(11,317,783)	(7,351,173)
Debt Issued	-	-	-	-
Insurance Recoveries	-	-	-	-
Total Other Financing Sources (Uses)	2,521,802	1,745,111	6,241,883	4,057,360
Net Change in Fund Balance	\$ 219,471	\$ (5,790,673)	\$ 2,912,698	\$ 9,526,760
Debt service as a percentage of noncapital expenditures	0.1%	0.1%	0%	0%

Source: City of Loveland Financial Statements

	2013	2014	2015	2016	2017	2018
\$	63,791,664	\$ 68,523,097	\$ 70,117,336	\$ 74,220,077	\$ 80,233,216	\$ 83,406,784
	1,951,145	3,073,136	3,076,189	3,310,912	3,126,113	3,341,235
	871,879	966,619	1,123,670	929,370	972,875	1,263,732
	18,535,293	21,238,565	22,760,809	24,233,341	25,242,347	27,533,890
	11,413,048	12,175,143	15,535,481	16,607,925	15,222,965	16,914,492
	(941,945)	1,917,038	1,265,530	589,670	1,373,293	1,599,707
	7,795,014	7,635,519	8,219,150	9,494,166	12,057,019	12,193,909
	103,416,098	115,529,117	122,098,165	129,385,461	138,227,828	146,253,749
	118,263	162,625	157,812	151,146	159,913	187,723
	2,042,214	1,962,771	2,122,554	2,211,243	4,036,220	3,322,807
	1,451,102	1,717,652	1,683,036	1,819,888	1,282,258	1,221,190
	184,742	277,384	240,311	355,772	445,725	385,130
	2,759,834	433,181	639,513	689,898	316,523	1,536,654
	2,502,289	3,910,697	5,413,443	3,387,769	3,017,795	2,500,959
	3,245,205	4,197,908	4,516,499	4,412,253	3,623,655	3,811,987
	12,902,846	13,604,425	13,202,521	15,141,677	17,706,619	24,291,235
	26,924,617	29,145,238	31,531,587	34,010,680	39,579,009	42,909,097
	11,061,496	11,388,857	11,181,335	11,121,873	11,563,778	13,223,723
	2,807,092	3,045,902	3,165,964	3,271,662	3,762,506	3,918,838
	1,911,961	2,012,556	2,086,915	2,230,327	2,540,385	2,727,844
	19,328,503	19,635,681	21,035,844	22,972,699	26,689,261	28,239,484
	15,077,462	32,589,133	18,489,108	21,079,771	33,036,628	31,906,516
	-	-	-	-	-	274,903
	-	-	-	-	468,894	823,992
	102,317,626	124,084,010	115,466,442	122,856,658	148,229,169	161,282,082
	1,098,472	(8,554,893)	6,631,723	6,528,803	(10,001,341)	(15,028,333)
	14,620,366	24,435,810	14,559,142	15,877,819	36,008,350	28,794,567
	(11,932,830)	(23,124,647)	(15,993,509)	(21,301,301)	(36,611,649)	(27,756,890)
	-	-	-	-	15,900,000	4,409,200
	-	999,933	195	-	-	-
	2,687,536	2,311,096	(1,434,172)	(5,423,482)	15,296,701	5,446,877
\$	3,786,008	(6,243,797)	5,197,551	1,105,321	5,295,360	(9,581,456)
	0%	0%	0%	0%	0.3%	0.5%

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

	2009	2010	2011	2012
Department Stores & General Merchandise	250,674,614	248,498,933	256,658,493	262,471,702
Restaurants & Bars	112,630,967	136,500,332	139,760,388	166,523,116
Grocery Stores & Specialty Foods	101,606,520	103,499,491	108,819,981	112,714,020
Motor Vehicle Dealers, Auto Parts & Leasing	56,707,611	67,047,382	72,162,544	83,463,383
Building Material & Lawn & Garden Supplies	65,153,933	68,428,532	71,854,553	77,228,038
Clothing & Clothing Accessories Stores	69,338,916	70,613,908	110,700,115	116,991,988
Utilities	49,865,134	54,049,681	55,665,784	57,002,293
Used Merchandise Stores	24,206,405	31,635,760	34,627,761	39,947,402
Sporting Goods, Hobby, Book & Music Stores	47,340,833	58,225,457	62,590,749	68,359,328
Electronic Shopping & Mail-Order Houses	5,423,739	13,323,547	15,806,144	16,165,845
Consumer Goods & Commercial Equipment Rental	14,508,228	15,585,127	17,620,480	20,210,525
Beer, Wine & Liquor Stores	22,331,602	23,523,083	24,958,195	27,996,287
Hotels, Motels & Other Accommodations	14,420,279	21,925,230	24,740,175	26,954,073
Electronics & Appliance Stores	19,591,934	33,334,298	31,714,627	26,948,009
Broadcasting & Telecommunications	42,689,873	44,126,075	43,967,166	45,531,642
Health & Personal Care Stores	16,629,772	18,516,996	20,096,044	21,144,770
Furniture & Home Furnishing Stores	10,736,221	15,852,216	17,774,346	17,707,647
Gasoline Stations with Convenience Stores	7,085,743	8,095,565	8,475,708	9,207,252
Office Supplies, Stationery & Gift Stores	10,952,890	12,342,646	12,399,947	11,890,821
All Other Categories	28,613,217	32,929,321	11,936,856	38,034,238
	970,508,431	1,078,053,580	1,142,330,056	1,246,492,379

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

2013	2014	2015	2016	2017	2018
274,109,685	276,744,986	270,693,274	264,384,639	265,609,205	280,312,063
178,533,598	190,187,912	206,674,358	211,408,110	220,605,183	232,407,146
121,256,853	129,506,120	142,555,626	155,842,903	167,949,122	158,424,696
95,764,794	109,598,817	116,334,884	123,159,183	135,160,541	140,963,620
82,711,176	99,082,447	110,932,445	120,164,180	126,548,513	130,413,298
126,009,320	134,717,972	136,790,016	128,678,615	123,988,123	119,278,467
60,644,714	64,182,261	64,709,874	64,911,876	68,015,461	72,404,726
43,151,166	51,771,880	55,602,910	55,576,353	60,689,744	61,665,848
75,542,646	69,872,200	69,652,955	70,118,603	67,073,041	59,177,505
15,503,366	22,418,225	19,914,730	21,210,574	40,735,145	50,647,172
25,124,144	26,001,035	32,627,335	35,674,860	39,782,395	44,573,117
30,591,921	32,771,682	35,144,018	37,378,773	39,021,329	38,449,194
29,259,981	34,803,569	34,947,731	35,576,429	35,964,857	37,776,265
24,348,964	27,081,081	29,156,779	32,363,432	34,357,053	35,936,636
44,470,340	49,318,711	45,335,493	39,859,130	37,607,236	34,838,716
22,679,821	24,184,828	25,738,812	25,362,219	24,950,613	24,642,318
19,203,399	20,615,891	23,029,403	23,765,980	24,961,249	22,090,985
10,591,355	13,230,004	14,872,703	15,149,542	15,435,763	16,466,845
12,390,228	12,985,091	12,061,466	9,599,761	8,016,689	10,376,476
41,053,877	44,780,482	45,911,423	53,390,700	58,821,431	59,624,192
1,332,941,348	1,433,855,194	1,492,686,235	1,523,575,862	1,595,292,693	1,630,469,285

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

	State	County	City	Centerra Metro District
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%
2018	2.90%	0.55%	3.00%	1.75%

Source: City of Loveland Revenue Division

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

Tax Remitter by Category	Fiscal Year 2009			Fiscal Year 2018		
	Tax Liability	Rank	Percentage of Total Tax Collected	Tax Liability	Rank	Percentage of Total Tax Collected
Department Stores & General Merchandise	7,520,238	1	25.83%	8,158,387	1	17.85%
Restaurants & Bars	3,378,929	2	11.61%	6,227,461	2	13.62%
Grocery Stores & Specialty Foods	3,048,196	3	10.47%	5,257,861	3	11.50%
Building Material & Lawn & Garden Supplies	1,954,618	5	6.71%	3,881,406	4	8.49%
Motor Vehicle Dealers, Auto Parts & Leasing	1,701,228	6	5.84%	3,743,494	5	8.19%
Clothing & Clothing Accessories Stores	2,080,167	4	7.14%	2,523,043	6	5.52%
Utilities	1,495,954	7	5.14%	2,167,985	7	4.74%
Used Merchandise Stores	726,192	10	2.49%	1,676,028	8	3.67%
Electronic Shopping & Mail-Order Houses				1,507,902	9	3.30%
Sporting Goods, Hobby, Book & Music Stores	1,420,225	8	4.88%	1,478,359	10	3.23%
Broadcasting & Telecommunications	1,280,696	9	4.40%			
Total (Top Ten Principal Remitters only)	24,606,443		84.51%	36,621,926		80.11%
Total Sales Tax Collected	29,115,253			45,711,956		

Note: As a Home Rule City, the City of Loveland started collecting sales tax in 1999.

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	Percentgae of Personal Income	Per Capita	
	Capital Leases	Certificates of Participation	Oversizing Agreements	Revenue Bonds	Oversizing Agreements	Water/Waste-water Board Loan				Capital Leases
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
2018	\$ 4,134,297	\$ 15,900,000	\$ 2,161,206	\$ -	\$ 48,652	\$ 36,880,000	\$ -	\$ 59,124,155	1.54%	779.6

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 Transportation Fund to the General Fund for \$2,000,000 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:

- 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, 2018

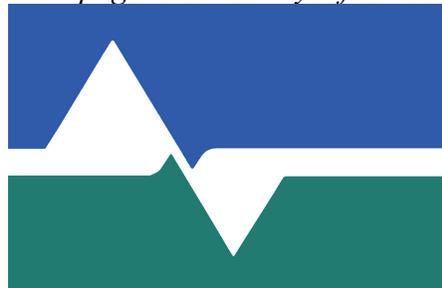
	<u>Debt Outstanding</u>	<u>Percentage Applicable to Loveland¹</u>	<u>Loveland's Share of Debt</u>
<u>Governmental Unit</u>			
City of Loveland - Debt Applicable to Debt Limit	18,061,206	100.0%	18,061,206
Thompson R2-J School District	95464247 ²	64.2%	<u>\$ 61,288,047</u>
Total			<u><u>79,349,253</u></u>

Source:

¹ Determined by ratio of assessed valuation of taxable property within the City to assessed valuation of the overlapping unit.

² Information provided by the Thompson R2-J School District as of 6/30/2018

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

	2009	2010	2011
Debt Limit	207,856,633	209,435,754	204,606,142
Total net debt applicable to limit	-	-	-
Legal debt margin	<u>\$ 207,856,633</u>	<u>\$ 209,435,754</u>	<u>\$ 204,606,142</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 2018

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

2012	2013	2014	2015	2016	2017	2018
207,323,789	212,505,288	215,026,668	252,345,735	258,781,268	315,872,211	322,651,905
-	-	-	-	-	15,900,000	15,900,000

\$ 207,323,789 \$ 212,505,288 \$ 215,026,668 \$ 252,345,735 \$ 258,781,268 \$ 299,972,211 \$ 306,751,905

0.00% 0.00% 0.00% 0.00% 0.00% 5.03% 4.93%

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	
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
2018	\$ 31,132,049	\$ 20,367,429	\$ 10,764,620	\$ 1,305,000	\$ 1,365,653	\$ 2,670,653	4.03

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 ²	Median Age	Unemployment Percentage ¹
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
2018	75,840	\$ 3,832,877,760	\$ 50,539	40.2	2.9

Source:

¹Separate City statistics were not previously available, but are available as of 2016 retroactively to 2007

²Larimer County, separate City statistics not available

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

Employer	2009			2018		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment (A)
Thompson School District R2-J	2,113	1	6.45%	2,479	1	4.91%
Medical Center of the Rockies	1,100	4	3.36%	1,621	2	3.21%
Wal-Mart Distribution Center	1,050	5	3.21%	1,226	3	2.43%
Nutrein/Crop Production Services	-			900	4	1.78%
City of Loveland	692	7	2.11%	833	5	1.65%
Hach Company	1,200	3	3.67%	800	6	1.58%
McKee Medical Center	950	6	2.90%	577	7	1.14%
The Eye Laser Center of Northern CO	-			200	8	0.40%
Pinnacle Agriculture Holdings LLC	-			200	8	0.40%
North Shore Health & Rehab	-			154	10	0.30%
Wal-Mart Super Centers	307	9	0.94%			
Kroll Factual Data	262	10	0.80%			
Group Publishing	311	8	0.95%			
Promenade Shops at Centerra	1,927	2	5.89%			
Total (Top Ten Principal Employers)	9,912		30.27%	8,990		17.79%
Total City Employment	32,740			50,540		

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, 2018 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	2009¹	2010^{1,2}	2011¹	2012¹	2013¹	2014¹	2015¹	2016^{3,4}	2017³	2018³
Executive & Legal	14	13	14	14	18	12	12	18	21	24
City Clerk	-	-	-	-	-	7	7	4	4	5
Community & Business Relations	8	7	3	1	1	1	1	1	1	1
Economic Development	-	-	-	5	6	8	8	7	8	8
Finance	49	48	48	47	45	45	45	45	48	51
Development Services	30	25	26	24	24	25	28	30	28	29
Public Works	94	89	89	89	92	93	95	96	103	105
Police	136	134	134	134	136	140	144	151	159	161
Fire	68	66	66	66	73	81	83	84	92	92
Parks & Recreation	65	62	64	64	66	65	66	67	68	70
Library	28	27	30	30	31	31	32	32	32	32
Cultural Services	13	12	12	12	13	13	13	13	13	14
Human Resources	10	10	10	13	13	13	14	13	13	14
Information Technology	25	22	21	21	21	21	23	23	23	23
Golf - Parks & Recreation	19	19	14	14	13	13	13	14	14	14
Water & Power	124	115	115	115	115	121	129	132	136	143
Solid Waste - Public Works	28	28	28	28	28	28	28	28	29	30
Stormwater - Public Works	15	15	14	15	15	15	15	14	15	17
Total	726	692	688	692	710	732	756	772	807	833

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.

Source: City Budget Office

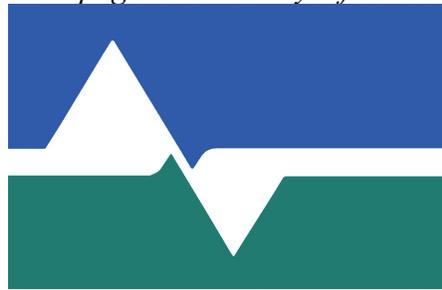
¹ City of Loveland, Colorado Adopted Budget Book - Revised FTE for the appropriate year was used.

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

<u>Function/Program</u>	2009	2010	2011	2012	2013
General Government					
Building Permits Issued	1,542	1,795	1,854	2,161	1,932
Building Inspections Conducted	14,911	15,265	14,362	19,027	18,709
Police					
Physical Arrests (Adults)	3,121	3,135	2,767	2,981	2,750
Physical Arrests (Juveniles)	997	921	770	776	592
Parking Violations	1,212	1,527	1,511	1,452	1,393
Traffic Violations	12,219	11,027 ¹	9,897	9,581	9,754
Fire					
Emergency Responses	5,397	5,736	6,265	6,283	6,436
Fires Extinguished	104	194	110	107	82
Business Inspections	628	260 ²	143	144	266
Refuse Collection					
Refuse Collected (tons per day)	97	96	96	96	93
Recyclables Collected (tons per day)	33	35	33	35	33
Yard Waste Collected (tons per day)	76	77	108	115	159
Other Public Works					
Street Resurfacing (miles)	25	21	17	13	21
Potholes Repaired	1,582	3,167	1,502	1,251	1,402
Parks and Recreation					
Athletic Field & Court Reservations	8,402	7,784	7,221	6,610	10,548
Chilson Center Admissions	305,414	247,511 ³	386,753	432,458	468,124
Rounds of Golf	128,468	120,885	117,059	127,562	104,597
Library					
Volumes in Collection (Physical)	161,318	154,732 ⁴	148,005 ⁶	155,450 ⁸	156,242 ⁸
Volumes in Collection (Digital)				9,959 ⁸	14,093 ⁸
Water					
New Connections	117	121	188	257	251
Water Main Breaks	70	63	99	76	77
Average Daily Consumption (thousands of gallons)	8,951	9,892	10,145	11,513	9,430
Peak Daily Consumption (thousands of gallons)	23,900	24,800	25,000	26,800	26,600
Wastewater					
Average Daily Sewage Treatment (thousands of gallons)	6,210	6,520	6,390	5,900	6,410
Power					
Megawatt hours (purchased from PRPA)	676,931	702,481	731,522	742,507	752,039
Transit					
Total Route Miles	219,910	219,225	228,532	234,976	221,396
Passengers	155,695 ⁵	138,284	133,355	142,169	142,573

2014	2015	2016	2017	2018
2,324	2,762	2,624	2,581	2,757
22,080	31,889	28,787	26,267	25,242
2,616	2,604	2,825	3,029	2,964
597 ⁶	708 ⁶	552 ⁶	641	799
1,379	1,784	1,857	1,826	2,333
10,811	10,363	7,775	9,799	12,524
7,005	7,501	7,915	8,393	8,452
58	64 ⁹	136 ⁹	167	164
300	348	416	287	429
97	99	98	99	104
27	27	28	27	27
33 ⁷	33 ⁷	39	39	39
15	16	17	10	25
3,810	3,911	5,653	3,258	4,015
12,513	10,698	16,928	17,564	14,086
468,015	464,561	464,059	445,713	442,679
115,311	120,940	118,348	117,494	109,560
150,247 ⁸	149,613 ⁸	152,993	134,595	127,786
25,722 ⁸	421,596 ⁸	537,219	49,386 ¹⁰	65,885
268	450	403	370	286
75	68	88	48	56
9,546	10,003	10,613	10,160	10,707
25,300	27,400	27,300	27,426	27,698
6,500	6,500	6,530	6,158	5,970
754,461	753,665	731,596	724,614	741,955
230,055	247,576	238,217	236,905	279,970
139,199	140,235	116,964	105,917	104,144

**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.

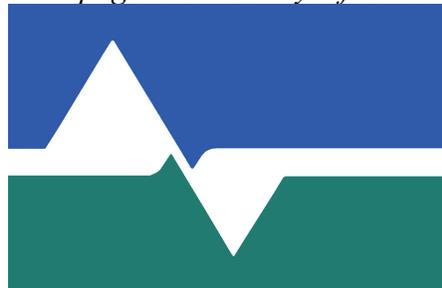
⁸ As of 2015, Library Volumes in Collection will be reported as physical vs digital. Years 2012-2014 were revised retroactively to reflect this distinction.

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

	2009	2010	2011	2012	2013
<i>Police</i>					
Stations	1	1	1	1	1
Divisions / Units	12	12	12	12	12
<i>Fire Stations</i>					
	6	6	6	6	6
<i>Refuse Collection</i>					
Collection Trucks	27 ⁵	29 ⁵	23 ⁵	23 ⁵	24 ⁵
<i>Other Public Works</i>					
Highways (miles)	24	24	24	25	25
Streets (miles)	328 ¹	328	328	329	331
Traffic Signals	92	92	93	94	94
<i>Parks and Recreation</i>					
Acreage - Developed Park	388	388	388	388	388
Playgrounds	27	27	27	27	27
Splash Parks	2	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)	433	433	435	436	437
Fire Hydrants	2,823	2,841	2,860	2,870	2,899
Storage Capacity (thousands of gallons)	20,300	20,300	20,300	20,300	20,300
<i>Wastewater</i>					
Sanitary Sewers (miles)	333	334	334	334	336
Treatment Capacity (thousands of gallons)	10,000	10,000	10,000	10,000	10,000
<i>Power</i>					
Overhead Conductors (miles)	306	307	305	304	297
Underground Conductors (miles)	961	972	991	1,014	1,028
Streetlights	5,393	5,649	5,734	5,872	5,879
<i>Transit</i>					
Fixed Route ²	3	4	5	5	6
Paratransit ²	7	6	5	5	4

Note:

¹ A small decrease in Street miles in 2009 is due to improved accuracy of measurement using GIS resources.

² Prior to 2016 this was reported as buses and minibuses.

³ Correction found for number of parks in 2016, previously 27 reported.

⁴ Splash parks were not previously reported, category added retroactively to 2007.

⁵ Correction found for number of collection trucks in 2016, 2 were added in 2009 and 1 added in 2012.

Source: City of Loveland Departments

2014	2015	2016	2017	2018
1	1	1	1	1
12	12	12	12	12
6	6	6	6	6
22 ⁵	24 ⁵	24	22	22
24	24	24	24	24
340	340	343	343	313
94	94	94	97	95
388	438	438	438	453
27	28 ³	28	28	28
2	2	2 ⁴	2	2
30	30	30	30	30
38	38	38	38	38
1	1	1	1	1
442	451	456	459	463
2,961	3,017	3,103	3,134	3,171
20,300	20,300	20,300	20,300	20,560
341	342	348	350	353
10,000	10,000	10,000	10,000	10,000
299	298	297	289	287
1,062	1,084	1,097	1,121	1,122
6,040	6,055	6,188	6,237	6,435
6	6	7	6	9
4	4	2	3	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 spend. 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 that 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 state period of time. Upon approval by the City Council the budget appropriation or ordinance is the legal basis for expenditures in the budget year.

C

CAD: Computer Aided Dispatch.

Capital Outlay: An item that costs %54,000 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 asses 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 an infrastructure. Examples include buildings, streets, brdiges, 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 preceeding 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 the 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/Country 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

Leas-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 mil 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.

O-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.

Plan 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 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 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: An 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 of 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.

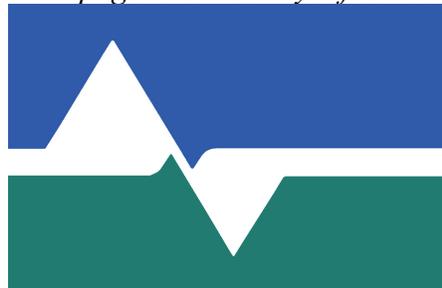
URA: Urban Renewal Authority

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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Compliance



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

**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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 17, 2019.

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

May 17, 2019



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Business Consultants

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Independent Auditors' Report On Compliance For Each 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, 2018. The City's major federal programs are 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 each 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 each of its major federal programs for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002, that we consider to be material weaknesses.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

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

May 17, 2019

CITY OF LOVELAND, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended December 31, 2018

Program Description	Federal CFDA Number		Federal Expenditures	Amounts Provided To Subrecipients
U.S. Department Of Housing And Urban Development				
Passed through Colorado Department of Public Safety				
CDBG-Disaster Recovery Grants - Pub L. No. 113-2 Cluster				
Hurricane Sandy Community Development Block Grant				
Disaster Recovery Grants				
	14.269	CDBGDR2-LOV-03 CDBGDR2-LOV-04 CDBGDR3-LOV-05	\$ 3,181,256	
Subtotal CDBG-Disaster Recovery Grants - Pub L. No. 113-2 Cluster			<u>3,181,256</u>	\$ —
Direct:				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants				
	14.218	N/A	247,002	181,896
Subtotal CDBG-Entitlement Grants Cluster			<u>247,002</u>	<u>181,895.68</u>
Total U.S. Department Of Housing And Urban Development			<u>3,428,257.85</u>	<u>181,895.68</u>
U.S. Department Of Transportation				
Direct:				
Airport Improvement Program				
	20.106	N/A	311,884	—
Passed through Colorado Department of Transportation:				
Highway Planning and Construction Cluster				
Highway Planning and Construction				
	20.205	AQC M830-086 20617 ER M830-084 20540 SHO M830-062 19060	2,491,252	
Subtotal Highway Planning And Construction Cluster			<u>2,491,252</u>	
Highway Safety Cluster				
State and Community Highway Safety				
	20.600	411016570	11,490	—
Subtotal Highway Safety Cluster			<u>11,490</u>	<u>—</u>
Total U.S. Department Of Transportation			<u>2,814,625.37</u>	<u>—</u>
U.S. Department Of Justice				
Passed through Colorado Springs Police Department				
Missing Children's Assistance				
	16.543	2015-MC-FX-K030 Year 3	7,189	
Total U.S. Department Of Justice			<u>7,189.26</u>	<u>—</u>
U.S. Department Of Homeland Security				
Passed through Colorado Department of Public Safety				
Emergency Management Performance Grant				
	97.042	18EM-19-69	55,000	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
	97.036	PA-08-CO-4145-PW-00602	25,748	
Direct:				
Assistance to Firefighters Grant				
	97.044		220,808	
Total U.S. Department Of Homeland Security			<u>301,555.16</u>	
Total Expenditures Of Federal Awards			<u>\$ 6,551,627.64</u>	
Total Amounts Provided To Subrecipients				<u>\$ 181,895.68</u>

CITY OF LOVELAND, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS December 31, 2018

1. Basis Of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal award programs of the City of Loveland, Colorado (the City), for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

2. Summary Of Significant Accounting

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Costs

The City has elected not 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, 2018**

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes 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 no

Identification of major programs:

CFDA

Number	Name Of Federal Program Or Cluster
---------------	---

14.218	CDBG - Entitlement Grants Cluster
20.205	Highway Planning and Construction Cluster
97.044	Assistance to Firefighters Grant

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

\$750,000

Auditee qualified as low-risk auditee? yes no

CITY OF LOVELAND, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)
For The Year Ended December 31, 2018

Section II - Financial Statement Findings

There were no findings relating to the City's financial statements for the year ended December 31, 2018.

THE CITY OF LOVELAND, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2018

Section III - Federal Award Findings And Questioned Costs

Finding 2018-001 Material Weakness, Inaccurate Schedule Of Expenditures Of Federal Awards (The Schedule)

Criteria: 2 CFR Section 200.100 identifies the required elements of the Schedule. The City is required to prepare a complete and accurate Schedule and to have a system of internal controls, the design and operation of which allows management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, errors on a timely basis.

Condition: The information used to prepare the Schedule was incomplete and inaccurate, which led to an error in reporting federal awards. The City incorrectly omitted a program's expenditures in the amount of \$220,808.

Cause: Incomplete information was used to prepare the Schedule relating to this program, and the internal control related to the Schedule preparation to reconcile to revenues and expenditures was not functioning properly.

Effect: As a result of the error, the Schedule was materially incorrect. Inaccurate identification of federal awards may also result in inaccurate identification of compliance requirements, risk assessments, major program determination, materiality determinations and reporting errors.

Questioned Costs: None

Context: N/A

Identification As A Repeat Finding: N/A

Recommendation: We recommend that each respective City department or office that expends federal funding obtain all relevant grant agreements, subaward agreements and awards. This information should be reviewed and shared with the City Finance Department to aid in identification of federal programs, related compliance requirements, risk assessments, major program determination, materiality determinations and reporting functions.

Views Of Responsible Officials And Planned Corrective Action: The City agrees with the finding and has put together a corrective action plan for the finding. See the corrective action plan included in this report.

THE CITY OF LOVELAND, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2018

Finding 2018-002

Reporting

Material Weakness, Compliance And Internal Control Over Compliance

CFDA 97.044: Assistance To Firefighters Grant

Federal Agency: U.S. Department Of Homeland Security

Pass-Through Entity: N/A

Criteria: 2 CFR Section 200.302 requires accurate, current and complete disclosure of the financial results of programs in accordance with reporting requirements. Per the Compliance Supplement, each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the federal awarding agency.

Condition: The City has not established controls to provide reasonable assurance of the accuracy of the required submitted reports or compliance with the reporting requirements. In the particular instance noted, the required report was filed with the federal awarding agency with inaccurate and incomplete information.

Cause: The City's controls over reporting requirements are not able to ensure the accuracy, timeliness and completeness of the disclosure of the financial results of programs in accordance with reporting requirements.

Effect: As a result of the error, the required financial reporting form for the grant was materially incorrect.

Questioned Costs: N/A

Context: During testing of the reporting process, it was noted that the financial yearly report required for this grant had been submitted with inaccurate cash disbursement recorded.

Identification As A Repeat Finding: N/A

Recommendation: We recommend that each respective City department or office that expends federal funding submit federal reporting forms to City Finance department prior to submittal for review of accuracy and compliance with requirements.

Views Of Responsible Officials And Planned Corrective Action: The City agrees with the finding and has put together a corrective action plan for the finding. See the corrective action plan included in this report.



CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2018

Finding 2018-001: Material Weakness, Inaccurate Schedule of Expenditures of Federal Awards (SEFA)

Personnel Responsible for Corrective Action: LFRA administrative and Emergency Service staff

Anticipated Completion Date: December 1, 2019

Corrective Action Plan: Additional grant compliance classes, review of City of Loveland grant procedures and completion of City of Loveland grant routing form for all grants.

Finding 2018-002: Material Weakness, Reporting Compliance and Internal Control Over Compliance

Personnel Responsible for Corrective Action: City of Loveland Finance Department

Anticipated Completion Date: June 1, 2019

Corrective Action Plan: Quarterly review with LFRA staff any new or outstanding grants and ensuring proper grant compliance has been followed.

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 2018

This Information From The Records Of : City of Loveland, Colorado: Prepared By: Mona Brooks / Joyce Robinson
Phone: 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)	21,776,561
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	4,764,855
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	2,097,168
2. General fund appropriations	25,439,042	b. Snow and ice removal	544,439
3. Other local imposts (from page 2)	5,572,405	c. Other	
4. Miscellaneous local receipts (from page 2)	3,962,571	d. Total (a. through c.)	2,641,607
5. Transfers from toll facilities		4. General administration & miscellaneous	2,280,334
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	12,632,778
a. Bonds - Original Issues		6. Total (1 through 5)	44,096,135
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)	34,974,018	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	4,324,840	2. Notes:	
D. Receipts from Federal Government (from page 2)	4,797,277	a. Interest	
E. Total receipts (A.7 + B + C + D)	44,096,135	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)	44,096,135

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
		44,096,135	44,096,135		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2018

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	1,027,301
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	3,866,101	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	0
4. Licenses (Waste Haulers)	3,800	f. Charges for Services	2,896,381
5. Specific Ownership &/or Other	1,702,504	g. Other Misc. Receipts	19,639
6. Total (1. through 5.)	5,572,405	h. Other Opticom	19,250
c. Total (a. + b.)	5,572,405	i. Total (a. through h.)	3,962,571
	(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	3,151,882	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	
b. Project Match		c. HUD	2,805,030
c. Motor Vehicle Registrations	283,899	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	
e. Other (Specify) - CDOT St/Sig Mtd	889,059	f. Other Federal	1,992,247
f. Total (a. through e.)	1,172,958	g. Total (a. through f.)	4,797,277
4. Total (1. + 2. + 3.f)	4,324,840	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	34,499	54,775	89,274
b. Engineering Costs	38,615	788,963	827,578
c. Construction:			
(1). New Facilities	100,011	634,883	734,894
(2). Capacity Improvements	2,793,205	2,694,414	5,487,619
(3). System Preservation	0	6,795,105	6,795,105
(4). System Enhancement & Operation	252,955	7,589,136	7,842,091
(5). Total Construction (1) + (2) + (3) + (4)	3,146,171	17,713,538	20,859,709
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	3,219,285	18,557,276	21,776,561
			(Carry forward to page 1)

Notes and Comments: