

2019 Comprehensive Annual Financial Report

North Lake Park, Loveland, CO - by Loveland Citizen Taera W.



City of Loveland, Colorado

Comprehensive Annual Financial Report

For the fiscal year ended
December 31, 2019

Submitted by
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Chief Financial Officer - Alan Krcmarik

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Introduction

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





May 26, 2020

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, 2019. 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.

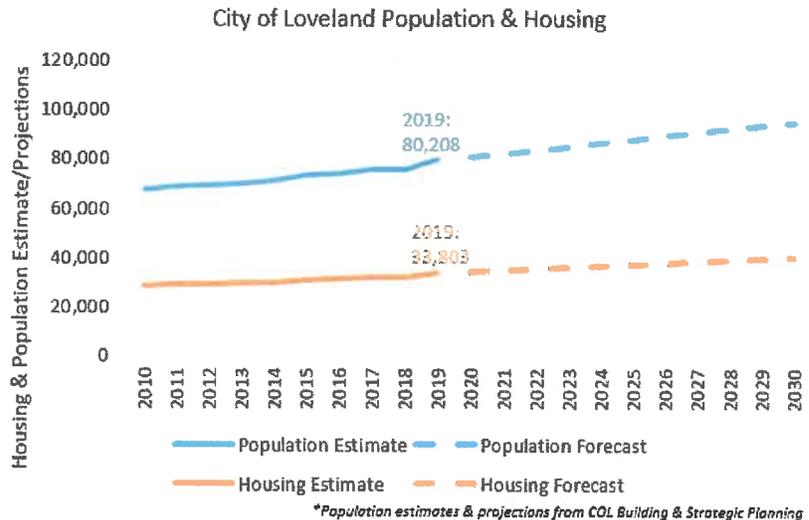
Rubin Brown, LLP, Certified Public Accountants, have issued an unmodified opinion ("clean opinion") on the City of Loveland's financial statements for the year ended December 31, 2019. The Independent Auditors' Report is located behind the Section 2: Financial tab of this report. Management Discussion 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 35.63 square miles and an estimated current population of 80,208 representing approximately 33,803 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. In early 2019, Council approved issuance of \$95,015,000 of tax-exempt and taxable bonds to support the new municipal fiber enterprise known as PULSE. 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 December 2019 was 2.1%, which is 1.4% lower than the 2018 rate of 3.5%

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 2019. Total recovery expenditures as of December 31, 2019 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 \$30,539,942 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.

The 2020 10-year Financial Master Plan shows reason for cautious planning. Budget projections for the General Fund 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. 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, property tax and use tax collections over the near term. However, there will be revisions to these projections as the economic implications from the COVID-19 Pandemic are clearer. The City has contingencies, plans, and reserves in place for emergency situations such as these and will adjust accordingly to ensure financial stability.

Major Initiatives

The creation of PULSE, the City of Loveland's Municipal Fiber Network was one the most significant initiatives in 2019. In addition to the creation of this service the City also broke ground on the Northern Colorado Regional Police Training Facility with a total budget of \$18.5 million in a 50/50 partnership with the City of Fort Collins. The downtown re-development project called the Foundry opened the majority of services within the development in 2019 including the City-owned parking facility.

Four major capital projects were completed in 2019: Wastewater Treatment Plant Expansion totaled \$40 million; Foundry Parking Facility \$17.8 million; Street Rehabilitation in the amount of \$4.1 million; and Land acquisition of \$3.5 million for the Downstream Water Storage project.

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, 2018. This was the thirty-ninth 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.

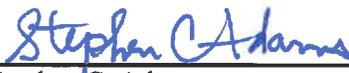
The Government Finance Officers Association (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Loveland, Colorado for its Popular Annual Financial Report (PAFR) for the year ended December 31, 2018. This was the fifth consecutive year that the City has received this prestigious award. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 2019. It is the thirty-fifth 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 2019 CAFR.

Respectfully Submitted,

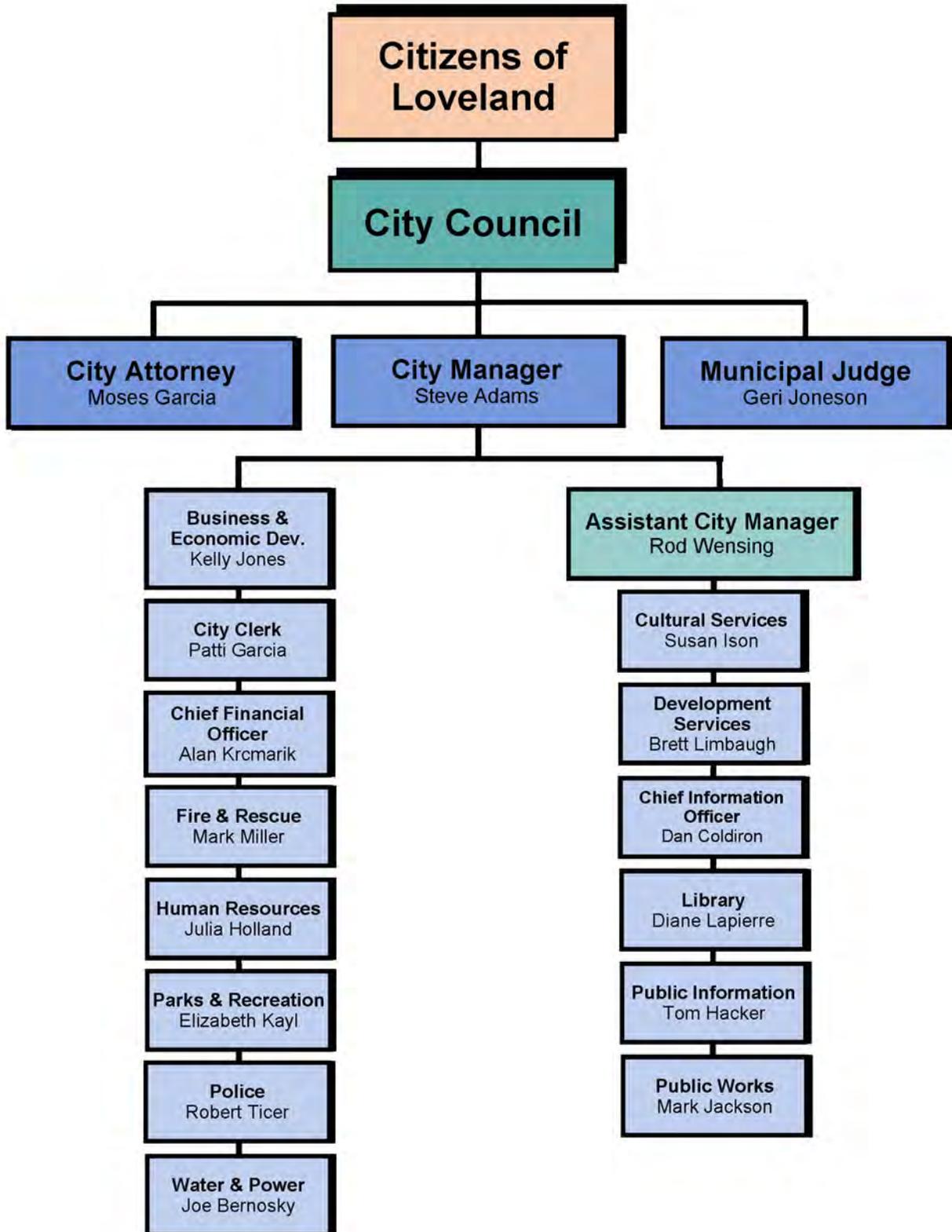


Stephen C. Adams
City Manager



Alan Krcmarik
Chief Financial Officer

CITY OF LOVELAND ORGANIZATIONAL CHART 2019



City of Loveland, City Council Members for 2019

Front Row: Don Overcash, Kathi Wright, Mayor Jacki Marsh, Andrea Samson, Richard Ball

Back Row: Rob Molloy, Steve Olson, John Fogle, Dave Clark





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Loveland
Colorado**

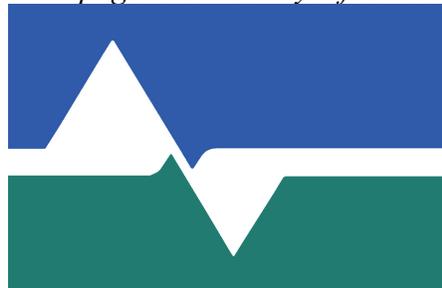
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

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Financial

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



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, 2019, 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, 2019 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.

Change In Accounting Principle

The City adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. As a result of the implementation of GASB Statement No. 83, the City reported a restatement of deferred outflows and beginning net position for the change in accounting principle, as described in Notes 1, 13 and 14 to the financial statements. Our opinion is not modified with respect to the restatement.

The City adopted the provisions of the GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of GASB Statement No. 84, the City reported a restatement of Custodial Fund beginning net position for the change in accounting principle, as described in Note 1 to the financial statements. Our opinion is not modified with respect to the restatement.

The City adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. As a result of the implementation of GASB Statement No. 88, the City updated the long-term debt disclosures included in the long-term liabilities footnote, as described in Note 1 to the financial statements. Our opinion is not modified with respect to the implementation of this standard.

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 GASB, 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 26, 2020 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 26, 2020

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, 2019. 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 29 respectively. Historically, the City's approach to financial management has been conservative. The hallmarks of the approach have been conservative revenue projections, 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. Bond issues have also been used for the financing of a municipal fiber system for the City. In addition, the City has 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. The Loveland City Council adopted a comprehensive Fund Balance and Reserve policy to address fund balance and reserve requirements at the fund level. This policy was adopted in February 2019.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows at the close of 2019 by \$1,153,120,004 (net position). This amount is comprised of \$536,688,150 in Governmental Activities and \$616,431,854 in Business-type Activities. Of the net position amount, \$52,538,830 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 \$59,753,158 from the prior year, of which \$28,025,788 is attributable to governmental activities and \$31,727,370 to business-type activities.
- At the close of 2019, the City's governmental activities reported a combined ending fund balance of \$92,728,170, which is a decrease of \$(8,640,729) from prior year; \$18,917,575 of the balance is unassigned.
- At the close of 2019, the General Fund unassigned fund balance was \$19,268,245 or 25% of total General Fund operating expenditures. This is \$4,548,103 higher than at the close of 2018.
- The City's outstanding debt of \$135,035,740 at the end of 2019 increased by \$96,000,997. This increase is primarily the result of \$85,015,000 issued for Municipal Fiber revenue bonds to construct the City's broadband infrastructure.

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 since 2015.

The City's General Fund Balance was \$38,848,978 at the close of 2017, \$32,349,414 at the close of 2018, and \$28,059,492 at the close of 2019. This is a total decrease of \$10,789,493 over the past three years.

In the fiscal year 2019, corrective actions were enacted to address the diminishing fund balance. The third quarter of FY2019 the City Manager enacted a hiring freeze and froze all out of state travel.

To balance the 2020 Budget and begin the process of replenishing the fund balance, the City:

- Cut \$3.5 million in General Fund expenditures by departments through reductions in hours of operations, programs and services, and staff reductions due to freeze or reduction in force of vacant positions.
- Added \$900,000 via revenue enhancements either through a new fine, fee or penalty or by raising the current rates above the normal inflationary increases.
- Transferred \$4.9 million in one-time transfers from the Internal Service Funds to the General Fund for use only on one-time capital and replenishing the General Fund's 15% Fiscal Contingency Reserve.

2019 saw the commencement and/or continuation of five major capital projects:

1. Municipal Fiber: Branded as Pulse, Municipal Fiber is a City utility connecting the Loveland community by offering affordable, reliable and fast internet and voice service through a 100% fiber-optic network. Pulse will be available to all residents and businesses within the City of Loveland over the next three to four years with construction beginning in late 2019. Service connections will happen as areas are built out and service becomes available. Budget- \$78.5 million; 2019 cost-to-date- \$6.8 million.
2. Chimney Hollow Reservoir: 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; 2019 cost-to-date- \$6.8 million. The City's share of the project financing for this project was included in the 2019 budget but it is possible the actual financing and construction of the project may be delayed to 2021. There are two pending legal issues yet to be resolved.
3. Police Training Campus: Northern Colorado Law Enforcement Training Center (NCLETC) is a partnership between the City of Loveland Police Department and Fort Collins Police Services. This project, which is already underway and expected to be complete by December of 2020, includes 1.4 mile high-speed driving track, a large skills pad, an indoor 50-yard firing range, two classrooms, and administrative space. Once complete, it will be a regional asset utilized by many law enforcement agencies in Northern Colorado. It is located along Boyd Lake Avenue on the west side of the Northern Colorado Regional Airport Property. Costs for the project are split 50/50 with the City of Fort Collins. Budget- \$20.9 million; 2019 cost-to-date- \$2.5 million.
4. 5.0MG Water Storage 29th Street Tank #2: The City constructed a second water storage tank at 29th Street to store potable water to best serve its customers. The water tank will provide storage for daily use along with additional storage for fire protection and in the event of emergencies. The tank's construction keeps the City within industry standards on the amount of storage necessary to meet expected demands. In addition to the tank itself, the project includes necessary waterlines and a valve and meter house to regulate flow into and out of the tank. Budget- \$9.8 million; 2019 cost-to-date- \$158K.
5. US 34 Denver to Boyd Lake Widening: The City of Loveland in conjunction with CDOT has begun work to design and widen portions of US Highway 34 from 4 lanes to 6 lanes in the corridor from Denver Avenue to Rocky Mountain Avenue. All parties believe this project will be beneficial to improve travel reliability, accessibility, and reduce congestion in this corridor. The design phase is underway with construction to begin during 2020. Budget- \$6.7 million; 2019 cost-to-date- \$521K.

Large capital projects completed in 2019:

- Wastewater Treatment Plant Expansion: \$40 million
- Foundry Parking Facility: \$17.8 million
- Street Rehabilitation: \$4.1 million
- Land Acquisition for Downstream Water Storage: \$3.5 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, 2019, the City incurred recovery expenses of \$40.9 million and received total reimbursements of \$31.1 million. The City is still expecting to receive \$2.0 million from closeouts on FEMA projects over the next several years. Money received to date is broken out as follows:

FEMA	\$ 17,951,769
Insurance	\$ 7,304,825
Other	\$ 5,283,348

Softening Growth in Sales Tax:

The City has been experiencing a softening sales tax revenue stream in recent years. Prior to 2019, the last four (4) years averaged 3.7% growth annually. The City has also not increased the 3.0% sales tax since 1984. Since sales tax is the single largest General Fund revenue stream, this trend is being closely monitored. In 2019, sales tax comprised 49.5% of total General Fund revenues and grew 5.2% over the previous year. However, as the financial impacts of the COVID-19 Pandemic become clearer we are anticipating sales tax revenue to shrink in 2020 and potentially further depending on duration of the economic downturn.

**Sales Tax History
(net of TIF Revenue)**

Year	Total General Fund Revenue	General Fund Sales Tax (net of TIF sales tax)	Sales Tax % of Total GF Revenue	Sales Tax % Growth
2010	64,193,517	30,462,193	47.5%	0.0%
2011	67,747,675	32,248,567	47.6%	5.9%
2012	72,950,372	34,539,752	47.3%	7.1%
2013	74,955,393	36,872,201	49.2%	6.8%
2014	84,876,612	39,360,657	46.4%	6.7%
2015	87,541,579	40,522,952	46.3%	3.0%
2016	89,876,681	42,371,545	47.1%	4.6%
2017	96,294,031	44,119,468	45.8%	4.1%
2018	103,514,108	45,574,851	44.0%	3.3%
2019	96,837,778	47,921,967	49.5%	5.2%

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 Proprietary 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 \$1,153,120,004 as of December 31, 2019.

Net Position

Combined net position of the City of Loveland at December 31, 2019 were as follows:

CITY OF LOVELAND, COLORADO STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2019	2018	2019	2018	2019	2018	
Current and other assets	\$ 182,929,028	\$ 180,924,949	\$ 217,235,760	\$ 125,270,914	\$ 400,164,788	\$ 306,195,863	30.7%
Capital assets	429,670,129	396,558,783	551,968,267	517,709,233	981,638,396	914,268,016	7.4%
Total Assets	612,599,157	577,483,732	769,204,027	642,980,147	1,381,803,184	1,220,463,879	13.2%
Deferred Outflow of Resources	104,453	28,772	-	-	104,453	28,772	263.0%
Total Assets and Deferred Outflows of Resources	612,703,610	577,512,504	769,204,027	642,980,147	1,381,907,637	1,220,492,651	13.2%
Long-term liabilities	28,468,377	25,171,917	130,044,181	36,571,392	158,512,558	61,743,309	156.7%
Other liabilities	21,520,918	19,072,353	22,765,649	21,704,271	44,286,567	40,776,624	8.6%
Total Liabilities	49,989,295	44,244,270	152,809,830	58,275,663	202,799,125	102,519,933	97.8%
Deferred Inflows of Resources	29,458,522	25,792,885	-	-	29,458,522	25,792,885	14.2%
Total Liabilities and Deferred Inflows of Resources	79,447,817	70,037,155	152,809,830	58,275,663	232,257,647	128,312,818	81.0%
Net Position:							
Net investment in capital assets	407,352,447	375,178,255	512,801,745	487,093,974	920,154,192	862,272,229	6.7%
Restricted-Nonspendable	3,696,447	1,713,632	-	-	3,696,447	1,713,632	115.7%
Restricted	31,704,746	38,943,876	145,025,789	53,143,019	176,730,535	92,086,895	91.9%
Unrestricted	93,934,510	92,826,599	(41,395,680)	44,467,491	52,538,830	137,294,090	(61.7)%
Total Net Position	\$ 536,688,150	\$ 508,662,362	\$ 616,431,854	\$ 584,704,484	\$ 1,153,120,004	\$ 1,093,366,846	5.5%

As of December 31, 2019, 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 \$400,164,788 current and other assets include \$321,192,425 in cash and investments. The restricted balance of cash and investments is \$156,582,556 for acquisition or construction of future capital assets.

The largest portion of the City's total net position (80%) 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. Long-term debt reported in the Governmental Activities at the end of 2019 includes Certificates of Participation of \$15,900,000, compensated absences of \$4,947,553, oversizing agreements of \$1,554,023, and a long-term capital lease with a balance of \$3,901,848. In Business-Type Activities, Municipal Fiber bonds of 85,015,000 issued in 2019 make up the majority of the outstanding debt balance. The remaining debt in Business-Type activities is made up of compensated absences of \$1,394,764, oversizing agreements of \$109,591, and water and wastewater bonds of \$11,340,000 and \$24,235,000 respectively.

Changes in Net Position

Revenues and transfers in 2019 of \$306,634,212 exceeded program expenses of \$244,381,054 for an increase in net position of \$62,253,158. This increase includes \$33,920,712 from contributed assets and revenue restricted for capital spending. The remaining \$25,832,446 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

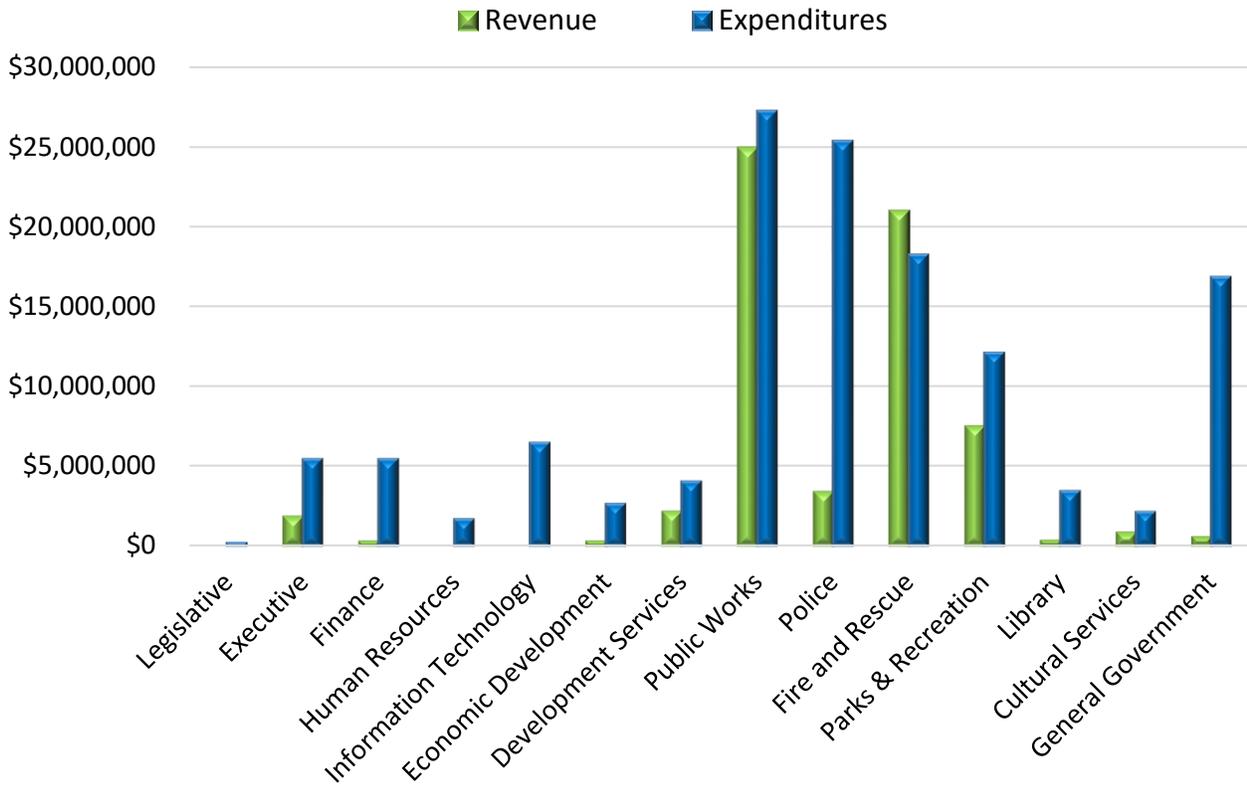
	Governmental Activities		Business-Type Activities		Total		% Change
	2019	2018	2019	2018	2019	2018	
Program Revenue							
Charges for service	\$ 35,468,242	\$ 37,646,917	\$ 121,378,778	\$ 117,409,757	\$ 156,847,020	\$ 155,056,674	1.2%
Operating grants/contributions	23,138,462	21,457,236	352,474	333,552	23,490,936	21,790,788	7.8%
Capital grants/contributions	4,214,800	7,045,733	25,349,844	18,763,653	29,564,644	25,809,386	14.5%
General Revenues:							
Property Taxes	26,678,420	23,899,977	-	-	26,678,420	23,899,977	11.6%
Sales and Use Taxes	59,077,014	57,372,198	-	-	59,077,014	57,372,198	3.0%
Franchise and Other Taxes	4,008,274	3,800,924	-	-	4,008,274	3,800,924	5.5%
Investment Earnings	3,193,518	1,599,707	5,273,004	1,359,120	8,466,522	2,958,827	186.1%
Other	153,803	102,157	(1,652,421)	(296,516)	(1,498,618)	(194,359)	671.1%
Total Revenues	155,932,533	152,924,849	150,701,679	137,569,566	306,634,212	290,494,415	5.6%
Program Expenses:							
Legislative	144,975	187,723	-	-	144,975	187,723	(22.8)%
Executive	5,380,650	3,376,411	-	-	5,380,650	3,376,411	59.4%
Finance	5,388,175	1,256,557	-	-	5,388,175	1,256,557	328.8%
Human Resources	1,638,690	424,206	-	-	1,638,690	424,206	286.3%
Information Technology	6,401,536	1,831,164	-	-	6,401,536	1,831,164	249.6%
Economic Development	2,597,640	2,551,997	-	-	2,597,640	2,551,997	1.8%
Development Services	3,981,403	6,737,725	-	-	3,981,403	6,737,725	(40.9)%
Public Works	27,180,708	31,567,513	-	-	27,180,708	31,567,513	(13.9)%
Police	25,312,191	27,082,050	-	-	25,312,191	27,082,050	(6.5)%
Fire & Rescue	18,193,823	22,272,980	-	-	18,193,823	22,272,980	(18.3)%
Parks & Recreation	12,040,970	16,364,686	-	-	12,040,970	16,364,686	(26.4)%
Library	3,385,385	4,272,659	-	-	3,385,385	4,272,659	(20.8)%
Cultural Services	2,089,675	2,942,481	-	-	2,089,675	2,942,481	(29.0)%
General Government	16,784,988	23,571,072	-	-	16,784,988	23,571,072	(28.8)%
Water	-	-	15,666,095	16,308,692	15,666,095	16,308,692	(3.9)%
Wastewater	-	-	13,085,842	11,304,051	13,085,842	11,304,051	15.8%
Stormwater	-	-	5,055,877	4,927,823	5,055,877	4,927,823	2.6%
Power	-	-	68,751,131	64,180,716	68,751,131	64,180,716	7.1%
Refuse	-	-	7,743,425	7,243,803	7,743,425	7,243,803	6.9%
Golf	-	-	3,557,875	3,669,380	3,557,875	3,669,380	(3.0)%
Total Expenses	130,520,809	144,439,224	113,860,245	107,634,465	244,381,054	252,073,689	(3.1)%
Increase in net position before transfers	25,411,724	8,485,625	36,841,434	29,935,101	62,253,158	38,420,726	62.0%
Transfers	2,614,064	1,344,677	(2,614,064)	(1,344,677)	-	-	-%
Increase in net position	28,025,788	9,830,302	34,227,370	28,590,424	62,253,158	38,420,726	62.0%
Net Position - Beginning	508,662,362	498,832,060	584,704,484	556,114,060	1,093,366,846	1,054,946,120	3.6%
Restatement	\$ -	\$ -	\$ (2,500,000)	\$ -	\$ (2,500,000)	\$ -	
Net Position - Ending	\$ 536,688,150	\$ 508,662,362	\$ 616,431,854	\$ 584,704,484	\$ 1,153,120,004	\$ 1,093,366,846	5.5%

Governmental Activities

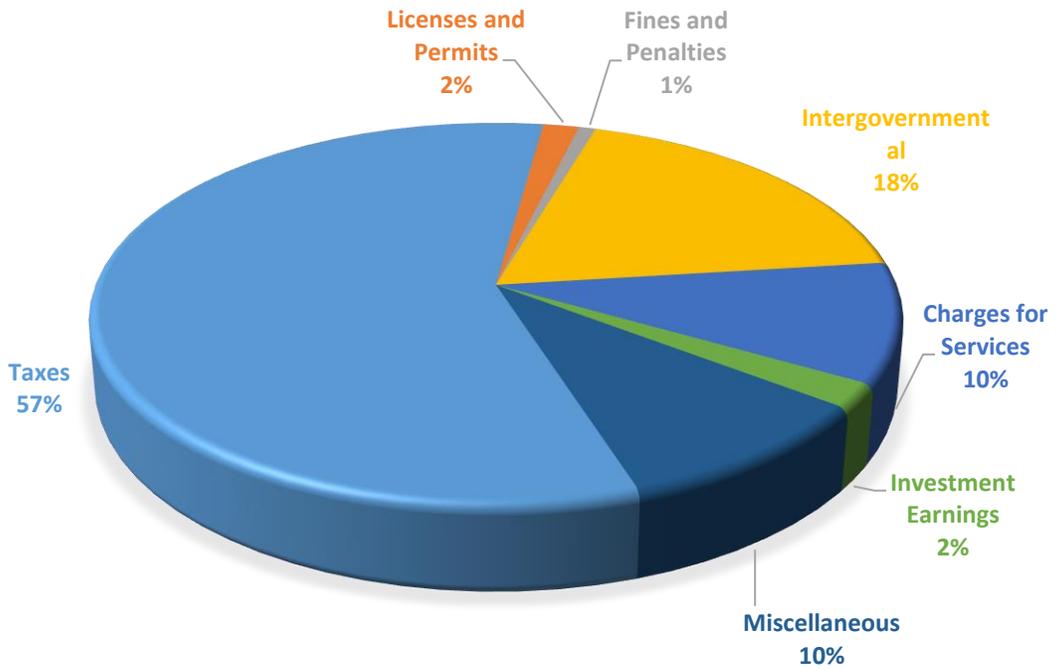
Governmental Activities increased the City's net position by \$28,025,788. Earnings on investments increased in 2019 by 100% from \$1,599,707 in 2018 to \$3,193,518 in 2019. This increase is due to the sale of certain investments as part of a managed portfolio, market interest rates, and accounting adjustments for the unrealized gains. Property tax revenue also increased in 2019 by \$2,778,443.

The following graph compares program revenues and expenditures of Governmental Activities in 2019, illustrating the majority of expenditures are related to public services and safety.

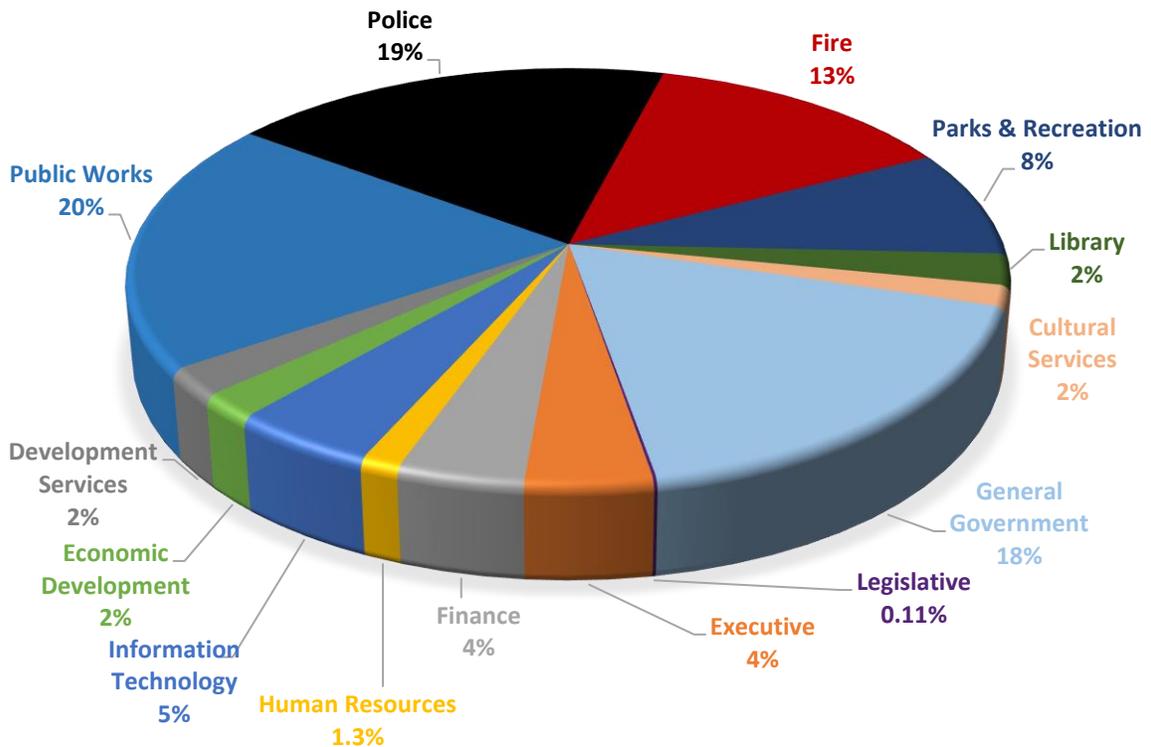
Program Revenue & Expenditures Governmental Activities



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.

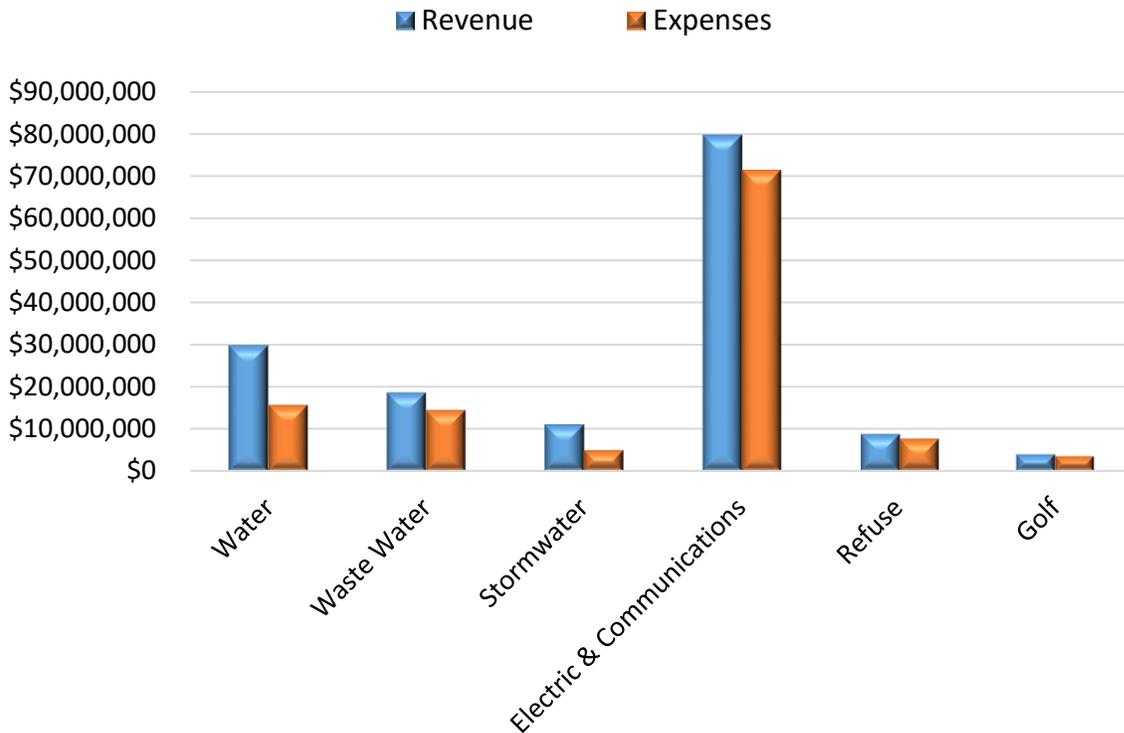
In the graph below, all activities had higher revenues in comparison to expenses.

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

For year-end 2019, net position for the Business-Type Activities increased by \$34,227,370. Earnings on investments increased from \$1,359,120 in 2018 to \$5,273,004 in 2019 in the Statement of Revenues, Expenses and Changes in Net Position. Approximately \$1.4 million of this increase is related to earnings on Municipal Fiber bond proceeds that are being held in interest bearing accounts with Colorado Surplus Asset Fund Trust (CSAFE) and drawn from as needed for project expenses.

While expenses increased from the prior year in Wastewater, Stormwater, Power & Communications, and Refuse, the City experienced a decrease in expenses in the Water 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 29. These funds are accounted for using the modified accrual basis of accounting. Overall, the balances of these funds decreased by \$(8,640,729), and the City ended the year with a combined fund balance of \$92,728,170.

The City's Governmental Funds collected less revenue than the constitutional limits (TABOR) by \$(2,537,643) in 2019. If in any year revenue exceeds the TABOR limit, 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 \$3,274,267.
- Restricted balance of \$31,481,153 includes \$4,250,918 reserve for excess TABOR, \$2,924,648 reserve for emergencies; \$6,825,362 for Fire and Rescue; \$9,551,861 for Open Space Acquisitions; \$5,366,108 for Parks & Recreation; as well as funds for Urban Revitalization, Convention & Tourism, and Law Enforcement.
- Committed balances include \$35,135,574 for future capital improvements; the Council Capital Reserve; Art in Public Places; public education; affordable housing and downtown maintenance.
- Assigned balances of \$3,497,421 are for items such as Parks Improvements, Fiber Network, as well as other governmental capital improvements.
- Unassigned General Fund is \$19,268,245, 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 is aware that the Covid-19 Pandemic will require use of the City general fund reserves to adequately respond to the needs of the community.

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 \$6,763,220. 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 \$12,688,469.

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 \$87,823,622 increased by 3% for the year. Tax revenue of \$68,094,529, (78)% of the total General Fund revenue increased by 4% in 2019. There were no changes made to the City's mill levy or sales tax rate in 2019. The General Fund balance decreased by \$(4,289,922), (13)%, primarily due to transfers to the Transportation Fund of \$11,735,775.

The Loveland Urban Renewal Authority (LURA) Fund revenues increased in 2019 to \$16,690,858. Tax revenues of \$16,642,330 (100% of total revenues) increased by \$2,649,723 or 18% from 2018. Total 2019 expenditures of \$16,339,370 include the distribution of tax increment financing \$13,652,122, school district fund \$2,459,550, and other services \$179,188.

Total revenues in the Capital Expansion Fees (CEF) Fund decreased by \$(656,527), (9)% from 2018, due to a decrease in Charges for Services. The fund balance in the CEF Fund decreased by \$(3,788,956) or (10)%, versus a decrease in 2018 of \$(4,337,677). This decrease is due to Capital Outlay of \$4,030,782 and transfers to the Transportation Fund of \$3,285,383.

Including transfers, the total revenue for the Loveland Fire Rescue Authority Fund was \$20,942,325 and total expenditures were \$22,480,665. Fund balance decreased by \$(1,631,935), primarily due to expenditures in Capital Outlay of \$4,178,423.

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 \$616,431,854, an increase of \$31,727,370. Each of the Proprietary Funds had net position increases, the most significant in the Water Fund which increased \$13,689,420 from 2018.

General Fund Budgetary Highlights

The General Fund departments ended the year within budget. The budgeted transfers to other funds was increased from \$19,653,285 to \$30,899,347; the majority of this increase funded capital projects.

The largest variance within the General Fund from the 2019 Adopted to the 2019 Revised Budget was interfund transfers. Appropriations throughout the year increased the interfund transfers, with the largest impact stemming from the Supplemental Re-Appropriations & Non-Lapsing Capital and Grant Projects. Funding lapses and returns to the fund of origin at the end of every fiscal year. However, new in 2019, City Council approved the Non-Lapsing Capital and Grants policy which enables the administrative re-appropriation of projects designated as non-lapsing per the Council Resolution.

The Loveland Urban Renewal Authority (LURA) fund expenses exceeded 2019 budget by \$390,845 due to higher than anticipated property tax receipts which are distributed as expenses for urban renewal projects.

In 2019, General Fund expenditures decreased by (\$9,316,098) from 2018. The internal cost allocation methodology changed from 2018 to 2019 resulting in a decrease of (\$11,084,130) on both the General Fund revenue and expenditure side. City Council directed that the General Fund allocate indirect costs through the Annual Cost Allocation Plan only and not charge these indirect costs in the actual General Ledger as this was a net neutral impact on the General Fund and inflating the budgeted revenues and expenditures.

Proprietary Fund Budgetary Highlights

The City of Loveland established PULSE, the City's own Municipal Fiber Enterprise. The establishment of the Municipal Fiber and Municipal Fiber Debt Service Funds totaled \$162.8 million. This accounts for 75.7% of the \$215.2 million increase from adopted to final 2019 budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of 2019, the City had \$981,638,396 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 13% and construction in process decreased by (33)% in total for Governmental and Business-Type Activities. The following make up the largest portion of the balance in Construction in Process at the end of 2019:

Municipal Fiber (Pulse) Infrastructure	\$	4,426,742
Fire Station #7	\$	3,110,255
Police Training Campus	\$	2,138,524
Pulliam Renovation	\$	1,959,928
Wastewater Treatment Plant Lab Building	\$	1,905,609
37th Street Improvements- US 287 to Lincoln	\$	1,417,449
Loveland Sports Park Phase II	\$	1,102,841

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
	2019	2018	2019	2018	2019	2018	
Land	\$ 62,905,341	\$ 59,319,121	\$ 14,949,341	\$ 10,656,083	\$ 77,854,682	\$ 69,975,204	11.3%
Art Collection	7,446,306	6,989,647	-	-	7,446,306	6,989,647	6.5%
Buildings	71,174,538	51,675,101	24,124,099	9,443,989	95,298,637	61,119,090	55.9%
Improvements	29,531,802	29,386,101	122,201,256	98,249,293	151,733,058	127,635,394	18.9%
Equipment	16,985,981	15,620,155	7,514,539	7,813,354	24,500,520	23,433,509	4.6%
Water rights	2,624,520	2,624,520	76,308,542	76,145,542	78,933,062	78,770,062	0.2%
Infrastructure	202,171,807	186,600,594	242,127,566	233,187,357	444,299,373	419,787,951	5.8%
Easements	5,282,314	4,693,070	26,448,264	17,354,578	31,730,578	22,047,648	43.9%
Construction in Process	31,547,520	39,650,474	38,294,660	64,859,040	69,842,180	104,509,514	(33.2)%
Total	\$ 429,670,129	\$ 396,558,783	\$ 551,968,267	\$ 517,709,236	\$ 981,638,396	\$ 914,268,019	7.4%

Major additions in 2019 included the following assets:

Wastewater Treatment Plant Expansion	\$ 39,872,130	Street Rehabilitation	\$ 4,125,377
Foundry Parking Facility	\$ 17,656,436	Land for Downstream Water Storage	\$ 3,526,943

Debt

At year-end, the City had a number of oversizing agreements related to Streets totaling \$1,554,023. There were no contract amendments in 2019. 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 \$640,000 of this debt in 2019. Additionally, between 2017 and 2018, the City secured \$24,900,000 for improvements to the Wastewater Treatment Plant; the City paid down \$665,000 of this debit in 2019.

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 2020 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 2020 Budget and future budgets will include a reserve target of 15% of operating expenses moving forward.

The Adopted Budget complies with the financial management policies approved by the City Council and is structured to meet the Council's priorities. For 2020, those priorities include economic vitality, public safety, infrastructure quality, and financial responsibility.

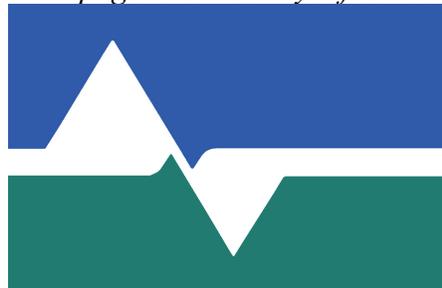
Rates for the utility funds are set to cover operating costs and capital needs. Water rates will increase by 7% in 2020 to fund capital projects both at the Water Treatment Plant and for the distribution system in order to address aging infrastructure and improve reliability and redundancy. Wastewater rates will increase by 7% in 2020, 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 2020 to fund increases in wholesale power costs and additional rehabilitative capital needs.

The economic impacts stemming from the COVID-19 Pandemic have not fully been recognized in the 2020 Budget at this time. However, the City is anticipating loss to revenue across the City and Utilities. It will likely be months or potentially years before the City is able to return to the levels of confidence and economic strength needed to sustain the future projects currently planned.

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.

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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, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 9,799	\$ 5,650	\$ 15,449
Equity in Pooled Cash	34,158,468	1,838,327	35,996,795
Equity in Pooled Investments	81,285,686	47,311,939	128,597,625
Receivables (Net):			
Taxes	36,202,444	-	36,202,444
Accounts	8,331,945	11,715,653	20,047,598
Grants	2,499,202	803,901	3,303,103
Accrued Interest	354,498	371,503	726,001
Interfund Loan Receivable	3,432,356	1,500,000	4,932,356
Inventory of Supplies	807,377	4,362,998	5,170,375
Equity in Northern Colorado Regional Airport	8,590,486	-	8,590,486
Restricted Assets:			
Equity in Pooled Restricted Cash	7,256,767	106,374,105	113,630,872
Equity in Pooled Restricted Investments	-	42,951,684	42,951,684
Capital Assets:			
Land, Water Rights and Other Assets not Being Depreciated	78,258,481	117,706,147	195,964,628
Building, Improvements and Equipment, Net of Depreciation	319,864,128	395,967,460	715,831,588
Construction in Progress	31,547,520	38,294,660	69,842,180
Total Assets	612,599,157	769,204,027	1,381,803,184
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Items	104,453	-	104,453
Asset Retirement Obligation	-	295,586	295,586
Total Deferred Outflows of Resources	104,453	295,586	400,039
LIABILITIES			
Accounts Payable	10,866,497	11,780,254	22,646,751
Accrued Liabilities	2,144,644	1,208,440	3,353,084
Deposits	1,231,472	3,285,396	4,516,868
Interfund Loan Payable	3,432,357	1,500,000	4,932,357
Noncurrent Liabilities:			
Due Within One Year	3,845,948	2,178,059	6,024,007
ARO Liability - Hydro	-	2,500,000	2,500,000
Due in More Than One Year	23,419,287	130,044,181	153,463,468
ARO Liability - Solar	-	313,500	313,500
Pension Liability - Due in More Than One Year	1,616,733	-	1,616,733
Total Liabilities	46,556,938	152,809,830	199,366,768
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	29,458,522	-	29,458,522
Deferred Other	-	257,929	257,929
Total Deferred Inflows of Resources	29,458,522	257,929	29,716,451
NET POSITION			
Net Investment in Capital Assets	407,352,447	512,801,745	920,154,192
Restricted - Nonexpendable	3,696,447	-	3,696,447
Restricted:			
Future Capital Improvements	-	49,882,904	49,882,904
Tabor 3% Emergency Reserve	2,924,648	-	2,924,648
Conservation Trust Fund	5,353,290	-	5,353,290
Open Space Acquisitions	9,551,861	-	9,551,861
Reserve for Excess Tabor	4,250,918	-	4,250,918
Fire and Rescue	6,825,362	-	6,825,362
Other	2,798,667	-	2,798,667
Unrestricted	93,934,510	53,747,205	147,681,715
Total Net Position	\$ 536,688,150	\$ 616,431,854	\$ 1,153,120,004

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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities:				
Legislative	\$ 144,975	\$ -	\$ -	\$ -
Executive	5,380,650	1,816,728	727	-
Finance	5,388,175	226,958	3,093	-
Human Resources	1,638,690	-	-	-
Information Technology	6,401,536	-	-	-
Economic Development	2,597,640	233,795	8,503	-
Development Services	3,981,403	2,141,143	-	-
Public Works	27,180,708	18,093,078	6,806,276	-
Police	25,312,191	2,967,706	25,841	381,171
Fire and Rescue	18,193,823	3,769,092	16,240,102	952,577
Parks & Recreation	12,040,970	5,504,094	9,217	2,013,630
Library	3,385,385	50,342	26,066	222,855
Cultural Services	2,089,675	616,260	18,637	186,432
General Government	16,784,988	49,046	-	458,135
Total Governmental Activities	130,520,809	35,468,242	23,138,462	4,214,800
Business Type Activities:				
Water	15,666,095	18,643,554	201,148	9,739,246
Wastewater	13,085,842	13,699,495	22,738	4,172,296
Stormwater	5,055,877	7,625,978	-	2,928,237
Electric & Communications	68,751,131	68,929,460	119,613	8,510,065
Refuse	7,743,425	8,620,149	8,775	-
Golf	3,557,875	3,860,142	200	-
Total Business-Type Activities	113,860,245	121,378,778	352,474	25,349,844
City Total	\$ 244,381,054	\$ 156,847,020	\$ 23,490,936	\$ 29,564,644

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

Prior Period Adjustment

Net Position - Beginning as Restated

Net Position - Ending

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

Net (Expenses) Revenues
and Change in Net Position

Governmental Activities	Business Type Activities	Totals
\$ (144,975)	\$ -	\$ (144,975)
(3,563,195)	-	(3,563,195)
(5,158,124)	-	(5,158,124)
(1,638,690)	-	(1,638,690)
(6,401,536)	-	(6,401,536)
(2,355,342)	-	(2,355,342)
(1,840,260)	-	(1,840,260)
(2,281,354)	-	(2,281,354)
(21,937,473)	-	(21,937,473)
2,767,948	-	2,767,948
(4,514,029)	-	(4,514,029)
(3,086,122)	-	(3,086,122)
(1,268,346)	-	(1,268,346)
(16,277,807)	-	(16,277,807)
(67,699,305)	-	(67,699,305)
-	12,917,853	12,917,853
-	4,808,687	4,808,687
-	5,498,338	5,498,338
-	8,808,007	8,808,007
-	885,499	885,499
-	302,467	302,467
-	33,220,851	33,220,851
\$ (67,699,305)	\$ 33,220,851	\$ (34,478,454)
26,678,420	-	26,678,420
59,077,014	-	59,077,014
1,837,808	-	1,837,808
2,170,466	-	2,170,466
3,193,518	5,273,004	8,466,522
153,803	(1,652,421)	(1,498,618)
2,614,064	(2,614,064)	-
95,725,093	1,006,519	96,731,612
28,025,788	34,227,370	62,253,158
508,662,362	584,704,484	1,093,366,846
-	(2,500,000)	(2,500,000)
508,662,362	582,204,484	1,090,866,846
\$ 536,688,150	\$ 616,431,854	\$ 1,153,120,004

City of Loveland, Colorado
Balance Sheet
Governmental Fund Types
December 31, 2019

	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Loveland Fire Rescue Authority
ASSETS					
Cash	\$ 9,499	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash	14,754,635	-	499,957	4,410,809	3,725,003
Equity in Pooled Investments	9,834,279	-	-	25,633,651	4,004,839
Receivables (Net):					
Taxes	18,013,922	17,538,980	22,457	-	-
Accounts	1,166,420	792,788	636,633	104,497	1,072,699
Grants	305,938	-	809,659	3,471	13,750
Accrued Interest	27,334	9,099	28	90,714	29,417
Interfund Loan Receivable	39,212	-	-	3,072,774	-
Inventory	-	-	350,670	-	-
Equity in Pooled Restricted Cash	1,503,459	3,414,587	-	-	-
Total Assets	45,654,698	21,755,454	2,319,404	33,315,916	8,845,708
LIABILITIES					
Accounts Payable	2,390,689	1,546,094	1,111,861	172,328	772,633
Accrued Liabilities	757,756	-	167,030	2,514	266,650
Interfund Loan Payable	1,409,629	2,022,728	-	-	-
Total Liabilities	4,558,074	3,568,822	1,278,891	174,842	1,039,283
DEFERRED INFLOWS OF RESOURCES					
Unavailable Grant Revenue	1,235,869	-	1,040,513	107,968	981,063
Deferred Property Taxes	11,801,263	17,538,980	-	-	-
Total Deferred Inflows of Resources	13,037,132	17,538,980	1,040,513	107,968	981,063
Total Liabilities and Deferred Inflows of Resources	17,595,206	21,107,802	2,319,404	282,810	2,020,346
Fund Balances:					
Nonspendable	39,212	-	350,670	-	-
Restricted	8,185,477	647,652	-	-	6,825,362
Committed	566,558	-	-	33,033,106	-
Assigned	-	-	-	-	-
Unassigned	19,268,245	-	(350,670)	-	-
Total Fund Balances	28,059,492	647,652	-	33,033,106	6,825,362
Total Liabilities and Fund Balances	\$ 45,654,698	\$ 21,755,454	\$ 2,319,404	\$ 33,315,916	\$ 8,845,708

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

City of Loveland, Colorado
Balance Sheet
Governmental Fund Types
December 31, 2019

	Capital Project Funds	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ -	\$ 300	\$ 9,799
Equity in Pooled Cash	3,853,312	1,832,224	29,075,940
Equity in Pooled Investments	11,555	18,577,995	58,062,319
Receivables (Net):			
Taxes	-	627,085	36,202,444
Accounts	2,311,961	444	6,085,442
Grants	1,240,765	125,619	2,499,202
Accrued Interest	14,810	81,099	252,501
Interfund Loan Receivable	-	-	3,111,986
Inventory	-	32,298	382,968
Equity in Pooled Restricted Cash	-	2,115,128	7,033,174
Total Assets	7,432,403	23,392,192	142,715,775
LIABILITIES			
Accounts Payable	4,670,364	450,983	11,114,952
Accrued Liabilities	7,063	56,711	1,257,724
Interfund Loan Payable	-	-	3,432,357
Total Liabilities	4,677,427	507,694	15,805,033
DEFERRED INFLOWS OF RESOURCES			
Unavailable Grant Revenue	1,240,765	117,872	4,724,050
Deferred Property Taxes	-	118,279	29,458,522
Total Deferred Inflows of Resources	1,240,765	236,151	34,182,572
Total Liabilities and Deferred Inflows of Resources	5,918,192	743,845	49,987,605
Fund Balances:			
Nonspendable	-	3,306,565	3,696,447
Restricted	-	15,822,662	31,481,153
Committed	-	1,535,910	35,135,574
Assigned	1,514,211	1,983,210	3,497,421
Unassigned	-	-	18,917,575
Total Fund Balances	1,514,211	22,648,347	92,728,170
Total Liabilities and Fund Balances	\$ 7,432,403	\$ 23,392,192	\$ 142,715,775

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.	423,078,008
City's joint venture equity interest in Northern Colorado Regional Airport	8,590,486
City's Net Pension Liability	(1,616,733)
Certain deferred inflows of resources represent deferred revenue which revenue does not represent current available resources. These revenues are eliminated at the activity level.	4,724,050
Certain deferred outflows of resources represent deferred expenses relating to pension expenses	104,453
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.	36,185,053
Long-term liabilities are not due and payable in the current period and are not reported in the funds. (Accrued Leave \$4,787,655, Certificates of Participation \$15,900,000, Capital Leases, \$3,901,848, Intergovernmental Agreement for Apparatus Purchase, \$961,811, and developer oversizing agreements \$1,554,023)	(27,105,337)
Net Position of Governmental Activities	\$ 536,688,150

City of Loveland, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund Types
For the Year Ended December 31, 2019

	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Loveland Fire Rescue Authority
Revenues:					
Taxes	\$ 68,094,529	\$ 16,642,330	\$ 19,547	\$ -	\$ -
Licenses and Permits	2,228,567	-	160,417	-	178,503
Fines and Penalties	1,203,527	-	-	-	-
Intergovernmental	1,384,780	-	7,613,351	-	16,722,426
Charges for Services	4,981,235	-	3,312,490	5,594,978	1,725,507
Investment Earnings (Loss)	672,453	48,528	(1,634)	1,215,043	333,660
Miscellaneous	9,258,531	-	634,777	121,602	1,982,229
Total Revenues	87,823,622	16,690,858	11,738,948	6,931,623	20,942,325
Expenditures:					
Current:					
Legislative	144,975	-	-	-	-
Executive	4,401,210	-	-	-	-
Finance	5,470,110	-	-	-	-
Human Resources	1,701,545	-	-	-	-
Information Technology	4,081,695	-	-	-	-
Economic Development	1,482,874	-	-	-	-
Development Services	2,886,029	-	-	-	-
Public Works	8,145,415	-	17,166,622	-	-
Police	24,566,196	-	-	-	-
Fire	-	-	-	-	17,921,673
Parks & Recreation	9,659,332	-	-	75,772	-
Library	3,177,119	-	-	75,000	-
Cultural Services	2,140,923	-	-	19,365	-
General Government	7,156,456	16,272,062	-	-	-
Capital Outlay	2,550,258	-	9,717,831	4,030,782	4,178,423
Debt service					
Principal	-	-	-	-	232,449
Interest and debt service costs	590,492	67,308	-	-	148,120
Total Expenditures	78,154,629	16,339,370	26,884,453	4,200,919	22,480,665
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,668,993	351,488	(15,145,505)	2,730,704	(1,538,340)
Other Financing Sources (Uses):					
Transfers In	5,489,219	-	15,210,504	76,316	-
Transfers (Out)	(19,448,134)	-	(64,999)	(6,595,976)	(93,595)
Total Other Financing Sources (Uses)	(13,958,915)	-	15,145,505	(6,519,660)	(93,595)
Net Change in Fund Balance	(4,289,922)	351,488	-	(3,788,956)	(1,631,935)
Fund Balances--Beginning	32,349,414	296,164	-	36,822,062	8,457,297
Fund Balances--Ending	\$ 28,059,492	\$ 647,652	\$ -	\$ 33,033,106	\$ 6,825,362

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

Capital Project Funds	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,745,230	\$ 88,501,636
-	-	2,567,487
-	-	1,203,527
326,010	2,488,507	28,535,074
-	145,250	15,759,460
130,812	794,656	3,193,518
2,601,559	406,331	15,005,029
<u>3,058,381</u>	<u>7,579,974</u>	<u>154,765,731</u>
-	-	144,975
-	1,055,252	5,456,462
-	-	5,470,110
-	-	1,701,545
2,127,155	79,199	6,288,049
-	1,090,633	2,573,507
-	-	2,886,029
488,781	584,866	26,385,684
824,933	-	25,391,129
(2,040)	-	17,919,633
277,727	1,170,820	11,183,651
-	-	3,252,119
-	-	2,160,288
-	26,396	23,454,914
9,901,022	2,682,548	33,060,864
-	-	232,449
-	-	805,920
<u>13,617,578</u>	<u>6,689,714</u>	<u>168,367,328</u>
<u>(10,559,197)</u>	<u>890,260</u>	<u>(13,601,597)</u>
10,018,386	573,658	31,368,083
(189,511)	(15,000)	(26,407,215)
<u>9,828,875</u>	<u>558,658</u>	<u>4,960,868</u>
(730,322)	1,448,918	(8,640,729)
<u>2,244,533</u>	<u>21,199,429</u>	<u>101,368,899</u>
\$ 1,514,211	\$ 22,648,347	\$ 92,728,170

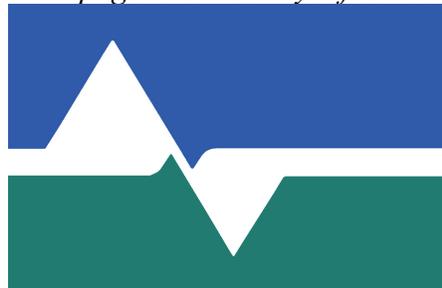
City of Loveland, Colorado
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds To
the Statement of Activities
For the Year Ended December 31, 2019

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

Net change in fund balances - total governmental funds	\$ (8,640,729)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$33,060,864 exceeded depreciation \$16,749,411 in the current period.	16,311,453
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.	16,453,935
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.	(1,166,803)
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 decrease in accrued leave \$821,034 and a increase in pension costs due to the change in the Net Pension Liability \$354,039.	466,995
Expenses that are recorded for the Airport joint venture in the statement of activities that are not reported as expenses in the funds.	(615,738)
Issuance of Long-Term Debt not reported in Statement of Activities (none), less principal payments of \$382,449.	(382,449)
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.	5,599,124
<hr/>	
Change in net position of governmental activities	<hr/> \$ 28,025,788

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, 2019

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Electric & Communications
ASSETS				
Current Assets:				
Cash	\$ -	\$ -	\$ -	1,450
Equity in Pooled Cash	180,584	73,689	594,138	788,570
Equity in Pooled Investments	9,494,805	4,665,927	12,768,426	10,831,555
Receivables, Net	1,356,170	1,487,607	855,019	7,673,464
Accrued Interest	139,904	62,144	60,025	68,607
Inventory, at Cost	270,858	3,615	-	3,881,952
Total Current Assets	11,442,321	6,292,982	14,277,608	23,245,598
Non-current Assets:				
Interfund Loan Receivable	-	-	-	1,500,000
Restricted Assets:				
Future Raw Water Projects Restricted Cash	4,059,065	-	-	-
Future Easement Improvements Restricted Cash	-	-	-	-
Equity in Pooled Restricted Cash	842,453	6,604	-	97,045,783
Reservoir Improvements Restricted Cash	-	-	-	-
System Impact Fees	-	-	3,594,956	-
Equity in Pooled Restricted Investments	28,677,549	8,080,141	-	6,193,994
Total Restricted Assets	33,579,067	8,086,745	3,594,956	103,239,777
Capital Assets:				
Land	4,046,605	1,123,876	6,212,999	2,510,359
Intangible Assets/Easements	6,450,231	6,593,466	6,669,987	6,734,580
Buildings	3,467,553	17,892,114	94,184	4,807,188
Equipment	2,541,790	3,067,405	3,294,455	4,336,068
Improvements Other Than Buildings	183,042,339	106,405,295	50,142,819	188,154,083
Water Rights	76,214,042	-	-	-
Construction in Progress	11,412,377	8,514,716	2,068,570	16,227,136
Total Capital Assets	287,174,937	143,596,872	68,483,014	222,769,414
Accumulated Depreciation	(59,805,691)	(33,592,737)	(17,085,470)	(66,448,266)
Net Capital Assets	227,369,246	110,004,135	51,397,544	156,321,148
Total Non-Current Assets	260,948,313	118,090,880	54,992,500	261,060,925
Total Assets	\$ 272,390,634	\$ 124,383,862	\$ 69,270,108	\$ 284,306,523
Deferred Outflows of Resources:				
Asset Retirement Obligation	-	-	-	295,586

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, 2019
(Continued)

Business-Type Activities - Enterprise Funds			Governmental
Refuse	Golf	Totals	Activities Internal Service
\$ 1,250	\$ 2,950	\$ 5,650	\$ -
145,809	55,537	1,838,327	5,082,528
5,180,098	4,371,128	47,311,939	23,223,367
942,073	205,221	12,519,554	2,246,503
23,902	16,921	371,503	101,997
104,187	102,386	4,362,998	424,409
6,397,319	4,754,143	66,409,971	31,078,804
-	-	1,500,000	320,370
-	-	4,059,065	-
-	92,619	92,619	-
553,629	-	98,448,469	223,593
-	178,996	178,996	-
-	-	3,594,956	-
-	-	42,951,684	-
553,629	271,615	149,325,789	223,593
-	1,055,502	14,949,341	209,516
-	-	26,448,264	-
378,098	4,267,724	30,906,861	1,976,509
8,179,507	2,641,562	24,060,787	14,557,136
232,356	8,248,531	536,225,423	-
-	94,500	76,308,542	-
-	71,861	38,294,660	251,627
8,789,961	16,379,680	747,193,878	16,994,788
(6,084,942)	(12,208,505)	(195,225,611)	(10,402,667)
2,705,019	4,171,175	551,968,267	6,592,121
3,258,648	4,442,790	702,794,056	7,136,084
\$ 9,655,967	\$ 9,196,933	\$ 769,204,027	\$ 38,214,888
-	-	295,586	-

City of Loveland, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2019
(Continued)

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Electric & Communications
LIABILITIES				
Current Liabilities:				
Accounts Payable	882,835	2,263,810	1,713,564	6,591,573
Accrued Liabilities	327,263	535,039	66,394	244,575
Deposits	-	-	-	3,285,396
ARO Liability - Hydro	-	-	-	2,500,000
Compensated Absences	161,321	135,839	68,774	240,531
Bond Payable - Current	660,000	690,000	-	-
Total Current Liabilities	2,031,419	3,624,688	1,848,732	12,862,075
Long-Term Liabilities:				
Compensated Absences	131,990	111,142	56,269	196,798
Bond Payable	10,680,000	23,545,000	-	95,142,885
ARO Liability - Solar	-	-	-	313,500
Interfund Loan Payable	1,500,000	-	-	-
Total Long-Term Liabilities	12,311,990	23,656,142	56,269	95,653,183
Total Liabilities	14,343,409	27,280,830	1,905,001	108,515,258
NET POSITION				
Net Investment in Capital Assets	215,968,307	85,720,483	51,397,544	152,839,217
Restricted for Future Capital Improvements	33,579,067	3,786,745	3,594,956	8,096,892
Net Position Restricted for Other	-	-	-	-
Unrestricted	8,499,851	7,595,804	12,372,607	15,150,742
Total Net Position	\$ 258,047,225	\$ 97,103,032	\$ 67,365,107	\$ 176,086,851

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, 2019
(Continued)

Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service
Refuse	Golf	Totals	
206,803	379,598	12,038,183	983,017
87,150	57,610	1,318,031	886,920
-	-	3,285,396	-
-	-	2,500,000	-
67,822	92,833	767,120	-
-	-	1,350,000	-
361,775	530,041	21,258,730	1,869,937
55,491	75,954	627,644	159,898
-	-	129,367,885	-
-	-	313,500	-
-	-	1,500,000	-
55,491	75,954	131,809,029	159,898
417,266	605,995	153,067,759	2,029,835
2,705,019	4,171,175	512,801,745	6,592,121
553,629	271,615	49,882,904	-
-	-	-	223,593
5,980,053	4,148,148	53,747,205	29,369,339
\$ 9,238,701	\$ 8,590,938	\$ 616,431,854	\$ 36,185,053

City of Loveland, Colorado
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Electric & Communications
Operating Revenues:				
Charges for Services	\$ 16,556,491	\$ 13,639,886	\$ 7,587,798	\$ 67,624,030
Miscellaneous	1,679,974	82,347	38,180	1,425,043
Total Operating Revenues	18,236,465	13,722,233	7,625,978	69,049,073
Operating Expenses:				
Personal Services	4,892,185	3,787,394	1,644,731	4,660,465
Supplies	1,201,973	845,683	69,226	629,914
Purchased Services	4,206,084	3,619,014	1,444,487	6,346,496
Purchased Power	-	-	-	44,564,326
Payment for Services	1,111,782	948,776	531,166	4,666,809
Depreciation	3,813,245	2,899,352	1,366,267	5,244,943
Total Operating Expenses	15,225,269	12,100,219	5,055,877	66,112,953
Net Operating Income (loss)	3,011,196	1,622,014	2,570,101	2,936,120
Nonoperating Revenues (Expenses):				
Investment Earnings	1,307,646	799,179	557,911	2,200,380
Bond Expenses	(2,325)	-	-	(542,456)
Interest and debt service costs	(438,501)	(985,623)	-	(2,095,722)
Gain (Loss) on Sale of Capital Assets	(79,431)	(1,463,763)	11,499	(133,879)
Total Nonoperating Revenues (Expense)	787,389	(1,650,207)	569,410	(571,677)
Net Income (Loss) Before Contributions and Transfers	3,798,585	(28,193)	3,139,511	2,364,443
Capital Contributions:				
System Impact/Development Fees	2,910,415	1,376,109	377,763	2,741,758
Contributed Assets	2,807,412	2,796,187	2,550,474	4,813,702
Aid to Construction	-	-	-	954,605
Raw Water Development Fees	608,237	-	-	-
Cash in Lieu of Water Rights	4,021,419	-	-	-
Capital Grant Contributions	-	-	-	-
Transfers In	-	-	150	-
Transfers (Out)	(456,648)	(516,757)	(208,324)	(1,088,609)
Change in Net Position	13,689,420	3,627,346	5,859,574	9,785,899
Total Net Position - Beginning	244,357,805	93,475,686	61,505,533	168,800,952
Prior Period Adjustment	-	-	-	(2,500,000)
Net Position - Beginning as Restated	244,357,805	93,475,686	61,505,533	166,300,952
Total Net Position - Ending	\$ 258,047,225	\$ 97,103,032	\$ 67,365,107	\$ 176,086,851

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

Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service
Refuse	Golf	Totals	
\$ 8,628,924	\$ 3,859,784	\$ 117,896,913	\$ 26,346,814
-	558	3,226,102	1,231,206
8,628,924	3,860,342	121,123,015	27,578,020
2,557,389	2,075,933	19,618,097	2,102,199
250,708	494,806	3,492,310	2,264,732
3,532,631	668,072	19,816,784	15,187,283
-	-	44,564,326	-
589,443	-	7,847,976	-
796,406	319,064	14,439,277	1,232,639
7,726,577	3,557,875	109,778,770	20,786,853
902,347	302,467	11,344,245	6,791,167
241,443	166,445	5,273,004	1,050,348
-	-	(544,781)	-
(16,848)	-	(3,536,694)	(5,112)
13,153	-	(1,652,421)	80,332
237,748	166,445	(460,892)	1,125,568
1,140,095	468,912	10,883,353	7,916,735
-	-	7,406,045	-
-	-	12,967,775	-
-	-	954,605	-
-	-	608,237	-
-	-	4,021,419	-
-	-	-	29,193
-	-	150	-
(343,876)	-	(2,614,214)	(2,346,804)
796,219	468,912	34,227,370	5,599,124
8,442,482	8,122,026	584,704,484	30,585,929
-	-	(2,500,000)	-
8,442,482	8,122,026	582,204,484	30,585,929
\$ 9,238,701	\$ 8,590,938	\$ 616,431,854	\$ 36,185,053

City of Loveland, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds		
	Water	Waste Water	Stormwater
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 16,762,876	\$ 13,689,805	\$ 7,617,400
Cash Received from Interfund Services	-	-	-
Cash Payments for Goods and Services	(6,937,704)	(9,364,165)	(1,511,956)
Cash Payments to Employees	(5,081,245)	(3,960,391)	(1,648,664)
Other Receipts (Payments)	1,679,981	95,870	38,175
Net Cash Provided (Used) by Operating Activities	6,423,908	461,119	4,494,955
Cash Flows from Non-Capital Financing Activities:			
Transfers In	-	-	150
Transfers Out	(456,650)	(516,756)	(208,324)
Net Cash Provided (Used) by Non-Capital Financing Activities	(456,650)	(516,756)	(208,174)
Cash Flows from Capital and Related Financing Activities			
System Impact/Development Fees	2,910,415	1,376,109	377,763
Proceeds on Sale of Capital Assets	15,551	4,300	-
Payments for Capital Acquisition	(8,931,544)	(13,452,266)	(1,554,499)
Intergovernmental Revenue	-	-	-
Raw Water Development Fees	608,237	-	-
Capital Grant Contributions	-	-	355
Cash in Lieu of Water Rights	4,021,419	-	-
Aid to Construction	-	-	-
Debt Principal Proceeds (Payment)	(1,390,000)	(665,000)	-
Bond Expenses	(2,325)	-	-
Interest Paid	(446,868)	(995,538)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,215,115)	(13,732,395)	(1,176,381)
Cash Flows from Investing Activities:			
Purchase of Investments	(7,177,601)	(3,164,109)	(3,101,306)
Proceeds from Sale of Investments	-	9,579,440	-
Investment Earnings	669,660	368,205	305,167
Net Cash Flows Provided (Used) by Investing Activities	(6,507,941)	6,783,536	(2,796,139)
Net Increase in Cash and Cash Equivalents	(3,755,798)	(7,004,496)	314,261
Cash and Cash Equivalents - Jan. 1	8,837,900	7,084,789	3,874,833
Cash and Cash Equivalents - Dec. 31	\$ 5,082,102	\$ 80,293	\$ 4,189,094
Reconciliation of Operating Income to Net			
Operating Income	\$ 1,331,222	\$ 1,539,667	\$ 2,531,921
Other Receipts (Payments)	1,679,974	82,347	38,180
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,813,245	2,899,352	1,366,267
(Increase) Decrease in Accounts Receivable	206,386	62,916	29,603
(Increase) Decrease in Inventory	21,602	384	14,716
Increase (Decrease) in Current Liabilities	(628,521)	(4,123,547)	514,268
Total Adjustments	3,412,712	(1,160,895)	1,924,854
Net Cash Provided (Used) by Operating Activities	\$ 6,423,908	\$ 461,119	\$ 4,494,955
Noncash Investing, Capital and Financing Activities:			
Contributed Assets from Subdividers	\$ 2,807,412	\$ 2,796,187	\$ 2,550,474
Unrealized Gain (Loss) on Investments	616,514	446,358	240,159
Reconciliation of cash and cash equivalents to statement of net position:			
Cash and cash equivalents	180,584	73,689	594,138
Restricted Assets - cash and cash equivalents	4,901,518	6,604	3,594,956
	\$ 5,082,102	\$ 80,293	\$ 4,189,094

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

Business-Type Activities - Enterprise Funds					Governmental Activities	
Electric & Communications	Refuse	Golf	Total		Internal Service	
\$ 67,674,987	\$ 8,519,444	\$ 3,859,781	\$ 118,124,293	\$	-	
-	-	-	-		24,687,292	
(56,623,896)	(4,316,080)	(1,186,261)	(79,940,062)		(17,825,095)	
(4,772,490)	(2,617,253)	(2,131,931)	(20,211,974)		(2,272,757)	
1,425,042	-	568	3,239,636		1,231,206	
7,703,643	1,586,111	542,157	21,211,893		5,820,646	
-	-	-	150		-	
(1,088,609)	(343,876)	-	(2,614,215)		(2,346,804)	
(1,088,609)	(343,876)	-	(2,614,065)		(2,346,804)	
2,741,758	-	-	7,406,045		-	
6,601	13,153	-	39,605		67,780	
(12,224,032)	(1,177,827)	(98,746)	(37,438,914)		(1,826,318)	
-	-	-	-		29,193	
-	-	-	608,237		-	
-	-	-	355		-	
-	-	-	4,021,419		-	
1,898,836	-	-	1,898,836		-	
95,892,885	-	-	93,837,885		41,806	
-	-	-	(2,325)		-	
(2,638,178)	-	-	(4,080,584)		-	
85,677,870	(1,164,674)	(98,746)	66,290,559		(1,687,539)	
(3,498,721)	(992,879)	(1,697,188)	(19,631,804)		(4,556,558)	
6,456,419	-	-	16,035,859		1,300,000	
1,790,222	120,905	83,932	3,338,091		504,043	
4,747,920	(871,974)	(1,613,256)	(257,854)		(2,752,515)	
97,040,824	(794,413)	(1,169,845)	84,630,533		(966,212)	
794,979	1,495,101	1,499,947	23,587,549		6,272,333	
\$ 97,835,803	\$ 700,688	\$ 330,102	\$ 108,218,082	\$	5,306,121	
\$ 1,511,077	\$ 902,347	\$ 301,909	\$ 8,118,143	\$	5,559,961	
1,425,043	-	558	3,226,102		1,231,206	
5,244,944	796,406	319,064	14,439,278		1,232,639	
50,958	(109,504)	-	240,359		(1,764,030)	
(610,173)	25,172	2,851	(545,448)		149	
81,794	(28,310)	(82,225)	(4,266,541)		(439,279)	
4,767,523	683,764	239,690	9,867,648		(970,521)	
\$ 7,703,643	\$ 1,586,111	\$ 542,157	\$ 21,211,893	\$	5,820,646	
\$ 4,813,701	\$ -	\$ -	\$ 12,967,774	\$	-	
421,673	118,573	80,071	1,923,348		532,244	
790,020	147,059	58,487	1,843,977		5,082,528	
97,045,783	553,629	271,615	106,374,105		223,593	
\$ 97,835,803	\$ 700,688	\$ 330,102	\$ 108,218,082	\$	5,306,121	

City of Loveland, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	Special Improvement District No. 1 Debt Service Reserve
<hr/>	
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 16,214
Equity in Pooled Investments	133,449
Accounts Receivable	251
Accrued Interest	1,763
Equity in Pooled Restricted Cash	325,000
<hr/>	
Total Assets	\$ 476,677
<hr/>	
LIABILITIES	
Accounts Payable	251
<hr/>	
Total Liabilities	\$ 251
<hr/>	
Net Position:	
Restricted For:	
Improvement District	\$ 476,426
<hr/> <hr/>	

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

City of Loveland, Colorado
Special Improvement District #1
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2019

Additions:	
Special Assessments	\$ 582,291
Interest	14,405
Miscellaneous	2,361
Total Additions	599,057
Deductions:	
General Administration	6,625
Bond Principal	405,000
Bond Interest	141,668
Trustee Fees	300
Total Deductions	553,593
Net increase (decrease) in fiduciary net position	45,464
Net position-beginning	430,962
Net position-ending	\$ 476,426

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

City of Loveland, Colorado
Notes to Financial Statements
December 31, 2019

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, broadband, 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, 2019, 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, 2019	
Total Current Assets	\$ 2,738,303
Total Capital Assets (net of accumulated depreciation)	14,657,231
Total Assets	17,395,534
Total Current Liabilities	(214,561)
Total Net Position	<u>\$ 17,180,973</u>

For the Year Ended December 31, 2019	
Total operating revenue	\$ 1,258,263
Total operating expenses	(2,812,980)
Interest income	118,764
Capital contributions	204,480
Change in Net Position	<u>\$ (1,231,473)</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.

3. Regional Training Campus: On March 19, 2019 the City of Loveland and the City of Fort Collins entered into an agreement to construct a regional training campus for their respective Police departments. This campus will be jointly owned by the cities of Loveland and Fort Collins, Colorado. Ownership will be 50% for each city. The campus is currently under construction and is expected to be completed late 2020. There will be separately issued financial statements for this joint venture beginning year-end 2020.

Note 1: Summary of Significant Accounting Policies (continued)

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*.

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 (LFRA) 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.

Note 1: Summary of Significant Accounting Policies (continued)

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

6. Capital Projects Fund: This Fund accounts for the major capital improvements of the City. Substantially all revenues are transfers from other funds.

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

The City reports the following Proprietary Funds as major:

1. Water Fund: This Fund accounts for all activities necessary for the operation, maintenance and improvements 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. Electric and Communications Fund: This Fund accounts for all activities necessary for the operation, maintenance and improvements of the electric and communications 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. This fund qualifies as a fiduciary fund under the new requirements of GASB 84.

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.

The City reports Capital Expansion Fees and Capital Project Funds in the governmental statements as major funds even though these funds don't qualify as major funds; the City believes these funds are particularly important to financial statement users and also to be consistent with prior year's reporting.

The City also reports Golf and Refuse funds in the proprietary fund statements as major funds even though these funds don't qualify as major funds; the City believes these funds are particularly important to financial statement users and also to be consistent with prior year's reporting.

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.

Note 1: Summary of Significant Accounting Policies (continued)

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.

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 or Interfund Loan 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, 2019, the allowance for uncollectable accounts was \$269,306. 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.

Note 1: Summary of Significant Accounting Policies (continued)

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. 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 2019, the three-year cycle of physical inventories included Information Technology, Public Works including Streets, Wastewater, Stormwater, Cemetery, Transit and LFRA.

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

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

Estimated useful lives for asset types are as follows:

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

I. Compensated Absences

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

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 are deferred and amortized over the life of the bonds. Issuance costs are reported as debt service expenses.

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

Note 1: Summary of Significant Accounting Policies (continued)

K. Deferred Outflows/Inflows of Resources(continued)

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 pursuant to legal or contractual requirements (i.e., principal of a permanent fund).

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 City of Loveland Council 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.

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

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

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.

N. Adoption of New Accounting Pronouncements

The City implemented the following GASB Statements effective for the year ended December 31, 2019:

GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on this Statement.

GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement. This Statement establishes criteria for additional disclosure for debt, including direct borrowings and direct placements including unused lines of credit, assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Note 2: Cash and Investments

Cash and investments at December 31, 2019, consisted of the following:

Deposits	\$ 149,984,330
Investments	\$ 171,682,758
Total	\$ 321,667,088

Deposits and investments are displayed within this report as follows:

Cash	\$ 15,449
Equity in Pooled Cash and Cash Equivalents	35,996,795
Equity in Pooled Investments	128,597,625
Equity in Restricted Cash	113,630,872
Equity in Restricted Investments	42,951,684
Equity in Pooled Cash and Cash Equivalents - Fiduciary Fund	16,214
Equity in Restricted Cash Fiduciary Fund	325,000
Equity in Pooled Investments Fiduciary Fund	133,449
Total	\$ 321,667,088

A. Restricted Cash

Certain proceeds of bonds, as well as resources set aside for their repayment, are classified as restricted cash because their use is limited by applicable bond covenants. Restricted cash also includes certain cash in Enterprise Funds set aside to be used for future plant expansion, donations to be expended for a certain purpose, and cash required to be used for a specific purpose.

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 \$99,367,490 in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is valued at amortized cost. The investments conform to its permitted investments and will meet Standard & Poor's investment guidelines to achieve a AAAm rating, the highest attainable rating for a Local Government Investment Pool. Information related to CSAFE can be found at their website, www.csafe.org.

City of Loveland has invested \$3,335 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.

Note 2: Cash and Investments (continued)

B. Fair Value (continued)

The City has the following recurring fair value measurements as of December 31, 2019:

- U.S. Treasury securities of \$42,504,784 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of \$105,386,629 are valued using matrix pricing techniques (Level 2 inputs)
- Corporate Bonds of \$19,301,426 are valued using matrix pricing techniques (Level 2 inputs)
- Municipal Bonds of \$3,526,053 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, 2019, the City had \$14,133,546 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, 2019, the City had the following investments:

<u>Investment Type</u>		Standard and Poor's				
<i>Governmental and Business-Type Activities</i>	Rating	Less than 1	1-3	4-5	More than 5	Total
Certificates of Deposit	N/A	\$ -	\$ 963,118	\$ -	\$ -	\$ 963,118
U.S. Treasury Notes	N/A	17,693,850	19,758,691	5,019,205	-	42,471,746
U.S. Agency Securities	AA+	9,841,234	70,717,567	24,745,911	-	105,304,712
Corporate Bonds	AA-/A/A+/AA/AA+	6,822,349	12,464,074	-	-	19,286,423
Municipal Bonds	AA/AA+	-	3,523,312	-	-	3,523,312
Total		\$ 34,357,433	\$ 107,426,762	\$ 29,765,116	\$ -	\$ 171,549,311
<i>Fiduciary Funds</i>						
Certificates of Deposit	N/A	-	749	-	-	749
U.S. Treasury Notes	N/A	13,765	15,370	3,904	-	33,039
U.S. Agency Securities	AA+	7,656	55,011	19,250	-	81,917
Corporate Bonds	AA-/A/A+/AA/AA+	5,307	9,696	-	-	15,003
Municipal Bonds	AA/AA+	-	2,741	-	-	2,741
Total		\$ 26,728	\$ 83,567	\$ 23,154	\$ -	\$ 133,449

1. Local Government Investment Pools: At December 31, 2019, the City had \$3,335 invested in Colotrust and \$99,367,490 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

Note 2: Cash and Investments (continued)

D. Investments (continued)

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 five 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 one year or less 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 three 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.
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 (24.76%), Federal Home Loan Bank (23.06%), Federal National Mortgage Association (14.29%), Federal Home Loan Mortgage Corporation (15.43%) and Federal Farm Credit Bank (8.61%).

E. Restricted Investments

Investments of \$42,951,684 have been restricted in the Water Fund, Wastewater Fund and the Electric & Communications Fund for capital projects.

Note 3: Interfund Receivables, Payables, And Transfers

Interfund balances at December 31, 2019, were as follows:

Advance From	Advance To	Original Amount	Principal Payments	Principal Balance at December 31, 2019
CEF Fund Electric & Communications Fund	Loveland Urban Renewal	\$ 900,000	\$ 217,197	\$ 682,803
	Water Fund	6,000,000	4,500,000	1,500,000
CEF Fund	Loveland Urban Renewal	1,500,000	529,260	970,740
General Fund	Loveland Urban Renewal	63,100	23,888	39,212
CEF Fund	General Fund	1,700,000	610,741	1,089,259
Fleet Fund	General Fund	\$ 500,000	\$ 179,630	\$ 320,370
CEF Fund	Loveland Urban Renewal	\$ 366,000	\$ 36,027	\$ 329,973

In 2013, City Council approved an Interfund Loan of \$6,000,000 from Electric & Communications 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
2020	\$ 1,500,000	\$ 750,000	\$ 28,710	\$ 778,710
2021	750,000	750,000	11,250	761,250
Total		\$ 1,500,000	\$ 39,960	\$ 1,539,960

Interest Rate Projections*			
2020	2021	2022	2023
1.91%	1.50%	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
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	132,977	4,028	137,005
Total		\$ 970,772	\$ 135,569	\$ 1,106,341

**Loveland Urban Renewal Authority
Payment Schedule**

	Beginning Balance	Principal	Interest	Total Payment
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		\$ 39,212	\$ 5,476	\$ 44,688

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

Loveland Urban Renewal Authority Payment Schedule				
	Beginning			
	Balance	Principal	Interest	Total Payment
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		\$ 682,803	\$ 95,355	\$ 778,160

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
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		\$ 1,409,629	\$ 155,162	\$ 1,564,791

In 2019, City Council approved a \$366,000 loan from General Government CEF fund to the Loveland Urban Renewal Authority fund for the purchase of the old Larimer County building in downtown Loveland. The loan will be paid back over a period of nine years, with an annual interest rate of 3%.

Loveland Urban Renewal Authority Payment Schedule				
	Beginning	Principal	Interest	Total
	Balance			Payment
2020	\$ 329,973	\$ 37,108	\$ 9,899	\$ 47,007
2021	292,866	38,221	8,786	47,007
2022	254,645	39,367	7,639	47,006
2023	215,277	40,548	6,458	47,006
2024	174,729	41,765	5,242	47,007
2025	132,964	43,018	3,989	47,007
2026	89,946	44,308	2,698	47,006
2027	45,638	45,638	1,369	47,007
Total		\$ 329,973	\$ 46,080	\$ 376,053

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

Transfers between funds were as follows:

	Transfers In:							Total
	General	Capital Projects	Transportation	CEF's	Affordable Housing	Storm Water		
<u>Transfers Out:</u>								
General	\$ 2,637,122	\$ 4,425,116	\$ 11,735,775	\$ 76,316	\$ 573,658	\$ 150	\$	19,448,137
Capital Projects	189,511	-	-	-	-	-	-	189,511
Lodging Tax	15,000	-	-	-	-	-	-	15,000
Transportation	64,999	-	-	-	-	-	-	64,999
CEF's	34,878	3,275,715	3,285,383	-	-	-	-	6,595,976
Water	34,507	365,339	56,802	-	-	-	-	456,648
Wastewater	119,859	365,339	31,558	-	-	-	-	516,756
Electric & Communications	132,640	902,318	53,649	-	-	-	-	1,088,607
Stormwater	10,703	150,284	47,337	-	-	-	-	208,324
Refuse	-	343,876	-	-	-	-	-	343,876
Loveland Fire Rescue Authority	-	93,595	-	-	-	-	-	93,595
Internal Services	2,250,000	96,804	-	-	-	-	-	2,346,804
	<u>\$ 5,489,219</u>	<u>\$ 10,018,386</u>	<u>\$ 15,210,504</u>	<u>\$ 76,316</u>	<u>\$ 573,658</u>	<u>\$ 150</u>	<u>\$</u>	<u>31,368,233</u>

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

The most significant transfers was initiated by the City for the following reason:

The General Fund transferred \$11,735,775 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, 2019 was as follows:

Governmental Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 59,319,121	\$ 3,586,220	\$ -	\$ 62,905,341
Easements	4,693,070	589,244	-	5,282,314
Water Rights	2,624,520	-	-	2,624,520
Art Collection	6,989,647	456,659	-	7,446,306
Construction in Progress	39,650,474	16,659,361	24,762,315	31,547,520
Total Capital Assets, not being depreciated	113,276,832	21,291,484	24,762,315	109,806,001
Capital Assets, being depreciated				
Buildings	80,297,563	22,876,073	1,027,129	102,146,507
Equipment	45,353,934	4,418,699	3,412,708	46,359,925
Improvements Other Than Buildings	54,733,402	2,496,856	29,548	57,200,710
Infrastructure	295,095,654	25,874,260	3,053,559	317,916,355
Total Capital Assets, being depreciated	475,480,553	55,665,888	7,522,944	523,623,497
Less accumulated depreciation for:				
Buildings	28,622,462	2,352,266	2,759	30,971,969
Equipment	29,733,779	2,979,908	3,339,743	29,373,944
Improvements Other Than Buildings	25,347,301	2,348,026	26,419	27,668,908
Infrastructure	108,495,060	10,301,849	3,052,361	115,744,548
Total Accumulated Depreciation	192,198,602	17,982,049	6,421,282	203,759,369
Total capital assets, being depreciated, net	283,281,951	37,683,839	1,101,662	319,864,128
Governmental activities capital assets, net	\$ 396,558,783	\$ 58,975,323	\$ 25,863,977	\$ 429,670,129
Business-type Activities				
Business-type Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 10,656,083	\$ 4,410,526	\$ 117,268	\$ 14,949,341
Easements	17,354,578	9,093,686	-	26,448,264
Water Rights	76,145,542	163,000	-	76,308,542
Construction in Progress	64,859,039	32,254,724	58,819,103	38,294,660
Total Capital Assets, not being depreciated	\$ 169,015,242	\$ 45,921,936	\$ 58,936,371	156,000,807
Capital Assets, being depreciated				
Buildings	15,717,320	15,341,334	151,793	30,906,861
Equipment	22,627,518	1,919,370	486,101	24,060,787
Improvements Other Than Buildings	157,810,383	29,336,499	2,862,572	184,284,310
Infrastructure	336,382,366	16,819,072	1,260,325	351,941,113
Total Capital Assets, being depreciated	\$ 532,537,587	\$ 63,416,275	\$ 4,760,791	591,193,071
Less accumulated depreciation for:				
Buildings	6,273,331	577,473	68,042	6,782,762
Equipment	14,814,164	2,156,009	423,925	16,546,248
Improvements Other Than Buildings	59,561,090	4,074,589	1,552,625	62,083,054
Infrastructure	103,195,009	7,631,210	1,012,672	109,813,547
Total Accumulated Depreciation	\$ 183,843,594	\$ 14,439,281	\$ 3,057,264	195,225,611
Total capital assets, being depreciated, net	348,693,993	48,976,994	1,703,527	395,967,460
Business-type activities capital assets, net	\$ 517,709,235	\$ 94,898,930	\$ 60,639,898	\$ 551,968,267

Note 4: Capital Assets (continued)

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

<u>Governmental Activities</u>	
Executive	\$ 4,209
Library	346,977
Finance	10,624
Information Technology	292,346
Development Services	2,884,475
Public Works	8,208,335
Police	650,166
Fire	949,440
Parks & Recreation	2,945,828
Cultural Services	326,559
Nondepartmental	130,452
Internal Service Fund	1,232,638
Total Governmental Activities	\$ 17,982,049

<u>Business-Type Activities</u>	
Water	\$ 3,813,245
Wastewater	2,899,352
Stormwater	1,366,267
Electric & Communications	5,244,943
Solid Waste	796,406
Golf	319,064
Total Business-Type Activities	\$ 14,439,277

Note 5: Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Due Within One Year
Governmental Activities					
Capital Leases	\$ 4,134,297	\$ -	\$ 232,449	\$ 3,901,848	\$ 240,794
Compensated Absences	5,842,295	3,159,287	4,054,029	4,947,553	2,721,154
Certificates of Participation	15,900,000	-	-	15,900,000	360,000
IGA for Apparatus Purchase	1,111,811	-	150,000	961,811	150,000
Oversizing Agreements	2,161,206	-	607,183	1,554,023	374,000
Total	\$ 29,149,609	\$ 3,159,287	\$ 5,043,661	\$ 27,265,235	\$ 3,845,948
Business-Type Activities					
Electric & Communication					
Bonds	-	85,015,000	-	85,015,000	-
Premium on Bonds	-	10,405,361	277,476	10,127,885	-
Direct Placement Debt:					
Water Bonds	\$ 11,980,000	\$ -	\$ 640,000	\$ 11,340,000	\$ 660,000
Wastewater Bonds	24,900,000	-	665,000	24,235,000	690,000
ARO Liability-Hydro	-	2,500,000	-	2,500,000	2,500,000
ARO Liability-Solar	-	313,500	-	313,500	-
Compensated Absences	2,106,091	1,043,539	1,754,866	1,394,764	767,120
Oversizing Agreements	48,652	99,656	38,717	109,591	60,939
Total	\$ 39,034,743	\$ 99,377,056	\$ 3,376,059	\$ 135,035,740	\$ 4,678,059

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.

Note 5: Long-Term Liabilities (continued)

A. Certificates of Participation (continued)

Year	Principal	Interest
2020	\$ 360,000	\$ 535,959
2021	370,000	523,670
2022	380,000	511,043
2023	400,000	497,991
2024	405,000	484,431
2025-2029	2,265,000	2,202,992
2030-2034	11,720,000	950,726
Total	\$ 15,900,000	\$ 5,706,812

B. Water, Wastewater and Electric & Communication 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. The default provisions for this debt is all gross revenues shall be paid into the Bond fund.

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. The default provisions for this debt is any receiver appointed may enter and may take possession of the System, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Gross Revenue arising after the appointment of such receiver in the same manner as the Enterprise or City itself might do.

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. The default provisions for this debt is any receiver appointed may enter and may take possession of the System, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Gross Revenue arising after the appointment of such receiver in the same manner as the Enterprise or City itself might do.

In April 2019, the City Electric and Communication fund issued revenue bonds in the amount of \$58,445,000 tax exempt bonds and \$26,570,000 taxable bonds for a total debt of \$85,015,000. The outstanding balance of \$85,015,000 is excluding the unamortized premium of \$10,127,885. The bond premium received upon the issuance of the debt was \$10,405,361 and \$277,476 has been amortized. The tax exempt bonds have an interest rate of 5% with a final maturity date of December 1, 2044. The taxable bonds have a variable interest rate ranging from 2.854% to 3.722% with a final maturity date of December 1, 2032.

Note 5: Long-Term Liabilities (continued)

B. Water, Wastewater and Electric & Communication Bonds (continued)

The interest payments on the tax exempt bonds began on December 1, 2019 and are due semi-annually on June 1 and December 1. Principal payments are due annually beginning December 1, 2032. The interest payments on the taxable bonds began on December 1, 2019 and are due semi-annually on June 1 and December 1. Principal payments are due annually beginning December 1, 2023. The 2019 bonds are payable solely from the net revenue of the electric and communications utility system, after deduction of operating expenses.

Year	Principal				Interest			
	2013 Water	2015 Water	2017	2019 Electric &	2013 Water	2015 Water	2017	2019 Electric &
	Bond	Bond	Wastewater	Communications	Bond	Bond	Wastewater	Communications
2020	\$ 495,000	\$ 165,000	\$ 690,000	\$ -	\$ 274,500	\$ 81,503	\$ 965,772	\$ 3,811,106
2021	515,000	165,000	715,000	-	258,709	76,586	941,214	3,811,106
2022	530,000	170,000	4,050,000	-	242,281	71,669	915,665	3,811,106
2023	545,000	175,000	880,000	1,250,000	225,373	66,603	771,858	3,811,106
2024	565,000	180,000	920,000	2,630,000	207,988	61,388	735,690	3,775,431
2025-2029	3,100,000	985,000	5,355,000	14,450,000	758,423	223,351	3,076,952	17,587,137
2030-2034	2,855,000	895,000	6,825,000	17,215,000	231,435	67,646	1,850,528	14,816,411
2035-2039	-	-	4,800,000	21,735,000	-	-	399,903	10,299,750
2040-2044	-	-	-	27,735,000	-	-	-	4,295,250
Total	\$ 8,605,000	\$ 2,735,000	\$ 24,235,000	\$ 85,015,000	\$ 2,198,709	\$ 648,746	\$ 9,657,582	\$ 66,018,403

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 City has issued revenue bonds which are outstanding through year end for the implementation of communication services for the City of Loveland.

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	\$ 10,803,708	2033
2015 Water Bond	3,383,746	2033
2017 Wastewater Bond	33,892,581	2037
2019 Electric & Communications Bond	151,033,402	2044
	\$ 199,113,437	

Note 5: Long-Term Liabilities (continued)

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.

Year	Principal	Interest
2020	\$ 240,794	\$ 140,076
2021	249,438	131,432
2022	258,393	122,477
2023	267,669	113,201
2024	277,278	103,591
2025-2029	1,543,049	361,300
2030-2034	1,065,227	77,382
Total	\$ 3,901,848	\$ 1,049,459

D. Special Assessment Bonds

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, 2019 is \$3,430,000.

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
2020	\$ 150,000	\$ 18,409
2021	150,000	22,974
2022	150,000	18,729
2023	150,000	14,484
2024	150,000	13,568
2025-2029	211,811	10,261
Total	\$ 961,811	\$ 98,425

Note 5: Long-Term Liabilities (continued)

F. 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, 2019, the City had oversizing agreements for transportation, water, and wastewater. 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 two street oversizing improvement agreements that include interest payment requirements.

The City’s Oversizing Developer Agreement Schedule at December 31, 2019 is as follows:

Project	Date of Contract	Orig Contract Amount	Jan 1, 2019 Balance	Contract Additions	Contract Payments	December 31, 2019 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	258,706	-	130,000	128,706
Highway 34 @ Sculptor	4/13/07	1,154,569	411,968	-	120,000	291,968
Sculptor South of US 34	4/13/07	431,271	311,271	-	-	311,271
Thompson 2nd Subdivision	9/24/07	313,874	213,874	-	100,000	113,874
43rd St. West of Wilson	8/22/08	664,529	257,183	-	257,183	-
Street Oversizing Agreements		\$ 3,737,491	\$ 2,161,206	\$ -	\$ 607,183	\$ 1,554,023
6" Water line under US 34	02/25/19	\$ 38,717	-	\$ 38,717	\$ 38,717	\$ -
Millennium NW 11th Subdivision	5/17/2019	13,841	-	13,841	-	13,841
Parkside Village Second Sub	9/16/2019	47,098	-	47,098	-	47,098
Water Oversizing Agreements		\$ 99,656	\$ -	\$ 99,656	\$ 38,717	\$ 60,939
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		\$ 3,885,799	\$ 2,209,858	\$ 99,656	\$ 645,900	\$ 1,663,614

**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.

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. Interest revenues received were \$2,001 leaving an ending fund balance of \$49,383.

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.

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 2019, 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 Pinnacle. The City's Workers' Compensation insurance is renewed each July, and for the 2019-2020 renewal period (7/01/2019 through 6/30/2020) the City renewed with a higher per-occurrence deductible of \$100,000. Pinnacle also provides the City with a workers' compensation employers' liability limit of \$2,000,000.

Note 8: Commitments And Contingencies (continued)

A. Risk Management (continued)

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 \$12,688,469 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 \$6,763,220 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 \$19,451,689.

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

Description	December 31, 2019	December 31, 2018
Unpaid Claims - Beginning	\$ 1,678,116	\$ 1,556,545
Incurred Claims (includes IBNR's)	9,443,778	8,299,190
Claims Paid	(9,728,955)	(8,177,619)
Unpaid Claims Ending	\$ 1,392,939	\$ 1,678,116

B. Construction Commitments

At December 31, 2019 the City had several construction projects in process. The most significant of these are as follows:

Project	Budget	Cost to date
Muni-Fiber	\$ 78,569,686	\$ 6,815,094
Chimney Hollow Reservoir	\$ 61,200,000	\$ 6,800,441
Police Training Campus	\$ 20,896,186	\$ 2,594,223
5.0 MG Water Storage 29th St Tank #2	\$ 9,767,790	\$ 158,257
US 34 Denver to Boyd Lake Widening	\$ 6,969,571	\$ 521,457

Note 8: Commitments And Contingencies (continued)

C. Contingent Liabilities

Pending Litigation

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.

Grantor Agency Audits

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grant. Such audits could lead to reimbursements to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time. Management believes disallowances, if any resulting from such audits, would not materially affect the financial statements of the City.

Note 9: Retirement Commitments

A. Defined Contribution Plans

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

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

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

Contribution requirements and amounts contributed during 2019 are as follows:

	Police Officers	Firefighters	Non-uniformed Employees
Required Contribution Rate			
Employer	10%	10%	5% - 9%
Employee	10%	10%	3%
Amounts Contributed			
Employer	\$ 828,693	\$ 698,609	\$ 2,208,617
Employee	828,693	698,609	1,018,715
Total	\$ 1,657,386	\$ 1,397,218	\$ 3,227,332

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans

The City participates in a defined benefit pension plan, the Loveland and Rural Consolidated Volunteer Firefighters Pension Plan. As of January 1, 2009, the plan is 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, 2019, the most recent actuarial valuation date, the plan was 60.20% funded. The membership of the Loveland and Rural Consolidated Volunteer Firefighters Pension Plan is:

Retirees and Beneficiaries	65
Inactive, Nonretired Members	2
Active Members	0
<hr/>	<hr/>
Total Members	67

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, 2019 is:

Total Pension Liability	\$	4,061,810
Plan Fiduciary Net Position		<u>2,445,077</u>
Net Pension Liability	\$	1,616,733

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balance	\$ 3,879,830	\$ 2,692,817	\$ 1,187,013
Changes for the Year			
Service Cost	-	-	-
Interest	275,919	-	275,919
Difference between expected and actual experience of the Total Pension Liability	188,728	-	188,728
Changes of Assumptions	126,564	-	126,564
Contributions - Employer	-	-	-
Net Investment Income	-	2,940	(2,940)
Benefit Payments, Including Refunds	(409,231)	(409,231)	-
Administrative Expense	-	(14,627)	14,627
State of Colorado supplemental discretionary payment		173,178	(173,178)
Net Changes	181,980	(247,740)	429,720
Ending Balance as of 12/31/19	<u>\$ 4,061,810</u>	<u>\$ 2,445,077</u>	<u>\$ 1,616,733</u>

Amounts reported as net deferred outflows (inflows) of resources related to pensions which is Actual Investment Earnings different than Assumed \$104,453 will be recognized in pension expense as follows:

Year Ended December 31:

2020	\$ 47,287
2021	15,904
2022	3,303
2023	37,959
2024	-
Thereafter	-
Total	<u>\$ 104,453</u>

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

5. Actuarial Methods and Assumption:

Assumption Changes

Following an experience study in 2018, the Board adopted a new assumption set for first use in the January 1, 2019 valuations. The primary changes which can be observed in the January 1, 2019 valuation, are: Investment Rate and Mortality, as shown below.

The total pension liability shown is based on an actuarial study for period January 1, 2019 for the measurement period ending December 31, 2019. Actuarial valuation of the plan involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future, such as mortality and inflation.

Actuarial Assumptions are:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open ¹
Remaining Amortization Period	20 years ¹
Asset Valuation Method	5-Year smoothed market
Inflation	2.5%
Salary Increase	N/A
Investment Rate of Return	7.0%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	<u>Pre-retirement</u> RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. <u>Post-retirement</u> For ages less than 55, is RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables projected with Scale BB.

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

6. Development of Single Discount Rate:

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

Single Discount Rate	7.0%
Long-Term Expected Rate of Investment Return	7.0%
Long-Term Municipal Bond Rate ²	3.71%

The last year ending December 31 in the 2019 to 2118 projection period for which projected benefit payments are fully funded is year 2118.

²Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2018. " In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 taxexempt securities.

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

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

1% Decrease to 6.0%	\$ 1,961,624
Current Single Discount Rate Assumption of 7.0%	\$ 1,616,733
1% Increase to 8.0%	\$ 1,320,060

8. Long Term Expected Rate of Return:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Private Capital	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	2%	2.52%
Total	100%	7.11%

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, 2018, are summarized in the above table.

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, 2019, \$4,250,918 available for these purposes. Of that amount, \$3,413,665 is budgeted to be spent in 2020.

The City has established an Emergency Reserve, representing 3% of qualifying expenditures, as required by the amendment. At December 31, 2019, the emergency reserve of \$2,924,648 as reported as a restriction of fund balance in the General Governmental Fund.

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

The following table shows revenue and growth items applicable to the revenue limit for 2019.

Actual revenue	\$ 97,488,259	CPI increase	1.92%
Base revenue	100,025,902	Growth increase	1.72%
Surplus/(Deficit)	\$ (2,537,643)	Total increase allowed	3.64%

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, 2019 is \$13,549,968.

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 has a formally adopted minimum fund balance policy approved by City Council on March 5, 2019.

Note 11: Fund Balance Designation (continued)

The table below provides detail for each category of fund balance

FUND BALANCES	General	Loveland Urban Renewal Authority	Trans- portation	Capital Expansion Fees	Loveland Fire & Rescue Authority	Capital Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable:								
Inventory	-	-	\$ 350,670	-	-	-	\$ 32,298	\$ 382,968
Interfund Loan Receivable	39,212	-	-	-	-	-	-	39,212
Permanent Fund	-	-	-	-	-	-	3,274,267	3,274,267
Total Nonspendable	39,212	-	350,670	-	-	-	3,306,565	3,696,447
Restricted								
Tabor 3% Emergency Reserve	2,924,648	-	-	-	-	-	-	2,924,648
Reserve for Excess Tabor	4,250,918	-	-	-	-	-	-	4,250,918
Urban Revitalization	-	647,652	-	-	-	-	310,349	958,001
Parks & Recreation	12,818	-	-	-	-	-	5,353,290	5,366,108
Open Space Acquisitions	-	-	-	-	-	-	9,551,861	9,551,861
Law Enforcement	-	-	-	-	-	-	49,383	49,383
Fire & Rescue	-	-	-	-	6,825,362	-	-	6,825,362
Conventions & Tourism	-	-	-	-	-	-	557,779	557,779
Museum Programs	583,633	-	-	-	-	-	-	583,633
Police Donations	186,906	-	-	-	-	-	-	186,906
Library Books	226,554	-	-	-	-	-	-	226,554
Total Restricted	8,185,477	647,652	-	-	6,825,362	-	15,822,662	31,481,153
Committed:								
Future Capital Improvements	-	-	-	29,958,331	-	-	-	29,958,331
Interfund Loan Receivable	-	-	-	3,074,775	-	-	-	3,074,775
Art in Public Places	566,558	-	-	-	-	-	-	566,558
Public Education	-	-	-	-	-	-	378,260	378,260
Downtown Maintenance	-	-	-	-	-	-	181,328	181,328
Affordable Housing Agreements	-	-	-	-	-	-	976,322	976,322
Total Committed	566,558	-	-	33,033,106	-	-	1,535,910	35,135,574
Assigned								
Parks Capital Improvements	-	-	-	-	-	-	1,493,003	1,493,003
Fiber Network	-	-	-	-	-	-	490,207	490,207
Capital Improvements	-	-	-	-	-	1,514,211	-	1,514,211
Total Assigned	-	-	-	-	-	1,514,211	1,983,210	3,497,421
Unassigned:	19,268,245	-	(350,670)	-	-	-	-	18,917,575
Total Fund Balances	\$ 28,059,492	\$ 647,652	\$ -	\$ 33,033,106	\$ 6,825,362	\$ 1,514,211	\$ 22,648,347	\$ 92,728,170

Note 12: Tax Abatement

Loveland City Council adopted the current Incentive Policy in October of 2017. The City’s Incentive Policy supports assistance programs for primary employers, small business development, entrepreneurship, technology incubation and acceleration. The approved policy encourages high quality, primary job creation and private sector investment. An economic incentive or other City commitment under this Policy must serve a broad public purpose including but not limited to providing significant cultural, social, and/or economic benefits to the citizens of Loveland. The following is a list of all of the incentives in place for 2019:

Note 12: Tax Abatement (continued)

Artspace Loveland

Artspace Projects, Inc purchased property in downtown Loveland to develop an affordable, mixed-use live/work artist space. In October 2013, 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 the developer makes principal and interest payments equal to 75% of the residual cash flow from the previous calendar year. The residual cash flow paid to the City is to be applied first to any accrued but unpaid interest and then to the principal balance of the loan. The developer made no loan payments in 2016 or 2017, as there was no residual cash flow in the preceding years. The City received payments in 2018 (\$14,642) and in 2019 (\$15,091) per the agreements terms.

Value Plastics, Inc (dba Nordson Medical)

The company built a new manufacturing facility in Loveland and relocated their medical components unit. Through agreements approved in October 2013 and November 2014, 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 from the Economic Incentives Fund; and pay \$313,000 for site infrastructure. These initial agreement terms were fulfilled in 2014 and 2015. The final outstanding term is the rebate of 100% of the City's portion of the Business Personal Property Tax (BPPT) for five years commencing with the 2017 taxes payable in 2018. As of 12/31/2019, the City has completed two of the five years of BPPT rebates.

LFS Loveland, LLC and LEED Fabrication Services, Inc

The company constructed a new building at 5100 Boyd Lake Avenue, which required public roadway improvements. The City Council approved an agreement in July 2013 that waived certain building permit fees and materials use taxes totaling \$75,000. The agreement also approved a deferral of the cash-in-lieu payment estimated in 2013 to be \$331,782 for the roadway improvements. The five-year deferral period ended July 2018. It could be extended for an additional five-year period but no later than December 31, 2023. The City granted a series of extensions with the last extension ending August 27, 2018. The cash-in-lieu payment is in default, and the City Attorney's Office with Economic Development is considering options for collection. The company was purchased by Tri-Point Oil & Gas Production Systems, LLC.

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 borrowed funds from the city at 3% interest and will use tax increment from the plan area to repay the loan. The agreement approved in January 2013 reimburses the developer for \$1.5 million in public improvements and grants a credit up to \$50,000 in material use tax. The property is expected to generate property tax increment revenue of at least \$52,000 based on assessed value, per year until October 1, 2027. If the real property tax revenue generated is less than the established baseline of \$52,000 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 required baseline of \$52,000, resulting in a developer payment to the City of \$37,075. Since then, property tax increment collections have been greater than \$52,000.

Hach Company

The company constructed a new research and development facility at the company's existing site. The City waived building permit fees and materials use tax and offered a refund of the City's portion of business personal property tax (BPPT) in a combined amount not to exceed \$700,000. The agreement approved in November 2014 was amended in October 2015 to extend the deadlines for obtaining a building permit. The final outstanding term is the rebate of the City's portion of the Business Personal Property Tax (BPPT). The City is obligated to rebate on an annual basis the personal property tax paid by Hach for that year. The total amount of the BPPT rebate is \$180,658.78, which is the difference between the incentive amount of \$700,000 and the actual waivers of \$519,341.22. The company completed the new facility in August 2017. The City issued the first BPPT rebate payment of \$28,739.19 to Hach in 2019.

Note 12: Tax Abatement (continued)

Evergreen/Thornton Long Term Investments, LLC (Sprouts development)

City Council approved an incentive agreement with Evergreen Development in January 2015 to develop a Sprouts Farmers Market. In accordance with the agreement terms, the City reimbursed the developer \$2.2 million for public improvements at the site and provided a waiver of building permit fees and materials use tax in an amount not to exceed \$97,000. The company guaranteed a minimum annual collection of City sales tax from the project area (project sales taxes), over 10 years, that is equal to the incentive amount plus 3% (\$254,920 annually). The developer pays the difference if the project sales taxes fall below the minimum guarantee. The 10-year guarantee period started July 1, 2016 and the City has not had to exercise the guarantee provision with Evergreen. In September 2017, Evergreen Development sold the Sprouts property, which triggered the net proceeds provision in the agreement. The City received 40% of the sales proceeds (\$307,000). After the sale, Evergreen continues to maintain the revenue guarantee.

Esh's Surplus Market

The company purchased property and built a new facility to house a grocery store, warehouse and corporate headquarters. In the June 2015 incentive agreement, the City agreed to waive construction materials use tax in an amount not to exceed \$50,000 and deferred Capital Expansion fees for a period of 5 years. The deferred fees are capped at \$200,000 and the deferral period commenced on July 1, 2016 and expires on July 1, 2021. 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 City has received the first three payments on time. The Year 4 payment is due in 2020.

The Foundry Loveland, LLC (The Foundry downtown 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 approved in December 2016 to reimburse the developer in an amount not to exceed \$17,676,367 for construction of a public plaza and a city owned parking garage. A July 2018 amendment to the agreement approved an additional amount of \$477,647 for project improvements. The grand opening of The Foundry occurred in August 2019. An outstanding incentive term from the 2016 agreement is an incentive, not to exceed \$2,189,944, for the development of a movie theater complex. The movie theater incentive is payable in annual installments of \$200,000 plus 2% for 10 years with the first payment issued in 2019.

Eagle Crossing Development, Inc (The Brands Project)

The developer plans to build a mixed-use retail, entertainment, office, residential and hotel complex near I-25 and Crossroads Boulevard. In December 2016, the Council approved an incentive agreement. Retailers who qualify as anchor or junior anchor tenants would be eligible for a waiver of building permit fees and materials use taxes in a combined amount not to exceed \$6.60 per square foot through 2021. The agreement also includes a city sales tax rebate to the developer for a period of 25 years or 2047, whatever is earlier. The rebate amount is 66.6% of each 3 cents of city sales tax collected for anchor tenants for the life of the agreement. For junior anchors, the rebate amount is 66.6% of each 3 cents collected for years 1 through 15 and 41.6% of each 3 cents collected for years 16 through 25. For other, non-anchor retailers the rebate is 41.6% for each 3 cents collected for the life of the agreement. As of December 31, 2019, no projects have qualified for the building permit fee and material use tax waivers. One project came on-line in 2019 that qualifies for the non-anchor/other retailer sales tax rebate to the developer.

LPR Construction and Longbow Industries, LLC

In December 2017, the Loveland Urban Renewal Authority (LURA) 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 Street. In March 2018, LURA purchased the property at 205 E. 6th Street, the former location of the Larimer County offices. The incentive required 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. Representatives from Longbow Industries notified the City in May 2019 that they would not pursue a plan to

Note 12: Tax Abatement (continued)

establish an LPR headquarters in downtown Loveland and would not be purchasing the property as anticipated. The incentive agreement was terminated.

Intellivation, LLC

Intellivation is building a new facility in Loveland and will relocate existing Northern Colorado employees and add 18 new jobs over a five-year period. The City Manager approved an incentive agreement in August 2018 in accordance with Municipal Code Section 3.04.090. The City agrees to reimburse certain city building permit fees and materials use tax in a combined total not to exceed \$30,000. The reimbursement will occur after the company has obtained a certificate of occupancy issued by the City. In June 2019, City Council approved an amended agreement to reimburse the Company for fees not to exceed \$75,000 due to the project's cost increases. The project is underway and is expected to be completed prior to December 31, 2021.

Tharp Cabinet Company LP

The company relocated to a 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 incentive payment is conditioned on issuance of a certificate of occupancy and proof of a purchase agreement for the property. Both conditions were met and the first payment was issued in October 2019. The remaining payment will be issued at the six-month anniversary date of the issuance of the certificate of occupancy in March 2020.

Tri-Point Oil & Gas Production Systems, LLC

The company produces industrial separators used in oil and gas extraction. They plan to consolidate operations in Loveland with an expansion of their existing manufacturing facility at 5100 Boyd Lake Avenue and move the point of sale for existing products to Loveland. Tri-Point plans to add 25 new jobs per year for five years. City Council approved an agreement in February 2019 for a waiver of building permit and materials use tax not to exceed \$64,251.66 and a rebate of city sales tax. The rebate is for a 60 month period with a cap of \$4 million. The rebate for the first 12-month period is calculated at 1/3 of the 3% city sales tax collected. The rebate for the remaining 48-month period is at 1/6 of the 3% city sales tax collected. Payments are made annually at the end of the rebate period. The agreement includes early rebate conditions that were not met as of 12/31/2019. The general rebate conditions must be met on or before June 30, 2020 before any rebate payments occur.

Complete Solution Robotics

The company specializes in building custom robotic solutions for customers throughout the United States. They are building two new 20,000 square foot manufacturing facilities in the Longview Midway Business Park. The company plans to expand production and offer bays for sale or lease while adding 18 employees over the next five years. In June 2019, City Council awarded a cash incentive of \$75,000 to reimburse CSR for select building permit fees and City use tax. The reimbursement payment occurs after CSR obtains a certificate of occupancy. The project has commenced and it's anticipated to be completed in 2020.

4th & Garfield Development

The project is a three story, 20,000 square foot mixed-use infill development located at the northeast corner of 4th and Garfield Avenue in downtown Loveland. City Council approved an agreement in July 2019 for an incentive package of \$625,000 from the Downtown Development Authority (DDA) for eligible public improvements plus a \$50,000 waiver of materials use tax from the City. The agreement states the developer will obtain necessary permits and commence construction prior to December 31, 2019. As no construction was started and building permits were not issued the agreement automatically terminated. As of this date, the project owners are renegotiation their financing and expect the project to be back online in 2020.

Note 12: Tax Abatement (continued)

UC Health

The project is the first phase of a buildout providing medical offices on the first floor of the UCHealth Orchards Medical Center located at 221 E. 29th Street at the Orchards Shopping Center in a building that had been vacant for over two years. The incentive was structured as a fee rebate (not a fee waiver) of \$20,732 which covers one-half of the transportation capital expansion fee after applying the prior use credit. The City Manager approved the incentive in June 2019 in accordance with Municipal Code Section 3.04.090. UCHealth completed the agreement terms and a payment of \$20,732 was issued by the City in December 2019.

Note 13 Asset Retirement Obligations

The City of Loveland has two tangible capital assets that will require asset retirement obligations, the Hydropower Generating Facility located on the Big Thompson River and the Solar Field located on the west side of Loveland.

The Hydropower Generating Facility was destroyed in the 2013 flood. The City of Loveland decided to retire the facility and as a result the infrastructure relating to this facility needs to be removed and the surrounding area restored to a natural state. The obligation to restore the area to a natural state was required by the U. S. Forest Service with regard to the lease of their land provided in service to our U. S. Federal Energy Regulatory Commission license for the Hydro Plant.

The method to measure the liability was based on the contract to restore the area.

There is not a remaining useful life for the hydropower generating facility as it was destroyed in the 2013 flood. The entire asset retirement obligation will be recognized in 2019.

The funding for the asset retirement obligation is from the fund balance of the Electric & Communications fund.

There will not be any restricted assets for the payment of the liability as it is able to be fully funded with the resources from the Electric & Communications fund.

The Solar Field is located in west Loveland and consists of 10,450 solar panels with an expected life of twenty years. The obligation by the Environmental Protection Agency to remediate the solar panels began when the solar facility was placed in service in 2017.

The method used to measure the liability was based on the current cost to dispose of each solar panel in an environmentally protective manner, at a cost of \$30 per solar panel.

The remaining useful life of the solar panels is seventeen and one half years. The City of Loveland depreciates assets using a mid-year convention, the solar panels have been in service for two and one half years.

The funding for the asset retirement obligation is from the fund balance of the Electric & Communications fund.

There will not be any restricted assets for the payment of the liability as it is able to be fully funded with the resources from the Electric & Communications fund.

Note 14 Prior Period Adjustment

This prior period adjustment is for the asset retirement obligation for the Hydropower Generating Facility. This facility was destroyed in the 2013 flood and the City is required to restore the surrounding area. The net position needs to be restated for the entire amount of the asset retirement obligation since the occurrence was in a prior period. The restatement is as follows:

Electric & Communications Fund

Net position December 31, 2018 as previously reported	\$168,800,952
Decrease for Hydropower asset retirement obligation	<u>(2,500,000)</u>
Net position December 31, 2018 as Restated	\$166,300,952

Note 15: Subsequent Events

COVID-19

The City of Loveland has implemented cost reductions in response to the COVID-19 pandemic, including furloughs or layoffs for 280 employees, all of them in temporary, seasonal and non-benefitted positions. The City is unable at this time to predict the financial impact of the pandemic.

Tri-Point Oil & Gas Production

Tri-Point Oil & Gas Production has filed for bankruptcy. At this point in time the City of Loveland doesn't know the impact the bankruptcy will have on our sales tax revenue. The City has a tax abatement agreement with Tri-Point Oil & Gas Production that is disclosed in Note 12 Tax Abatement.

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, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 66,336,449	\$ 66,928,579	\$ 68,094,529	\$ 1,165,950
Licenses and Permits	3,457,135	2,912,135	2,228,567	(683,568)
Fines and Penalties	814,197	814,197	1,203,527	389,330
Intergovernmental	989,034	1,900,199	1,384,780	(515,419)
Charges for Services	4,604,081	4,721,418	4,981,235	259,817
Investment Earnings (Loss)	444,825	919,825	672,453	(247,372)
Miscellaneous	8,872,976	8,977,801	9,258,531	280,730
Total Revenues	85,518,697	87,174,154	87,823,622	649,468
Expenditures:				
Current:				
Legislative	139,383	139,383	144,975	(5,592)
Executive	4,694,965	4,882,769	4,401,210	481,559
Finance	5,795,487	6,020,565	5,470,110	550,455
Human Resources	1,839,401	1,839,401	1,701,545	137,856
Information Technology	4,357,701	4,414,251	4,081,695	332,556
Economic Development	1,257,420	2,055,047	1,482,874	572,173
Development Services	3,123,265	3,186,358	2,886,029	300,329
Public Works	8,023,847	8,426,357	8,145,415	280,942
Police	24,118,173	25,370,644	24,566,196	804,448
Parks & Recreation	9,857,900	10,130,250	9,659,332	470,918
Library	3,204,339	3,289,739	3,177,119	112,620
Cultural Services	2,146,099	2,186,528	2,140,923	45,605
General Government	6,761,191	7,796,468	7,156,456	640,012
Capital Outlay	3,108,453	4,800,860	2,550,258	2,250,602
Debt Service				
Interest and debt service costs	254,920	799,920	590,492	209,428
Total Expenditures	78,682,544	85,338,540	78,154,629	7,183,911
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,836,153	1,835,614	9,668,993	7,833,379
Other Financing Sources (Uses):				
Transfers In	4,945,706	6,622,771	5,489,219	(1,133,552)
Transfers (Out)	(19,653,285)	(30,899,347)	(19,448,134)	11,451,213
Total Other Financing Sources (Uses)	(14,707,579)	(24,276,576)	(13,958,915)	10,317,661
Net Change in Fund Balance	(7,871,426)	(22,440,962)	(4,289,922)	18,151,040
Fund Balance--Beginning	32,349,414	32,349,414	32,349,414	-
Fund Balance--Ending	\$ 24,477,988	\$ 9,908,452	\$ 28,059,492	\$ 18,151,040

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Urban Renewal Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 12,812,066	\$ 14,387,716	\$ 16,642,330	\$ 2,254,614
Charges for Services	990,000	990,000	-	(990,000)
Investment Earnings (Loss)	20,000	20,000	48,528	28,528
Total Revenues	13,822,066	15,397,716	16,690,858	1,293,142
Expenditures:				
Current:				
Services	1,132,243	1,222,443	160,390	1,062,053
School District Fund	983,000	983,000	2,459,550	(1,476,550)
Distribution of Tax Increment Financing	12,051,410	13,627,060	13,652,122	(25,062)
Capital Outlay	-	8,984	-	8,984
Principal	250,250	250,250	-	250,250
Interest and debt service costs	78,830	125,837	67,308	58,529
Total Expenditures	14,495,733	16,217,574	16,339,370	(121,796)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(673,667)	(819,858)	351,488	1,171,346
Other Financing Sources (Uses):				
Transfers In	-	366,000	-	(366,000)
Total Other Financing Sources (Uses)	-	366,000	-	(366,000)
Net Change in Fund Balance	(673,667)	(453,858)	351,488	805,346
Fund Balance--Beginning	296,164	296,164	296,164	-
Fund Balance--Ending	\$ (377,503)	\$ (157,694)	\$ 647,652	\$ 805,346

See accompanying independent auditors' report.

City of Loveland, Colorado
Transportation
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 29,283	\$ 29,283	\$ 19,547	\$ (9,736)
Licenses and Permits	238,000	238,000	160,417	(77,583)
Intergovernmental	4,957,008	13,909,214	7,613,351	(6,295,863)
Charges for Services	3,010,955	3,110,955	3,312,490	201,535
Investment Earnings (Loss)	-	-	(1,634)	(1,634)
Miscellaneous	137,943	163,297	634,777	471,480
Total Revenues	8,373,189	17,450,749	11,738,948	(5,711,801)
Expenditures:				
Current:				
Public Works	13,791,505	18,065,900	17,166,622	899,278
Capital Outlay	15,604,371	25,881,778	9,717,831	16,163,947
Total Expenditures	29,395,876	43,947,678	26,884,453	17,063,225
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,022,687)	(26,496,929)	(15,145,505)	11,351,424
Other Financing Sources (Uses):				
Transfers In	21,166,266	26,484,134	15,210,504	(11,273,630)
Transfers (Out)	(143,577)	(131,546)	(64,999)	66,547
Total Other Financing Sources (Uses)	21,022,689	26,352,588	15,145,505	(11,207,083)
Net Change in Fund Balance	2	(144,341)	-	144,341
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ 2	\$ (144,341)	\$ -	\$ 144,341

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Fire Rescue Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Licenses and Permits	\$ 158,750	\$ 158,750	\$ 178,503	\$ 19,753
Intergovernmental	15,378,782	16,840,688	16,722,426	(118,262)
Charges for Services	1,255,433	1,330,307	1,725,507	395,200
Investment Earnings (Loss)	45,829	45,829	333,660	287,831
Miscellaneous	1,734,123	1,918,416	1,982,229	63,813
Total Revenues	18,572,917	20,293,990	20,942,325	648,335
Expenditures:				
Current:				
Fire	16,905,547	18,871,633	17,921,673	949,960
Capital Outlay	707,950	6,096,993	4,178,423	1,918,570
Principal	233,000	233,000	232,449	551
Interest and debt service costs	150,000	150,000	148,120	1,880
Total Expenditures	17,996,497	25,351,626	22,480,665	2,870,961
Excess (Deficiency) of Revenues Over (Under) Expenditures	576,420	(5,057,636)	(1,538,340)	3,519,296
Other Financing Sources (Uses):				
Transfers (Out)	-	(76,677)	(93,595)	(16,918)
Total Other Financing Sources (Uses)	-	(76,677)	(93,595)	(16,918)
Net Change in Fund Balance	576,420	(5,134,313)	(1,631,935)	3,502,378
Fund Balance--Beginning	8,457,297	8,457,297	8,457,297	-
Fund Balance--Ending	\$ 9,033,717	\$ 3,322,984	\$ 6,825,362	\$ 3,502,378

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)
2019	\$ 114,327	\$ 123,400	\$(9,073)
2018	114,327	173,178	(58,851)
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	-	-	-

*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	2.5%
Investment Rate of Return	7.0%
Retirement Age	50% per year of eligibilty until 100% at age 65
Mortality	Pre-retirement : RP-2014 Mortality Tables for Blue Collar Employees, projected with 55% multiplier for off-duty mortality. Post- Retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables projected with Scale BB.

City of Loveland, Colorado

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

Financial Reporting period ending December 31,	2019	2018	2017	2016	2015
Measurement period ending December 31,	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ -	\$ -	\$ 7,212	\$ 7,212	\$ 9,256
Interest on the Total Pension Liability	275,919	284,838	251,537	260,183	248,058
Benefit Changes		-	259,856	-	274,064
Difference between Expected and Actual Experience	188,728	-	173,817	-	1,626
Assumption Changes	126,564	-	152,811	-	0
Benefit Payments	(409,231)	(398,494)	(396,888)	(368,980)	(371,640)
Net Change in Total Pension Liability	181,980	(113,656)	448,345	(101,585)	161,364
Total Pension Liability - Beginning	3,879,830	3,993,486	3,545,141	3,646,726	3,485,362
Total Pension Liability - Ending (a)	4,061,810	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	2,940	360,131	133,811	51,437	183,273
Benefit Payments	(409,231)	(398,494)	(396,888)	(368,980)	(371,640)
Pension Plan Administrative Expense	(14,627)	(14,890)	(4,314)	(6,397)	(4,607)
State of Colorado Supplemental Discretionary Payment	173,178	-	86,589	86,589	86,589
Net Change in Plan Fiduciary Net Position	(247,740)	48,417	(89,627)	(135,917)	(10,175)
Plan Fiduciary Net Position - Beginning	2,692,817	2,644,400	2,734,027	2,869,944	2,880,119
Plan Fiduciary Net Position - Ending (b)	2,445,077	2,692,817	2,644,400	2,734,027	2,869,944
Net Pension Liability - Ending (a) - (b)	\$ 1,616,733	\$ 1,187,013	\$ 1,349,086	\$ 811,114	\$ 776,782
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	60.20%	69.41%	66.22%	77.12%	78.70%
Covered Payroll	N/A	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	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 five years information is presented.

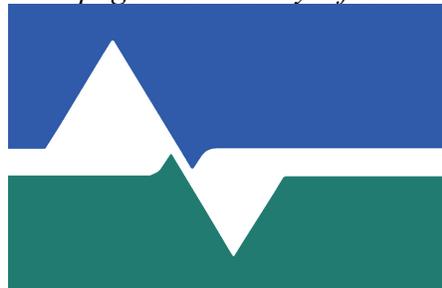
Notes to Required Supplementary Information (RSI)

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 \$299,675,116 were approved during 2019 - of which \$162,814,310 was approved for the establishment of the Municipal Fiber and Municipal Fiber Debt Service Funds. 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 except for grants and capital projects. This change was adopted by the City of Loveland Council in 2019. Any capital or grant project with available budget is eligible for rollover into the next fiscal year.
- For the year ended December 31, 2019 expenditures exceeded budgeted appropriations by \$121,796 for the Loveland Urban Renewal Authority fund. This excess in expenditures was due to higher than anticipated property tax receipts which are distributed for urban renewal projects. Appropriate measures have been taken to prevent future excesses, including a review of property tax receipts prior to the end of the year.

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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, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Charges for Services	8,259,479	8,259,479	5,594,978	(2,664,501)
Investment Earnings (Loss)	362,081	362,081	1,215,043	852,962
Miscellaneous	104,923	104,923	121,602	16,679
Total Revenues	8,756,483	8,756,483	6,931,623	(1,824,860)
Expenditures				
Parks & Recreation	63,762	163,762	75,772	87,990
Library	-	-	75,000	(75,000)
Cultural Services	-	-	19,365	(19,365)
General Government	-	30,486	-	30,486
Capital Outlay	3,450,810	5,462,158	4,030,782	1,431,376
Total Expenditures	3,514,572	5,656,406	4,200,919	1,455,487
Excess (deficiency) of revenues over (under) expenditures	5,241,911	3,100,077	2,730,704	(369,373)
Other Financing Sources (Uses):				
Transfers In	-	-	76,316	76,316
Transfers (Out)	(5,630,237)	(18,079,093)	(6,595,976)	11,483,117
Total Other Financing Sources (Uses)	(5,630,237)	(18,079,093)	(6,519,660)	11,559,433
Net Change in Fund Balance	(388,326)	(14,979,016)	(3,788,956)	11,190,060
Fund Balance--Beginning	36,822,062	36,822,062	36,822,062	-
Fund Balance--Ending	\$ 36,433,736	\$ 21,843,046	\$ 33,033,106	\$ 11,190,060

See accompanying independent auditors' report.

City of Loveland, Colorado
Capital Project Funds
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,265,000	\$ -	\$ 326,010	\$ 326,010
Investment Earnings (Loss)	157,951	157,951	130,812	(27,139)
Miscellaneous	-	11,114,870	2,601,559	(8,513,311)
Total Revenues	2,422,951	11,272,821	3,058,381	(8,214,440)
Expenditures				
Information Technology	-	4,961,756	2,127,155	2,834,601
Public Works	-	439,577	488,781	(49,204)
Police	-	959,243	824,933	134,310
Fire	-	-	(2,040)	2,040
Parks & Recreation	-	106,413	277,727	(171,314)
Capital Outlay	3,263,000	29,426,478	9,901,022	19,525,456
Total Expenditures	3,263,000	35,893,467	13,617,578	22,275,889
Excess (deficiency) of revenues over (under) expenditures	(840,049)	(24,620,646)	(10,559,197)	14,061,449
Other Financing Sources (Uses):				
Transfers In	1,028,000	24,622,505	10,018,386	(14,604,119)
Transfers (Out)	(30,000)	(660,384)	(189,511)	470,873
Total Other Financing Sources (Uses)	998,000	23,962,121	9,828,875	(14,133,246)
Net Change in Fund Balance	157,951	(658,525)	(730,322)	(71,797)
Fund Balance--Beginning	2,244,533	2,244,533	2,244,533	-
Fund Balance--Ending	\$ 2,402,484	\$ 1,586,008	\$ 1,514,211	\$ (71,797)

See accompanying independent auditors' report.

Non-Major Government 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.

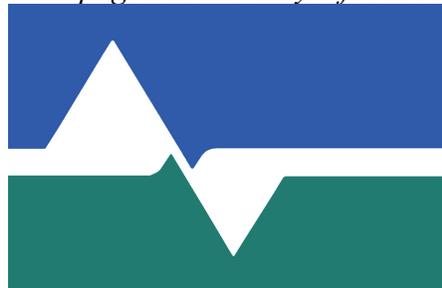
DOWNTOWN DEVELOPMENT AUTHORITY—to account for funding to aid in the development and redevelopment of properties within the boundaries of the Authority.

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, 2019

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	21,886	48,419	86,823	417,902	279,982	23,117
Equity in Pooled Investments	158,332	4,795,536	-	7,741,433	29,398	-
Receivables (Net):						
Taxes	50,504	-	-	460,793	68,176	-
Accounts	-	-	-	-	-	-
Grants	-	34,855	7,747	83,017	-	-
Accrued Interest	709	19,020	-	36,467	969	-
Inventory	-	-	-	-	-	-
Restricted Assets:						
Equity in Pooled Restricted Cash	-	500,000	-	1,232,359	-	-
Total Assets	231,431	5,397,830	94,570	9,971,971	378,525	23,117
LIABILITIES						
Accounts Payable	-	3,469	92,289	314,211	-	15,215
Accrued Liabilities	-	6,216	2,281	22,882	-	7,902
Total Liabilities	-	9,685	94,570	337,093	-	23,117
DEFERRED INFLOWS OF RESOURCES						
Unavailable Grant Revenue	-	34,855	-	83,017	-	-
Deferred Property Taxes	50,103	-	-	-	68,176	-
Total Deferred Inflows of Resources	50,103	34,855	-	83,017	68,176	-
Total Liabilities and Deferred Inflows of Resources	50,103	44,540	94,570	420,110	68,176	23,117
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	5,353,290	-	9,551,861	310,349	-
Committed	181,328	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total Fund Balances	181,328	5,353,290	-	9,551,861	310,349	-
Total Liabilities and Fund Balances	\$ 231,431	\$ 5,397,830	\$ 94,570	\$ 9,971,971	\$ 378,525	\$ 23,117

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
321,001	4,886	506,516	90,199	2,024	24,471	4,998	1,832,224
657,228	44,322	20,475	287,937	497,332	1,087,797	3,258,205	18,577,995
-	-	47,612	-	-	-	-	627,085
-	-	444	-	-	-	-	444
-	-	-	-	-	-	-	125,619
3,793	175	144	1,327	1,819	5,612	11,064	81,099
-	-	32,298	-	-	-	-	32,298
-	-	-	-	-	382,769	-	2,115,128
982,022	49,383	607,789	379,463	501,175	1,500,649	3,274,267	23,392,192
5,700	-	282	1,203	10,968	7,646	-	450,983
-	-	17,430	-	-	-	-	56,711
5,700	-	17,712	1,203	10,968	7,646	-	507,694
-	-	-	-	-	-	-	117,872
-	-	-	-	-	-	-	118,279
-	-	-	-	-	-	-	236,151
5,700	-	17,712	1,203	10,968	7,646	-	743,845
-	-	32,298	-	-	-	3,274,267	3,306,565
-	49,383	557,779	-	-	-	-	15,822,662
976,322	-	-	378,260	-	-	-	1,535,910
-	-	-	-	490,207	1,493,003	-	1,983,210
976,322	49,383	590,077	378,260	490,207	1,493,003	3,274,267	22,648,347
\$ 982,022	\$ 49,383	\$ 607,789	\$ 379,463	\$ 501,175	\$ 1,500,649	\$ 3,274,267	\$ 23,392,192

City of Loveland, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2019

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	\$ 45,822	\$ -	\$ -	\$ 2,430,918	\$ 184,646	\$ -
Intergovernmental	-	1,386,416	462,018	34,566	-	598,689
Charges for Services	-	-	-	-	-	-
Investment Earnings (Loss)	7,198	189,980	-	333,549	4,641	-
Miscellaneous	-	-	-	127,592	-	2,545
Total Revenues	53,020	1,576,396	462,018	2,926,625	189,287	601,234
Expenditures:						
Current:						
Executive	-	-	462,018	-	-	-
Information Technology	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	584,866
Parks & Recreation	-	293,357	-	859,537	-	16,368
General Government	26,396	-	-	-	-	-
Capital Outlay	-	232,441	-	2,109,942	-	-
Total Expenditures	26,396	525,798	462,018	2,969,479	-	601,234
Excess (Deficiency) of Revenues Over Expenditures	26,624	1,050,598	-	(42,854)	189,287	-
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balance	26,624	1,050,598	-	(42,854)	189,287	-
Fund Balances--Beginning	154,704	4,302,692	-	9,594,715	121,062	-
Fund Balances--Ending	\$ 181,328	\$ 5,353,290	\$ -	\$ 9,551,861	\$ 310,349	\$ -

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
\$ -	\$ -	\$ 1,010,281	\$ 73,563	\$ -	\$ -	\$ -	\$ 3,745,230
-	-	3,250	-	-	3,568	-	2,488,507
-	-	-	-	-	48,150	97,100	145,250
38,342	2,001	(5,253)	13,102	21,601	62,451	127,044	794,656
60,557	-	172,657	-	-	42,784	196	406,331
98,899	2,001	1,180,935	86,665	21,601	156,953	224,340	7,579,974
593,234	-	-	-	-	-	-	1,055,252
-	-	-	25,780	53,419	-	-	79,199
-	-	1,090,633	-	-	-	-	1,090,633
-	-	-	-	-	-	-	584,866
-	-	-	-	-	1,558	-	1,170,820
-	-	-	-	-	-	-	26,396
-	-	-	-	-	340,165	-	2,682,548
593,234	-	1,090,633	25,780	53,419	341,723	-	6,689,714
(494,335)	2,001	90,302	60,885	(31,818)	(184,770)	224,340	890,260
573,658	-	-	-	-	-	-	573,658
-	-	(15,000)	-	-	-	-	(15,000)
573,658	-	(15,000)	-	-	-	-	558,658
79,323	2,001	75,302	60,885	(31,818)	(184,770)	224,340	1,448,918
896,999	47,382	514,775	317,375	522,025	1,677,773	3,049,927	21,199,429
\$ 976,322	\$ 49,383	\$ 590,077	\$ 378,260	\$ 490,207	\$ 1,493,003	\$ 3,274,267	\$ 22,648,347

City of Loveland, Colorado
General Improvement District #1
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 47,584	\$ 47,584	\$ 45,822	\$ (1,762)
Investment Earnings (Loss)	750	750	7,198	6,448
Total Revenues	48,334	48,334	53,020	4,686
Expenditures:				
Current:				
General Government	54,500	54,500	26,396	28,104
Total Expenditures	54,500	54,500	26,396	28,104
Net Change in Fund Balance	(6,166)	(6,166)	26,624	32,790
Fund Balance--Beginning	154,704	154,704	154,704	-
Fund Balance--Ending	\$ 148,538	\$ 148,538	\$ 181,328	\$ 32,790

See accompanying independent auditors' report.

City of Loveland, Colorado
Conservation Trust
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,340,000	\$ 1,340,000	\$ 1,386,416	\$ 46,416
Investment Earnings (Loss)	45,760	45,760	189,980	144,220
Total Revenues	1,385,760	1,385,760	1,576,396	190,636
Expenditures:				
Current:				
Parks & Recreation	315,083	416,139	293,357	122,782
Capital Outlay	3,610,751	4,652,751	232,441	4,420,310
Total Expenditures	3,925,834	5,068,890	525,798	4,543,092
Net Change in Fund Balance	(2,540,074)	(3,683,130)	1,050,598	4,733,728
Fund Balance--Beginning	4,302,692	4,302,692	4,302,692	-
Fund Balance--Ending	\$ 1,762,618	\$ 619,562	\$ 5,353,290	\$ 4,733,728

See accompanying independent auditors' report.

City of Loveland, Colorado
Community Development Block Grant
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 324,868	\$ 899,775	\$ 462,018	\$ (437,757)
Miscellaneous	-	72,633	-	(72,633)
Total Revenues	324,868	972,408	462,018	(510,390)
Expenditures:				
Current:				
Executive	324,869	972,408	462,018	510,390
Total Expenditures	324,869	972,408	462,018	510,390
Net Change in Fund Balance	(1)	-	-	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ (1)	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

City of Loveland, Colorado
Larimer County Open Space
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 2,333,320	\$ 2,333,320	\$ 2,430,918	\$ 97,598
Intergovernmental	460,000	460,000	34,566	(425,434)
Investment Earnings (Loss)	117,030	117,030	333,549	216,519
Miscellaneous	148,430	148,430	127,592	(20,838)
Total Revenues	3,058,780	3,058,780	2,926,625	(132,155)
Expenditures:				
Parks & Recreation	1,100,733	1,284,683	859,537	425,146
Capital Outlay	2,992,080	4,754,029	2,109,942	2,644,087
Total Expenditures	4,092,813	6,038,712	2,969,479	3,069,233
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,034,033)	(2,979,932)	(42,854)	2,937,078
Other Financing Sources (Uses):				
Transfers (Out)	(7,920)	(7,920)	-	7,920
Total Other Financing Sources (Uses)	(7,920)	(7,920)	-	7,920
Net Change in Fund Balance	(1,041,953)	(2,987,852)	(42,854)	2,944,998
Fund Balance--Beginning	9,594,715	9,594,715	9,594,715	-
Fund Balance--Ending	\$ 8,552,762	\$ 6,606,863	\$ 9,551,861	\$ 2,944,998

See accompanying independent auditors' report.

City of Loveland, Colorado
Downtown Development Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 118,090	\$ 118,090	\$ 184,646	\$ 66,556
Investment Earnings (Loss)	-	-	4,641	4,641
Total Revenues	118,090	118,090	189,287	71,197
Net Change in Fund Balance	118,090	118,090	189,287	71,197
Fund Balance--Beginning	121,062	121,062	121,062	-
Fund Balance--Ending	\$ 239,152	\$ 239,152	\$ 310,349	\$ 71,197

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Larimer Building Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 695,059	\$ 695,059	\$ 598,689	\$ (96,370)
Miscellaneous	-	-	2,545	2,545
Total Revenues	695,059	695,059	601,234	(93,825)
Expenditures:				
Current:				
Public Works	677,559	677,559	584,866	92,693
Parks & Recreation	17,500	17,500	16,368	1,132
Total Expenditures	695,059	695,059	601,234	93,825
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, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Investment Earnings (Loss)	\$ -	\$ -	\$ 38,342	\$ 38,342
Miscellaneous	-	-	60,557	60,557
Total Revenues	-	-	98,899	98,899
Expenditures:				
Executive	557,239	817,239	593,234	224,005
Total Expenditures	557,239	817,239	593,234	224,005
Excess (Deficiency) of Revenues Over (Under) Expenditures	(557,239)	(817,239)	(494,335)	322,904
Other Financing Sources (Uses):				
Transfers In	576,917	576,917	573,658	(3,259)
Transfers (Out)	(1,026)	(1,026)	-	1,026
Total Other Financing Sources (Uses)	575,891	575,891	573,658	(2,233)
Net Change in Fund Balance	18,652	(241,348)	79,323	320,671
Fund Balance--Beginning	896,999	896,999	896,999	-
Fund Balance--Ending	\$ 915,651	\$ 655,651	\$ 976,322	\$ 320,671

See accompanying independent auditors' report.

City of Loveland, Colorado
Police Seizures & Forfeitures
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Investment Earnings (Loss)	\$ 855	\$ 855	\$ 2,001	\$ 1,146
Total Revenues	855	855	2,001	1,146
Net Change in Fund Balance	855	855	2,001	1,146
Fund Balance--Beginning	47,382	47,382	47,382	-
Fund Balance--Ending	\$ 48,237	\$ 48,237	\$ 49,383	\$ 1,146

See accompanying independent auditors' report.

City of Loveland, Colorado
Lodging Tax
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 985,258	\$ 985,258	\$ 1,010,281	\$ 25,023
Intergovernmental	-	-	3,250	3,250
Investment Earnings (Loss)	7,185	7,185	(5,253)	(12,438)
Miscellaneous	65,626	115,626	172,657	57,031
Total Revenues	1,058,069	1,108,069	1,180,935	72,866
Expenditures:				
Economic Development	987,524	1,145,524	1,090,633	54,891
Total Expenditures	987,524	1,145,524	1,090,633	54,891
Excess (Deficiency) of Revenues Over (Under) Expenditures	70,545	(37,455)	90,302	127,757
Other Financing Sources (Uses):				
Transfers In	-	3,000	-	(3,000)
Transfers (Out)	(10,000)	(15,000)	(15,000)	-
Total Other Financing Sources (Uses)	(10,000)	(12,000)	(15,000)	(3,000)
Net Change in Fund Balance	60,545	(49,455)	75,302	124,757
Fund Balance--Beginning	514,775	514,775	514,775	-
Fund Balance--Ending	\$ 575,320	\$ 465,320	\$ 590,077	\$ 124,757

See accompanying independent auditors' report.

City of Loveland, Colorado
PEG Fee
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 78,000	\$ 78,000	\$ 73,563	\$ (4,437)
Investment Earnings (Loss)	2,025	2,025	13,102	11,077
Total Revenues	80,025	80,025	86,665	6,640
Expenditures:				
Current:				
Information Technology	100,000	100,000	25,780	74,220
Capital Outlay:				
Capital Outlay	89,000	89,000	-	89,000
Total Expenditures	189,000	189,000	25,780	163,220
Net Change in Fund Balance	(108,975)	(108,975)	60,885	169,860
Fund Balance--Beginning	317,375	317,375	317,375	-
Fund Balance--Ending	\$ 208,400	\$ 208,400	\$ 378,260	\$ 169,860

See accompanying independent auditors' report.

City of Loveland, Colorado
Fiber Network
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 80,000	\$ 80,000	\$ -	\$ (80,000)
Investment Earnings (Loss)	7,181	7,181	21,601	14,420
Total Revenues	87,181	87,181	21,601	(65,580)
Expenditures:				
Information Technology	200,000	276,256	53,419	222,837
Total Expenditures	200,000	276,256	53,419	222,837
Net Change in Fund Balance	(112,819)	(189,075)	(31,818)	157,257
Fund Balance--Beginning	522,025	522,025	522,025	-
Fund Balance--Ending	\$ 409,206	\$ 332,950	\$ 490,207	\$ 157,257

See accompanying independent auditors' report.

City of Loveland, Colorado
Parks & Recreation Improvement
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,779	\$ 1,779	\$ 3,568	\$ 1,789
Charges for Services	53,902	53,902	48,150	(5,752)
Investment Earnings (Loss)	17,586	17,586	62,451	44,865
Miscellaneous	-	-	42,784	42,784
Total Revenues	73,267	73,267	156,953	83,686
Expenditures:				
Parks & Recreation	-	-	1,558	(1,558)
Capital Outlay	630,000	1,249,818	340,165	909,653
Total Expenditures	630,000	1,249,818	341,723	908,095
Excess (Deficiency) of Revenues Over (Under) Expenditures	(556,733)	(1,176,551)	(184,770)	991,781
Other Financing Sources (Uses):				
Transfers (Out)	(5,900)	(5,900)	-	5,900
Total Other Financing Sources (Uses)	(5,900)	(5,900)	-	5,900
Net Change in Fund Balance	(562,633)	(1,182,451)	(184,770)	997,681
Fund Balance--Beginning	1,677,773	1,677,773	1,677,773	-
Fund Balance--Ending	\$ 1,115,140	\$ 495,322	\$ 1,493,003	\$ 997,681

See accompanying independent auditors' report.

City of Loveland, Colorado
Perpetual Care
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 62,583	\$ 62,583	\$ 97,100	\$ 34,517
Investment Earnings (Loss)	56,723	56,723	127,044	70,321
Miscellaneous	-	-	196	196
Total Revenues	119,306	119,306	224,340	105,034
Net Change in Fund Balance	119,306	119,306	224,340	105,034
Fund Balance--Beginning	3,049,927	3,049,927	3,049,927	-
Fund Balance--Ending	\$ 3,169,233	\$ 3,169,233	\$ 3,274,267	\$ 105,034

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.

ELECTRIC & COMMUNICATIONS—includes all costs, operating, purchased power, and capital, associated with distributing electricity and broadband to City residents and businesses.

REFUSE—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, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 17,174,282	\$ 17,174,282	\$ 16,556,491	\$ (617,791)
Cash in Lieu of Water Rights	227,167	227,167	4,021,419	3,794,252
Miscellaneous	1,427,428	1,995,526	1,679,974	(315,552)
Investment Earnings	458,895	458,895	1,307,646	848,751
System Impact/Development Fees	2,699,590	2,699,590	2,910,415	210,825
Raw Water Development Fees	657,686	657,686	608,237	(49,449)
Transfers In	1,026	1,026	-	(1,026)
Bond Proceeds	37,560,000	37,560,000	-	(37,560,000)
Aid to Construction	3,056,400	3,056,400	-	(3,056,400)
Total Revenues	63,262,474	63,830,572	27,084,182	(36,746,390)
Expenditures:				
Personal Services	5,345,598	5,345,598	4,892,185	453,413
Supplies	2,987,191	3,046,717	1,201,973	1,844,744
Purchased Services	6,048,562	6,155,387	4,206,084	1,949,303
Payment for Services	1,202,200	1,202,200	1,111,782	90,418
Transfers (Out)	837,370	1,858,805	456,648	1,402,157
Capital Acquisitions	63,204,800	70,899,001	8,931,544	61,967,457
Interest and debt service costs	1,044,034	438,614	438,501	113
Bond Expenses	-	-	2,325	(2,325)
Total Expenditures	80,669,755	88,946,322	21,241,042	67,705,280
Net Change in Fund Balance	(17,407,281)	(25,115,750)	5,843,140	30,958,890

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	15,551
Contributed Assets	2,807,412
Depreciation	(3,813,245)
Loss on Sale of Capital Asset	(94,982)
Capital Acquisition	8,931,544
Statement Total	\$ 13,689,420

See accompanying independent auditors' report.

City of Loveland, Colorado
Waste Water
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 14,018,391	\$ 14,018,391	\$ 13,639,886	\$ (378,505)
Miscellaneous	1,451,750	1,451,750	82,347	(1,369,403)
Investment Earnings	41,502	41,502	799,179	757,677
System Impact/Development Fees	1,439,949	1,439,949	1,376,109	(63,840)
Total Revenues	16,951,592	16,951,592	15,897,521	(1,054,071)
Expenditures:				
Personal Services	4,009,223	4,009,223	3,787,394	221,829
Supplies	870,864	1,145,233	845,683	299,550
Purchased Services	4,175,250	4,198,994	3,619,014	579,980
Payment for Services	980,820	980,820	948,776	32,044
Transfers (Out)	50,750	1,184,847	516,757	668,090
Capital Acquisitions	5,694,180	19,454,966	13,452,266	6,002,700
Interest and debt service costs	1,660,542	985,972	985,623	349
Total Expenditures	17,441,629	31,960,055	24,155,513	7,804,542
Net Change in Fund Balance	(490,037)	(15,008,463)	(8,257,992)	6,750,471

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	4,300
Contributed Assets	2,796,187
Depreciation	(2,899,352)
Loss on Sale of Capital Asset	(1,468,063)
Capital Acquisition	13,452,266
Statement Total	<u>\$ 3,627,346</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Stormwater
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 7,088,160	\$ 7,088,160	\$ 7,587,798	\$ 499,638
Miscellaneous	31,373	31,373	38,180	6,807
Investment Earnings	148,910	148,910	557,911	409,001
System Impact/Development Fees	421,810	421,810	377,763	(44,047)
Transfers In	-	-	150	150
Total Revenues	7,690,253	7,690,253	8,561,802	871,549
Expenditures:				
Personal Services	1,768,895	1,771,695	1,644,731	126,964
Supplies	509,144	517,819	69,226	448,593
Purchased Services	1,681,386	2,973,877	1,444,487	1,529,390
Payment for Services	496,170	496,170	531,166	(34,996)
Transfers (Out)	41,450	457,190	208,324	248,866
Capital Acquisitions	5,597,500	8,856,665	1,554,499	7,302,166
Total Expenditures	10,094,545	15,073,416	5,452,433	9,620,983
Net Change in Fund Balance	(2,404,292)	(7,383,163)	3,109,369	10,492,532

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	12,000
Contributed Assets	2,550,474
Depreciation	(1,366,267)
Loss on Sale of Capital Asset	(501)
Capital Acquisition	1,554,499
Statement Total	<u>\$ 5,859,574</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Electric & Communications
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 68,256,630	\$ 68,356,630	\$ 67,624,030	\$ (732,600)
Miscellaneous	1,261,572	1,194,072	1,425,043	230,971
Investment Earnings	435,030	1,823,459	2,200,380	376,921
System Impact/Development Fees	2,743,740	2,743,740	2,741,758	(1,982)
Transfers In	783,750	851,250	-	(851,250)
Bond Proceeds	-	84,542,457	-	(84,542,457)
Aid to Construction	1,920,000	1,920,000	954,605	(965,395)
Total Revenues	75,400,722	161,431,608	74,945,816	(86,485,792)
Expenditures:				
Personal Services	4,843,723	6,817,639	4,660,465	2,157,174
Supplies	950,941	1,104,921	629,914	475,007
Purchased Services	7,117,478	11,716,358	6,346,496	5,369,862
Purchased Power	44,761,779	44,781,779	44,564,326	217,453
Payment for Services	4,777,960	4,784,960	4,666,809	118,151
Transfers (Out)	105,703	2,629,668	1,088,609	1,541,059
Capital Acquisitions	14,374,430	94,480,921	12,224,032	82,256,889
Interest and debt service costs	6,646	74,146	2,095,722	(2,021,576)
Bond Expenses	-	542,457	542,456	1
Total Expenditures	76,938,660	166,932,849	76,818,829	90,114,020
Net Change in Fund Balance	(1,537,938)	(5,501,241)	(1,873,013)	3,628,228

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	6,601
Contributed Assets	4,813,702
Depreciation	(5,244,943)
Loss on Sale of Capital Asset	(140,480)
Capital Acquisition	12,224,032
Statement Total	<u>\$ 9,785,899</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Refuse
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 8,140,329	\$ 8,140,329	\$ 8,628,924	\$ 488,595
Miscellaneous	(11,400)	(11,400)	-	11,400
Investment Earnings	50,500	50,500	241,443	190,943
Total Revenues	8,179,429	8,179,429	8,870,367	690,938
Expenditures:				
Personal Services	2,700,917	2,663,408	2,557,389	106,019
Supplies	180,310	252,703	250,708	1,995
Purchased Services	3,950,498	3,986,970	3,532,631	454,339
Payment for Services	561,028	561,028	589,443	(28,415)
Transfers (Out)	-	835,655	343,876	491,779
Capital Acquisitions	1,513,000	2,566,859	1,160,978	1,405,881
Interest and debt service costs	16,849	16,849	16,848	1
Total Expenditures	8,922,602	10,883,472	8,451,873	2,431,599
Net Change in Fund Balance	(743,173)	(2,704,043)	418,494	3,122,537

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	13,153
Depreciation	(796,406)
Capital Acquisition	1,160,978
Statement Total	<u>\$ 796,219</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Golf
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 4,018,205	\$ 4,018,205	\$ 3,859,784	\$ (158,421)
Miscellaneous	-	-	558	558
Investment Earnings	56,577	56,577	166,445	109,868
Total Revenues	4,074,782	4,074,782	4,026,787	(47,995)
Expenditures:				
Personal Services	2,276,741	2,276,741	2,075,933	200,808
Supplies	658,652	609,120	494,806	114,314
Purchased Services	663,469	674,933	668,072	6,861
Transfers (Out)	1,605	1,605	-	1,605
Capital Acquisitions	402,525	904,938	98,746	806,192
Total Expenditures	4,002,992	4,467,337	3,337,557	1,129,780
Net Change in Fund Balance	71,790	(392,555)	689,230	1,081,785

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

Depreciation	(319,064)
Capital Acquisition	98,746
Statement Total	<u>\$ 468,912</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Combining Statement of Net Position
Internal Service
December 31, 2019

	Fleet Replacement	Fleet Management	Risk & Insurance	Employee Benefits	Totals
ASSETS					
Current Assets:					
Equity in Pooled Cash	\$ 1,371,530	\$ 953,209	\$ 18,795	\$ 2,738,994	\$ 5,082,528
Equity in Pooled Investments	7,212,550	205,951	5,978,884	9,825,982	23,223,367
Receivables, Net	-	5,873	1,100,205	1,140,425	2,246,503
Accrued Interest	25,934	3,875	22,417	49,771	101,997
Inventory, at Cost	-	424,409	-	-	424,409
Total Current Assets	8,610,014	1,593,317	7,120,301	13,755,172	31,078,804
Noncurrent Assets:					
Interfund Loan Receivable	320,370	-	-	-	320,370
Restricted Assets:					
Equity in Pooled Restricted Cash	-	-	-	223,593	223,593
Total Restricted Assets	-	-	-	223,593	223,593
Property, Plant & Equipment:					
Land	209,516	-	-	-	209,516
Buildings	1,976,509	-	-	-	1,976,509
Equipment	14,393,732	163,404	-	-	14,557,136
Construction in Progress	251,627	-	-	-	251,627
Total Property, Plant & Equipment	16,831,384	163,404	-	-	16,994,788
Accumulated Depreciation	(10,325,114)	(77,553)	-	-	(10,402,667)
Net Property, Plant & Equipment	6,506,270	85,851	-	-	6,592,121
Total Non-Current Assets	6,826,640	85,851	-	223,593	7,136,084
Total Assets	15,436,654	1,679,168	7,120,301	13,978,765	38,214,888
LIABILITIES					
Current Liabilities:					
Accounts Payable	14,386	165,260	320,075	483,296	983,017
Accrued Liabilities	-	64,344	15,576	807,000	886,920
Total Current Liabilities	14,386	229,604	335,651	1,290,296	1,869,937
Compensated Absences	-	138,468	21,430	-	159,898
Total Liabilities	14,386	368,072	357,081	1,290,296	2,029,835
NET POSITION					
Net Investment in Capital Assets	6,506,270	85,851	-	-	6,592,121
Net Position Restricted for Other	-	-	-	223,593	223,593
Unrestricted	8,915,998	1,225,245	6,763,220	12,464,876	29,369,339
Total Net Position	\$ 15,422,268	\$ 1,311,096	\$ 6,763,220	\$ 12,688,469	\$ 36,185,053

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, 2019

	Fleet Replacement	Fleet Management	Risk & Insurance	Employee Benefits	Totals
Operating Revenues:					
Charges for Services	\$ 2,392,814	\$ 5,160,637	\$ 2,987,072	\$ 15,806,291	\$ 26,346,814
Miscellaneous	16,172	12,407	1,157,057	45,570	1,231,206
Total Operating Revenues	2,408,986	5,173,044	4,144,129	15,851,861	27,578,020
Operating Expenses:					
Personal Services	-	1,650,269	448,703	3,227	2,102,199
Supplies	-	2,165,465	6,458	92,809	2,264,732
Purchased Services	2,241	524,705	2,816,703	11,843,634	15,187,283
Depreciation	1,215,954	16,685	-	-	1,232,639
Total Operating Expenses	1,218,195	4,357,124	3,271,864	11,939,670	20,786,853
Net Operating Income (loss)	1,190,791	815,920	872,265	3,912,191	6,791,167
Nonoperating Revenues (Expenses):					
Investment Earnings	274,705	23,564	267,069	485,010	1,050,348
Interest and debt service costs	-	(5,112)	-	-	(5,112)
Gain (Loss) on Sale of Capital Assets	80,332	-	-	-	80,332
Total Nonoperating Revenues (Expenses)	355,037	18,452	267,069	485,010	1,125,568
Net Income (Loss) Before Transfers	1,545,828	834,372	1,139,334	4,397,201	7,916,735
Capital Grant Contributions	29,193	-	-	-	29,193
Transfers (Out)	(96,804)	-	-	(2,250,000)	(2,346,804)
Change in Net Position	1,478,217	834,372	1,139,334	2,147,201	5,599,124
Total Net Position - Beginning	13,944,051	476,724	5,623,886	10,541,268	30,585,929
Total Net Position - Ending	\$ 15,422,268	\$ 1,311,096	\$ 6,763,220	\$ 12,688,469	\$ 36,185,053

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, 2019

	Fleet Replacement	Fleet Management	Risk & Insurance	Employee Benefits	Totals
Cash Flows from Operating Activities:					
Cash Received from Interfund Services	\$ 2,422,253	\$ 5,157,647	\$ 1,886,866	\$ 15,220,526	\$ 24,687,292
Cash Payments for Goods and Services	(111,517)	(2,632,005)	(3,267,871)	(11,813,702)	(17,825,095)
Cash Payments to Employees	-	(1,721,821)	(443,201)	(107,735)	(2,272,757)
Miscellaneous	16,172	12,407	1,157,057	45,570	1,231,206
Net Cash Provided by Operating Activities	2,326,908	816,228	(667,149)	3,344,659	5,820,646
Cash Flows from Non-Capital Financing Activities:					
Transfers In	-	-	-	-	-
Transfers Out	(96,804)	-	-	(2,250,000)	(2,346,804)
Net Cash Provided (Used) by Non-capital Financing Activities	(96,804)	-	-	(2,250,000)	(2,346,804)
Cash Flows from Capital and Related Financing Activities:					
Proceeds on Sale of Capital Assets	67,780	-	-	-	67,780
Payments for Capital Acquisition	(1,826,318)	-	-	-	(1,826,318)
Intergovernmental Revenue	29,193	-	-	-	29,193
Debt Principal Proceeds	46,918	(5,112)	-	-	41,806
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,682,427)	(5,112)	-	-	(1,687,539)
Cash Flows from Investing Activities:					
Purchase of Investments	(1,138,939)	(121,471)	(1,063,972)	(2,232,176)	(4,556,558)
Proceeds from Sale of Investments	-	-	1,300,000	-	1,300,000
Investment Earnings	128,704	14,367	122,180	238,792	504,043
Net Cash Flows Provided (Used) by Investing Activities	(1,010,235)	(107,104)	358,208	(1,993,384)	(2,752,515)
Net Increase (Decrease) in Cash and Cash Equivalents	(462,558)	704,012	(308,941)	(898,725)	(966,212)
Cash and Cash Equivalents - Jan. 1	1,834,088	249,197	327,736	3,861,312	6,272,333
Cash and Cash Equivalents--Dec. 31	\$ 1,371,530	\$ 953,209	\$ 18,795	\$ 2,962,587	\$ 5,306,121
Reconciliation of Operating Income (Loss) to Net Operating Income (Loss)					
Income (Loss)	\$ 1,174,619	\$ 803,513	\$ (284,792)	\$ 3,866,621	\$ 5,559,961
Miscellaneous Income	16,172	12,407	1,157,057	45,570	1,231,206
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,215,954	16,685	-	-	1,232,639
(Increase) Decrease in Accounts Receivable	29,440	(2,991)	(1,100,205)	(690,274)	(1,764,030)
(Increase) Decrease in Inventory	-	149	-	-	149
Increase (Decrease) in Current Liabilities	(109,277)	(13,535)	(439,209)	122,742	(439,279)
Total Adjustments	1,136,117	308	(1,539,414)	(567,532)	(970,521)
Net Cash Provided by Operating Activities	\$ 2,326,908	\$ 816,228	\$ (667,149)	\$ 3,344,659	\$ 5,820,646
Noncash Investing, Capital and Financing Activities:					
Contributed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Unrealized Gain (Loss) on Investments	141,856	6,582	144,899	238,907	532,244
Reconciliation of cash and cash equivalents to statement of net position:					
Cash and cash equivalents	1,371,530	953,209	18,795	2,738,994	5,082,528
Restricted Assets - cash and cash equivalents	-	-	-	223,593	223,593
\$ 1,371,530	\$ 953,209	\$ 18,795	\$ 2,962,587	\$ 5,306,121	

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, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 2,505,600	\$ 2,505,600	\$ 2,392,814	\$ (112,786)
Miscellaneous	-	-	16,172	16,172
Investment Earnings	125,401	125,401	274,705	149,304
Transfers In	267,158	-	-	-
Capital Grant Contributions	-	-	29,193	29,193
Total Revenues	2,898,159	2,631,001	2,712,884	81,883
Expenditures:				
Purchased Services	-	-	2,241	(2,241)
Transfers (Out)	-	347,000	96,804	250,196
Capital Acquisitions	2,130,700	3,028,125	1,768,718	1,259,407
Total Expenditures	2,130,700	3,375,125	1,867,763	1,507,362
Net Change in Fund Balance	767,459	(744,124)	845,121	1,589,245

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	80,332
Depreciation	(1,215,954)
Capital Acquisitions	1,768,718
Statement Total	<u>\$ 1,478,217</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Fleet Management
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 6,040,222	\$ 6,055,222	\$ 5,160,637	\$ (894,585)
Miscellaneous	-	-	12,407	12,407
Investment Earnings	11,342	11,342	23,564	12,222
Total Revenues	6,051,564	6,066,564	5,196,608	(869,956)
Expenditures:				
Personal Services	1,836,320	1,836,320	1,650,269	186,051
Supplies	3,115,398	2,804,886	2,165,465	639,421
Purchased Services	564,608	875,120	524,705	350,415
Interest and debt service costs	6,646	6,646	5,112	1,534
Total Expenditures	5,522,972	5,522,972	4,345,551	1,177,421
Net Change in Fund Balance	528,592	543,592	851,057	307,465

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Depreciation

(16,685)

Statement Total

\$ 834,372

See accompanying independent auditors' report.

City of Loveland, Colorado
Risk & Insurance
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 2,992,072	\$ 3,340,415	\$ 2,987,072	\$ (353,343)
Miscellaneous	-	-	1,157,057	1,157,057
Investment Earnings	89,858	89,858	267,069	177,211
Total Revenues	3,081,930	3,430,273	4,411,198	980,925
Expenditures:				
Personal Services	507,975	507,975	448,703	59,272
Supplies	13,296	13,296	6,458	6,838
Purchased Services	2,465,305	4,113,527	2,816,703	1,296,824
Total Expenditures	2,986,576	4,634,798	3,271,864	1,362,934
Net Change in Fund Balance	95,354	(1,204,525)	1,139,334	2,343,859

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

\$ 1,139,334

See accompanying independent auditors' report.

City of Loveland, Colorado
Employee Benefits
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

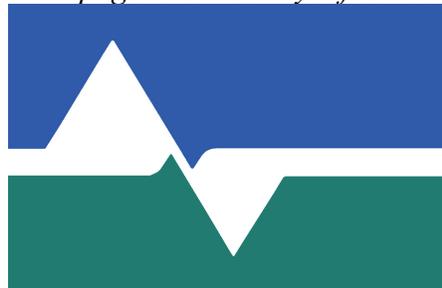
	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 16,447,625	\$ 16,541,824	\$ 15,806,291	\$ (735,533)
Miscellaneous	73,000	73,000	45,570	(27,430)
Investment Earnings	-	-	485,010	485,010
Total Revenues	16,520,625	16,614,824	16,336,871	(277,953)
Expenditures:				
Personal Services	16,750	16,750	3,227	13,523
Supplies	119,500	119,500	92,809	26,691
Purchased Services	15,176,800	15,176,800	11,843,634	3,333,166
Transfers (Out)	2,250,000	2,250,000	2,250,000	-
Total Expenditures	17,563,050	17,563,050	14,189,670	3,373,380
Net Change in Fund Balance	(1,042,425)	(948,226)	2,147,201	3,095,427

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

Statement Total \$ 2,147,201

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.

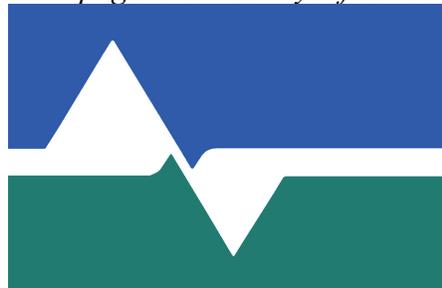


City of Loveland, Colorado
Special Improvement District #1 (SID)
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Special Assessments	\$ 490,000	\$ 490,000	\$ 582,291	\$ 92,291
Interest	5,000	5,000	14,405	9,405
Miscellaneous	-	-	2,361	2,361
Total Revenues	495,000	495,000	599,057	104,057
Expenditures:				
General Administration	13,265	13,265	6,625	6,640
Bond Principal	350,000	405,000	405,000	-
Bond Interest	145,000	145,000	141,668	3,332
Trustee Fees	650	650	300	350
Total Expenditures	508,915	563,915	553,593	10,322
Net Change in Fund Balance	(13,915)	(68,915)	45,464	114,379
Fund Balance--Beginning	430,962	430,962	430,962	-
Fund Balance--Ending	\$ 417,047	\$ 362,047	\$ 476,426	\$ 114,379
Reconciliation to Statement of Changes in Assets and Liabilities				
Accounts Payable			328	
Balance, December 31, 2019			<u>\$ 431,290</u>	

See accompanying independent auditors' report.

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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..... 125
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..... 135
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..... 138
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..... 142
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..... 145
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)

	2010	2011	2012	2013	2014
Governmental Activities					
Net Investment in Capital Assets	\$ 296,245,854	\$ 302,978,097	\$ 301,942,160	\$ 301,651,481	\$ 327,486,198
Restricted	60,868,797	27,593,075	29,777,379	27,990,603	25,425,762
Unrestricted	35,752,393	74,582,278	83,391,502	95,320,222	88,271,751
Total Governmental Activities Net Position	392,867,044	405,153,450	415,111,041	424,962,306	441,183,711
Business-Type Activities					
Net Investment in Capital Assets	358,776,050	366,796,045	372,589,212	380,761,746	398,830,123
Future Capital Improvements	44,558,594	42,606,195	44,869,255	41,854,010	43,987,341
Unrestricted	39,341,161	43,221,838	44,177,057	44,941,194	39,181,529
Total Business-Type Activities Net Position	442,675,805	452,624,078	461,635,524	467,556,950	481,998,993
Primary government					
Net Investment In Capital Assets	655,021,904	669,774,142	674,531,372	682,413,227	726,316,321
Restricted	105,427,397	70,199,270	74,646,634	69,844,613	69,413,103
Unrestricted	75,093,554	117,804,116	127,568,559	140,261,416	127,453,280
Total Primary Government Net Position	\$ 835,542,855	\$ 857,777,528	\$ 876,746,565	\$ 892,519,256	\$ 923,182,704

	2015	2016	2017	2018	2019
\$	334,471,486	\$ 349,269,785	\$ 370,968,085	\$ 375,178,255	\$ 407,352,447
	23,991,063	19,889,376	42,204,301	40,657,508	35,401,193
	89,140,975	109,138,773	85,659,674	92,826,599	93,934,510
	447,603,524	478,297,934	498,832,060	508,662,362	536,688,150
	412,250,813	439,794,339	463,351,560	487,093,974	512,801,745
	38,346,067	38,620,559	44,650,171	53,143,019	145,025,789
	50,999,539	50,990,044	48,112,329	44,467,491	(41,395,680)
	501,596,419	529,404,942	556,114,060	584,704,484	616,431,854
	746,722,299	789,064,124	834,319,645	862,272,229	920,154,192
	62,337,130	58,509,935	86,854,472	93,800,527	180,426,982
	140,140,514	160,128,817	133,772,003	137,294,090	52,538,830
\$	949,199,943	\$ 1,007,702,876	\$ 1,054,946,120	\$ 1,093,366,846	\$ 1,153,120,004

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

	2010	2011	2012	2013
Expenses				
Governmental Activities:				
Legislative	\$ 106,423	\$ 101,073	\$ 97,103	\$ 118,263
Executive	1,623,339	1,839,314	2,298,957	2,040,641
Finance	1,693,044	2,156,020	3,685,096	1,495,077
Human Resources	865,084	750,448	929,651	312,209
Information Technology	3,028,545	3,251,193	3,101,836	2,951,995
Economic Development	742,248	1,235,598	1,764,192	2,509,865
Development Services	6,451,593	6,397,469	5,656,043	6,120,833
Public Works	16,253,368	17,425,656	18,940,024	19,132,121
Police	16,233,097	16,817,499	16,806,697	17,753,905
Fire and Rescue	8,070,024	8,075,617	10,481,974	10,110,872
Parks & Recreation	8,698,322	9,572,290	10,206,841	12,989,173
Library	2,316,785	2,625,349	2,701,016	3,267,977
Cultural Services	1,264,556	1,464,118	1,845,305	3,083,926
General Government	12,366,477	14,777,308	18,234,265	20,233,243
Interest on Long-Term Debt	718	-	-	-
Total Governmental Activities Expense	79,713,623	86,488,952	96,749,000	102,120,100
Business-Type Activities:				
Water	10,977,567	10,194,425	10,506,013	13,219,134
Wastewater	7,178,264	6,931,011	7,142,390	8,514,371
Stormwater	3,437,189	3,550,937	3,315,186	3,837,057
Power	42,895,642	45,197,485	47,438,660	53,828,287
Refuse	4,520,127	4,881,326	5,143,011	5,768,080
Golf	3,451,922	3,248,098	3,262,626	3,466,487
Total Business-Type Activities Expenses	72,460,711	74,003,282	76,807,886	88,633,416
Total Primary Government Expenses	152,174,334	160,492,234	173,556,886	190,753,516
Program Revenues				
Governmental Activities:				
Charges for services:				
Executive	1,021,714	897,804	936,190	874,554
Finance	309,737	256,669	171,616	194,586
Human Resources	-	-	23	-
Economic Development	-	-	35,872	56,049
Development Services	1,394,530	1,247,933	1,662,823	1,648,640
Public Works	2,011,339	2,223,493	2,128,714	3,156,866
Police	908,643	1,114,811	906,400	1,126,139
Fire	1,085,517	1,316,110	286,551	318,997
Parks & Recreation	3,091,808	3,615,168	4,039,590	5,705,461
Library	106,942	95,470	98,541	85,239
Cultural Services	179,942	166,584	279,291	290,673
General Government	4,008,670	4,452,074	5,537,449	5,738,507
Operating grants and contributions	5,179,313	5,487,692	14,626,446	15,501,176
Capital grants and contributions	9,341,231	10,272,856	9,488,471	11,321,276
Total Governmental Activities Revenues	\$ 28,639,386	\$ 31,146,664	\$ 40,197,977	\$ 46,018,163

Source: City of Loveland Financial Statements

	2014	2015	2016	2017	2018	2019
\$	162,625	\$ 157,812	\$ 151,146	\$ 159,913	\$ 187,723	\$ 144,975
	1,944,875	2,134,424	2,199,258	4,216,699	3,376,411	5,380,650
	1,736,626	1,731,226	1,846,402	1,295,259	1,256,557	5,388,175
	156,840	249,177	358,285	420,729	424,206	1,638,690
	656,388	925,018	983,766	556,131	1,831,164	6,401,536
	3,922,742	5,416,693	4,046,522	3,090,713	2,551,997	2,597,640
	7,085,388	7,303,464	7,391,751	6,509,167	6,737,725	3,981,403
	29,259,394	19,659,340	22,454,121	23,931,894	31,567,513	27,180,708
	19,092,543	20,122,411	21,508,676	24,783,280	27,082,050	25,312,191
	11,267,310	13,127,952	13,968,518	16,365,941	22,272,980	18,193,823
	13,139,972	13,433,473	14,149,386	14,103,788	16,364,686	12,040,970
	3,465,978	3,513,276	3,598,465	4,123,625	4,272,659	3,385,385
	2,269,629	2,375,343	2,522,341	2,600,450	2,942,481	2,089,675
	21,610,982	24,936,240	24,003,139	24,815,615	23,571,072	16,784,988
	-	-	-	-	-	-
	115,771,292	115,085,849	119,181,776	126,973,204	144,439,224	130,520,809
	14,421,083	14,993,052	15,666,363	16,075,296	16,308,692	15,666,095
	8,152,372	9,004,724	9,078,498	9,679,668	11,304,051	13,085,842
	4,142,323	4,218,805	4,342,427	5,850,696	4,927,823	5,055,877
	56,745,572	56,935,935	58,211,434	64,494,714	64,180,716	68,751,131
	5,772,448	5,956,930	6,453,721	6,714,450	7,243,803	7,743,425
	3,649,645	3,757,673	4,558,219	3,872,895	3,669,380	3,557,875
	92,883,443	94,867,119	98,310,662	106,687,719	107,634,465	113,860,245
	208,654,735	209,952,968	217,492,438	233,660,923	252,073,689	244,381,054
	960,705	1,093,954	944,041	1,041,189	1,665,482	1,816,728
	220,807	213,550	206,081	264,016	243,877	226,958
	26	-	-	-	-	-
	75,718	80,205	94,072	611,278	156,092	233,795
	2,405,098	2,742,511	3,058,494	2,567,529	2,768,763	2,141,143
	3,317,741	5,272,211	5,803,971	6,506,628	19,218,892	18,093,078
	1,249,248	1,124,858	1,263,912	1,444,770	696,939	2,967,706
	416,909	365,378	582,014	4,839,718	7,418,801	3,769,092
	5,273,998	4,326,854	5,131,937	4,757,024	4,834,484	5,504,094
	90,717	93,226	92,278	72,431	95,501	50,342
	366,835	366,894	418,057	431,274	470,431	616,260
	5,938,830	6,430,198	7,054,713	7,934,902	77,655	49,046
	15,144,081	18,170,851	18,282,481	22,130,784	21,457,236	23,138,462
	24,080,916	12,390,432	21,755,995	5,405,297	7,045,733	4,214,800
\$	59,541,629	\$ 52,671,122	\$ 64,688,046	\$ 58,006,840	\$ 66,149,886	\$ 62,821,504

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

	2010	2011	2012	2013
Business-type Activities				
Charges for services				
Water	\$ 7,662,143	\$ 12,899,042	\$ 10,119,971	\$ 10,100,125
Wastewater	7,012,971	7,066,252	7,259,071	8,122,896
Stormwater	3,966,869	3,989,549	4,032,801	4,124,910
Power	43,883,091	47,374,719	50,842,438	54,541,358
Refuse	5,769,092	5,903,328	6,003,233	6,040,794
Golf	3,538,047	3,455,162	3,729,636	3,256,450
Capital grants and contributions	8,017,959	7,050,956	6,785,850	11,615,334
Operating grants and contributions	-	-	-	-
Total Business-Type Activities Revenues	79,850,172	87,739,008	88,773,000	97,801,867
Total Primary-Government Revenues	108,489,558	118,885,672	128,970,977	143,820,030
Net (Expense) Revenue				
Governmental Activities	(51,074,237)	(55,342,288)	(56,551,023)	(56,101,937)
Business-Type Activities	7,389,461	13,735,726	11,965,114	9,168,451
Total Primary Government Net (Expense)/Revenues	(43,684,776)	(41,606,562)	(44,585,909)	(46,933,486)
General Revenues & Other Changes in Net Position				
Governmental Activities				
Taxes				
Property Taxes	18,873,614	18,829,989	18,727,569	18,708,893
Sales and Use Taxes	35,404,740	36,535,125	39,849,259	42,342,445
Franchise Taxes	1,620,420	1,626,216	1,728,289	1,772,839
Other Taxes	934,515	991,556	998,390	1,175,053
Investment Earnings	967,636	2,561,535	1,124,663	(941,945)
Gain on Sale of Assets	15,113	691,883	23,083	208,383
Transfers	2,124,740	6,392,390	4,057,361	2,687,534
Total Governmental Activities	59,940,778	67,628,694	66,508,614	65,953,202
Business-Type Activities				
Investment Earnings	727,834	2,238,345	958,828	(581,995)
Gain on Sale of Assets	-	366,592	144,865	22,504
Transfers	(2,124,740)	(6,392,390)	(4,057,361)	(2,687,534)
Total Business-Type Activities	(1,396,906)	(3,787,453)	(2,953,668)	(3,247,025)
Total Primary Government	58,543,872	63,841,241	63,554,946	62,706,177
Change in Net Position				
Governmental Activities	8,866,541	12,286,406	9,957,591	9,851,265
Business-Type Activities	5,992,555	9,948,273	9,011,446	5,921,426
Total Primary Government	\$ 14,859,096	\$ 22,234,679	\$ 18,969,037	\$ 15,772,691

Source: City of Loveland Financial Statements

	2014	2015	2016	2017	2018	2019
\$	11,637,020	\$ 13,252,667	\$ 15,298,606	\$ 16,756,753	\$ 18,689,859	\$ 18,643,554
	8,658,044	9,523,580	10,812,210	11,937,729	13,053,629	13,699,495
	4,539,285	5,113,905	5,785,926	6,483,986	7,000,162	7,625,978
	56,131,726	57,513,426	60,070,432	63,851,915	66,770,401	68,929,460
	6,242,999	6,506,747	6,823,296	7,053,445	8,074,466	8,620,149
	3,497,796	3,734,006	3,796,133	3,825,009	3,821,240	3,860,142
	17,332,613	16,712,187	22,466,304	17,720,613	18,763,653	25,349,844
	89,863	288,683	211,522	275,738	333,552	352,474
	108,129,346	112,645,201	125,264,429	127,905,188	136,506,962	147,081,096
	167,670,975	165,316,323	189,952,475	185,912,028	202,656,848	209,902,600
	(56,229,663)	(62,414,727)	(54,493,730)	(60,691,596)	(78,289,338)	(67,699,305)
	15,245,903	17,778,082	26,953,767	21,217,468	28,872,497	33,220,851
	(40,983,760)	(44,636,645)	(27,539,963)	(39,474,128)	(49,416,841)	(34,478,454)
	18,706,275	18,546,909	20,904,830	21,680,942	23,899,977	26,678,420
	46,954,355	48,751,148	50,527,501	54,481,516	57,372,198	59,077,014
	1,886,816	1,864,925	1,800,051	2,018,640	1,860,176	1,837,808
	1,390,290	1,415,285	1,210,092	2,198,110	1,940,748	2,170,466
	1,917,038	1,265,529	589,669	1,373,292	1,599,707	3,193,518
	298,520	569,139	170,947	31,522	102,157	153,803
	1,297,774	(824,365)	(308,505)	(558,300)	1,344,677	2,614,064
	72,451,068	71,588,570	74,894,585	81,225,722	88,119,640	95,725,093
	1,500,081	994,979	546,251	1,005,237	1,359,120	5,273,004
	(1,006,167)	-	-	-	(296,516)	(1,652,421)
	(1,297,774)	824,365	308,505	558,300	(1,344,677)	(2,614,064)
	(803,860)	1,819,344	854,756	1,563,537	(282,073)	1,006,519
	71,647,208	73,407,914	75,749,341	82,789,259	87,837,567	96,731,612
	16,221,405	9,173,843	20,400,855	20,534,126	9,830,302	28,025,788
	14,442,043	19,597,426	27,808,523	22,781,005	28,590,424	34,227,370
\$	30,663,448	\$ 28,771,269	\$ 48,209,378	\$ 43,315,131	\$ 38,420,726	\$ 62,253,158

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

	2010	2011	2012	2013
General Fund				
Nonspendable	\$ 193,375	\$ 329,125	\$ 321,720	\$ 16,701
Restricted	7,264,376	1,809,815	1,861,860	1,851,741
Committed	5,590,537	8,197,419	13,272,193	11,941,797
Assigned	5,619,476	1,894,325	1,065,056	1,412,714
Unassigned	5,215,076	14,532,228	16,560,028	25,621,810
Total General Fund	\$ 23,882,840	\$ 26,762,912	\$ 33,080,857	\$ 40,844,763
All Other Governmental Funds				
Reserved	-	N/A	N/A	N/A
Unreserved, Reported in:				
Special Revenue Funds	-	N/A	N/A	N/A
Permanent Fund	-	N/A	N/A	N/A
Capital Projects Funds	-	N/A	N/A	N/A
Nonspendable				
Capital Expansion Fees	4,850,000	4,850,000	4,850,000	4,485,000
Transportation	-	-	-	-
Other Governmental Funds	785,267	817,067	850,368	900,768
Restricted				
Loveland Urban Renewal Authority	185,066	251,647	293,037	264,893
Loveland Fire Rescue Authority	N/A	-	290,339	17,397
Capital Expansion Fees	35,910,797	N/A	-	-
Capital Projects	497,409	484,050	N/A	-
Other Governmental Funds	16,225,882	19,051,371	21,310,055	20,454,105
Committed				
Capital Expansion Fees	N/A	33,533,090	34,915,356	33,436,499
Other Governmental Funds	3,065,973	1,787,648	327,551	380,202
Assigned				
Capital Projects	611,898	349,023	202,257	862,472
Transportation	-	-	-	-
Other Governmental Funds	1,630,126	2,671,148	3,964,896	3,949,823
Unassigned				
Transportation				
Total All Other Governmental Funds	63,762,418	63,795,044	67,003,859	64,751,159
Total Governmental Funds	\$ 87,645,258	\$ 90,557,956	\$ 100,084,716	\$ 105,595,922

*In 2010, the City implemented GASB 54, Fund Balance Reporting, changing the fund balance reported categories.

Source: City of Loveland Financial Statements

	2014	2015	2016	2017	2018	2019
\$	199,045	\$ 55,603	\$ 51,685	\$ 47,650	\$ 43,493	\$ 39,212
	2,439,462	2,317,041	2,906,882	25,715,544	11,988,505	8,185,477
	18,219,015	24,784,252	19,097,578	2,494,422	5,597,274	566,558
	1,344,179	1,385,845	1,155,031	-	-	-
	22,996,438	17,902,106	21,741,419	10,591,362	14,720,142	19,268,245
\$	45,198,139	\$ 46,444,847	\$ 44,952,595	\$ 38,848,978	\$ 32,349,414	\$ 28,059,492
	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
	2,130,012	N/A	-	-	-	-
	-	-	-	-	512,180	350,670
	957,172	997,132	1,033,093	1,114,935	1,157,959	3,306,565
	516,443	735,192	972,722	1,018,896	296,164	647,652
	17,397	17,397	101,176	2,090,853	8,457,297	6,825,362
	-	-	-	-	-	-
	-	-	-	-	993,921	-
	19,166,231	17,545,105	14,823,817	12,216,423	14,561,785	15,822,662
	25,948,944	33,331,085	37,127,980	41,159,739	36,822,062	33,033,106
	389,879	485,775	515,297	717,238	1,369,078	1,535,910
	872,472	1,058,324	2,331,869	9,801,816	1,250,612	1,514,211
	-	-	-	-	-	-
	4,155,436	3,934,819	3,796,447	3,981,477	4,110,607	1,983,210
					(512,180)	(350,670)
\$	54,153,986	58,104,829	60,702,401	72,101,377	69,019,485	64,668,678
\$	99,352,125	\$ 104,549,676	\$ 105,654,996	\$ 110,950,355	\$ 101,368,899	\$ 92,728,170

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

	2010	2011	2012	2013
Revenues				
Taxes	\$ 56,767,696	\$ 57,814,739	\$ 61,102,185	\$ 63,791,664
Licenses and Permits	1,631,549	1,655,825	2,013,353	1,951,145
Fines and Penalties	1,233,836	936,370	956,357	871,879
Intergovernmental	13,568,325	11,178,476	19,529,719	18,535,293
Charges for Services	8,096,514	9,456,148	10,443,932	11,413,048
Investment Earnings	967,636	2,561,536	1,124,663	(941,945)
Miscellaneous	4,556,679	7,692,460	7,341,636	7,795,014
Total Revenues	86,822,235	91,295,554	102,511,845	103,416,098
Expenditures				
Current				
Legislative	106,423	101,073	97,103	118,263
Executive	1,659,790	1,824,253	2,239,590	2,042,214
Finance	1,663,029	2,125,071	3,720,738	1,451,102
Human Resources	865,256	743,473	896,637	184,742
Information Technology	2,866,681	3,090,394	2,954,763	2,759,834
Economic Development	737,517	1,242,393	1,770,654	2,502,289
Development Services	3,475,109	3,504,061	2,757,555	3,245,205
Public Works	11,266,032	12,370,062	13,436,298	12,902,846
Public Safety	23,421,938	24,321,444	26,377,802	26,924,617
Parks & Recreation	6,989,404	7,711,711	8,096,184	11,061,496
Library	2,015,483	2,324,888	2,467,633	2,807,092
Cultural Services	1,133,935	1,359,067	1,511,896	1,911,961
General Government	13,131,709	11,765,075	18,697,093	19,328,503
Capital Outlay	24,987,466	22,141,774	12,018,499	15,077,462
Debt Service				
Principal	37,529	-	-	-
Interest	718	-	-	-
Total Expenditures	94,358,019	94,624,739	97,042,445	102,317,626
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,535,784)	(3,329,185)	5,469,400	1,098,472
Other Financing Sources (Uses)				
Transfers In	18,301,735	17,559,666	11,408,533	14,620,366
Transfers (Out)	(16,556,624)	(11,317,783)	(7,351,173)	(11,932,830)
Debt Issued	-	-	-	-
Insurance Recoveries	-	-	-	-
Total Other Financing Sources (Uses)	1,745,111	6,241,883	4,057,360	2,687,536
Net Change in Fund Balance	\$ (5,790,673)	\$ 2,912,698	\$ 9,526,760	\$ 3,786,008
Debt service as a percentage of noncapital expenditures	0.06%	0.00%	0.00%	0.00%

Source: City of Loveland Financial Statements

	2014	2015	2016	2017	2018	2019
\$	68,523,097	\$ 70,117,336	\$ 74,220,077	\$ 80,233,216	\$ 83,406,784	\$ 88,501,636
	3,073,136	3,076,189	3,310,912	3,126,113	3,341,235	2,567,487
	966,619	1,123,670	929,370	972,875	1,263,732	1,203,527
	21,238,565	22,760,809	24,233,341	25,242,347	27,533,890	28,535,074
	12,175,143	15,535,481	16,607,925	15,222,965	16,914,492	15,759,460
	1,917,038	1,265,530	589,670	1,373,293	1,599,707	3,193,518
	7,635,519	8,219,150	9,494,166	12,057,019	12,193,909	15,005,029
	115,529,117	122,098,165	129,385,461	138,227,828	146,253,749	154,765,731
	162,625	157,812	151,146	159,913	187,723	144,975
	1,962,771	2,122,554	2,211,243	4,036,220	3,322,807	5,456,462
	1,717,652	1,683,036	1,819,888	1,282,258	1,221,190	5,470,110
	277,384	240,311	355,772	445,725	385,130	1,701,545
	433,181	639,513	689,898	316,523	1,536,654	6,288,049
	3,910,697	5,413,443	3,387,769	3,017,795	2,500,959	2,573,507
	4,197,908	4,516,499	4,412,253	3,623,655	3,811,987	2,886,029
	13,604,425	13,202,521	15,141,677	17,706,619	24,291,235	26,385,684
	29,145,238	31,531,587	34,010,680	39,579,009	42,909,097	43,310,762
	11,388,857	11,181,335	11,121,873	11,563,778	13,223,723	11,183,651
	3,045,902	3,165,964	3,271,662	3,762,506	3,918,838	3,252,119
	2,012,556	2,086,915	2,230,327	2,540,385	2,727,844	2,160,288
	19,635,681	21,035,844	22,972,699	26,689,261	28,239,484	23,454,914
	32,589,133	18,489,108	21,079,771	33,036,628	31,906,516	33,060,864
	-	-	-	-	274,903	232,449
	-	-	-	468,894	823,992	805,920
	124,084,010	115,466,442	122,856,658	148,229,169	161,282,082	168,367,328
	(8,554,893)	6,631,723	6,528,803	(10,001,341)	(15,028,333)	(13,601,597)
	24,435,810	14,559,142	15,877,819	36,008,350	28,794,567	31,368,083
	(23,124,647)	(15,993,509)	(21,301,301)	(36,611,649)	(27,756,890)	(26,407,215)
	-	-	-	15,900,000	4,409,200	-
	999,933	195	-	-	-	-
	2,311,096	(1,434,172)	(5,423,482)	15,296,701	5,446,877	4,960,868
\$	(6,243,797)	\$ 5,197,551	\$ 1,105,321	\$ 5,295,360	\$ (9,581,456)	\$ (8,640,729)
	0.00%	0.00%	0.00%	0.04%	0.86%	0.60%

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

	2010	2011	2012	2013
Department Stores & General Merchandise	\$ 248,498,933	\$ 256,658,493	\$ 262,471,702	\$ 274,109,685
Restaurants & Bars	136,500,332	139,760,388	166,523,116	178,533,598
Grocery Stores & Specialty Foods	103,499,491	108,819,981	112,714,020	121,256,853
Motor Vehicle Dealers, Auto Parts & Leasing	67,047,382	72,162,544	83,463,383	95,764,794
Building Material & Lawn & Garden Supplies	68,428,532	71,854,553	77,228,038	82,711,176
Clothing & Clothing Accessories Stores	70,613,908	110,700,115	116,991,988	126,009,320
Utilities	54,049,681	55,665,784	57,002,293	60,644,714
Used Merchandise Stores	31,635,760	34,627,761	39,947,402	43,151,166
Sporting Goods, Hobby, Book & Music Stores	58,225,457	62,590,749	68,359,328	75,542,646
Electronic Shopping & Mail-Order Houses	13,323,547	15,806,144	16,165,845	15,503,366
Consumer Goods & Commercial Equipment Rental	15,585,127	17,620,480	20,210,525	25,124,144
Beer, Wine & Liquor Stores	23,523,083	24,958,195	27,996,287	30,591,921
Hotels, Motels & Other Accommodations	21,925,230	24,740,175	26,954,073	29,259,981
Electronics & Appliance Stores	33,334,298	31,714,627	26,948,009	24,348,964
Broadcasting & Telecommunications	44,126,075	43,967,166	45,531,642	44,470,340
Health & Personal Care Stores	18,516,996	20,096,044	21,144,770	22,679,821
Furniture & Home Furnishing Stores	15,852,216	17,774,346	17,707,647	19,203,399
Gasoline Stations with Convenience Stores	8,095,565	8,475,708	9,207,252	10,591,355
Office Supplies, Stationery & Gift Stores	12,342,646	12,399,947	11,890,821	12,390,228
All Other Categories	32,929,321	11,936,856	38,034,238	41,053,877
	\$ 1,078,053,580	\$ 1,142,330,056	\$ 1,246,492,379	\$ 1,332,941,348

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

	2014	2015	2016	2017	2018	2019
\$	276,744,986	\$ 270,693,274	\$ 264,384,639	\$ 265,609,205	\$ 280,312,063	\$ 286,929,211
	190,187,912	206,674,358	211,408,110	220,605,183	232,407,146	238,987,880
	129,506,120	142,555,626	155,842,903	167,949,122	158,424,696	198,525,897
	109,598,817	116,334,884	123,159,183	135,160,541	140,963,620	151,870,172
	99,082,447	110,932,445	120,164,180	126,548,513	130,413,298	139,493,874
	134,717,972	136,790,016	128,678,615	123,988,123	119,278,467	101,732,469
	64,182,261	64,709,874	64,911,876	68,015,461	72,404,726	76,500,623
	51,771,880	55,602,910	55,576,353	60,689,744	61,665,848	64,653,055
	69,872,200	69,652,955	70,118,603	67,073,041	59,177,505	62,055,246
	22,418,225	19,914,730	21,210,574	40,735,145	50,647,172	55,521,130
	26,001,035	32,627,335	35,674,860	39,782,395	44,573,117	46,715,288
	32,771,682	35,144,018	37,378,773	39,021,329	38,449,194	41,025,271
	34,803,569	34,947,731	35,576,429	35,964,857	37,776,265	40,876,629
	27,081,081	29,156,779	32,363,432	34,357,053	35,936,636	33,937,477
	49,318,711	45,335,493	39,859,130	37,607,236	34,838,716	30,987,036
	24,184,828	25,738,812	25,362,219	24,950,613	24,642,318	26,693,289
	20,615,891	23,029,403	23,765,980	24,961,249	22,090,985	22,833,594
	13,230,004	14,872,703	15,149,542	15,435,763	16,466,845	19,198,877
	12,985,091	12,061,466	9,599,761	8,016,689	10,376,476	8,333,256
	44,780,482	45,911,423	53,390,700	58,821,431	59,624,192	92,211,871
	\$ 1,433,855,194	\$ 1,492,686,235	\$ 1,523,575,862	\$ 1,595,292,693	\$ 1,630,469,285	\$ 1,739,082,145

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

	State	County	City	Centerra Metro District
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%
2019	2.90%	0.80%	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	Fiscal Year 2010			Fiscal Year 2019		
	Tax Liability	Rank	Percentage of Total Tax Collected	Tax Liability	Rank	Percentage of Total Tax Collected
by Category						
Department Stores & General Merchandise	\$ 7,297,250	1	24.16%	\$ 8,388,351	1	17.44%
Restaurants & Bars	3,540,619	2	11.72%	6,416,621	2	13.34%
Grocery Stores & Specialty Foods	3,087,055	3	10.22%	5,412,013	3	11.25%
Building Material & Lawn & Garden Supplies	2,021,051	5	6.69%	4,159,455	4	8.65%
Motor Vehicle Dealers, Auto Parts & Leasing	1,798,761	6	5.96%	4,090,363	5	8.50%
Utilities	1,612,935	7	5.34%	2,290,802	6	4.76%
Clothing & Clothing Accessories Stores	2,088,417	4	6.92%	2,141,439	7	4.45%
Electronic Shopping & Mail-Order Houses				1,826,523	8	3.80%
Used Merchandise Stores	823,307	10	2.73%	1,766,507	9	3.67%
Sporting Goods, Hobby, Book & Music Stores	1,444,095	8	4.78%	1,399,062	10	2.91%
Broadcasting & Telecommunications	1,293,717	9	4.28%			
Total (Top Ten Principal Remitters only)	\$ 25,007,207		82.80%	\$ 37,891,136		78.77%
Total Sales Tax Collected	\$ 30,201,133			\$ 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	Percentage of Personal Income	Per Capita
	Capital Leases	Certificates of Participation	Oversizing Agreements	IGA for Apparatus	Oversizing Agreements	Water/Waste-water Board Loan	Electric & Communications Loan	Capital Leases			
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
2019	3,901,848	15,900,000	1,554,023	961,811	109,591	35,575,000	85,015,000	-	143,017,273	3.42%	1,851.8

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The City has six interfund loans that are not included on the table above. In Governmental Activities the following loans were made:

- 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).
- A loan of \$366,000 from General Government CEF to LURA for the purchase of the former Larimer County building in downtown Loveland.

In Business-Type Activities the following loans were made:

- A loan of \$6,000,000 was made in 2013 from Electric 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, 2019

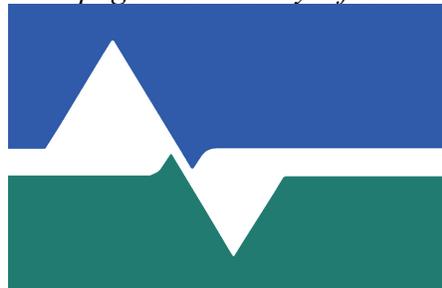
	Debt Outstanding	Percentage Applicable to Loveland¹	Loveland's Share of Debt
<u>Governmental Unit</u>			
City of Loveland - Debt Applicable to Debt Limit	\$ 21,355,871	100.0%	\$ 21,355,871
Thompson R2-J School District	262,340,811	57.3%	<u>150,321,285</u>
Total			<u>\$ 171,677,156</u>

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 6/30/2019

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

	2010	2011	2012
Debt Limit	209,435,754	204,606,142	207,323,789
Total net debt applicable to limit	-	-	-
Legal debt margin	<u>\$ 209,435,754</u>	<u>\$ 204,606,142</u>	<u>\$ 207,323,789</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 2019

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

2013	2014	2015	2016	2017	2018	2019
212,505,288	215,026,668	252,345,735	258,781,268	315,872,211	322,651,905	378,228,794
-	-	-	-	15,900,000	15,900,000	15,900,000

\$ 212,505,288 \$ 215,026,668 \$ 252,345,735 \$ 258,781,268 \$ 299,972,211 \$ 306,751,905 \$ 362,328,794

0.00% 0.00% 0.00% 0.00% 5.03% 4.93% 4.20%

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	
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	620,000	1,365,653	1,985,653	5.42
2019	101,007,771	81,480,901	19,526,870	1,305,000	3,662,902	4,967,902	3.93

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 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 started in 2019. There is new long term debt as disclosed in the Long-Term Debt footnote for the Electric and Communications enterprise fund. Interest is paid semi-annually starting in 2019 and principal payments on this debt will start in 2023.

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
2019	77,231	\$ 4,184,993,428	\$ 54,188	40.2	2.3

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	2010			2019		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment (A)
Thompson School District R2-J	2,616	1	8.30%	3,615	1	6.96%
Medical Center of the Rockies	953	2	3.02%	1,621	2	3.12%
Wal-Mart Distribution Center	851	4	2.70%	1,226	3	2.36%
City of Loveland	639	7	2.03%	841	4	1.62%
Hach Company	741	6	2.35%	800	5	1.54%
McKee Medical Center	940	3	2.98%	577	6	1.11%
Nutrein/Crop Production Services	-			525	7	1.01%
LPR Construction	-			500	8	0.96%
Good Samaritan Society-Loveland	-			235	9	0.45%
The Eye Laser Center of Northern CO	-			200	10	0.38%
Pinnacle Agriculture Holdings LLC	-			200	10	0.38%
Wal-Mart Super Centers	785	5	2.49%			
U. S. Engineering	466	8	1.48%			
Agilent Technologies	384	9	1.22%			
Hewlett-Packard	349	10	1.11%			
Total (Top Ten Principal Employers)	8,724		27.67%	10,340		19.90%
Total City Employment	31,532			51,957		

Source: City of Loveland Development Services Department, Loveland Chamber of Commerce, Larimer County Workforce Center, Bizwest.

^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	2010^{1 2}	2011¹	2012¹	2013¹	2014¹	2015¹	2016^{1 3}	2017¹	2018¹	2019¹
Executive & Legal	13	14	14	18	12	12	18	21	24	24
City Clerk	-	-	-	-	7	7	4	4	5	5
Community & Business Relations	7	3	1	1	1	1	1	1	1	1
Economic Development	-	-	5	6	8	8	7	8	8	8
Finance	48	48	47	45	45	45	45	48	51	51
Development Services	25	26	24	24	25	28	30	28	29	29
Public Works	89	89	89	92	93	95	96	103	105	105
Police	134	134	134	136	140	144	151	159	161	161
Fire	66	66	66	73	81	83	84	92	92	92
Parks & Recreation	62	64	64	66	65	66	67	68	70	69
Library	27	30	30	31	31	32	32	32	32	33
Cultural Services	12	12	12	13	13	13	13	13	14	14
Human Resources	10	10	13	13	13	14	13	13	14	14
Information Technology	22	21	21	21	21	23	23	23	23	23
Golf - Parks & Recreation	19	14	14	13	13	13	14	14	14	14
Water & Power	115	115	115	115	121	129	132	136	143	145
Solid Waste - Public Works	28	28	28	28	28	28	28	29	30	30
Stormwater - Public Works	15	14	15	15	15	15	14	15	17	17
Total	692	688	692	710	732	756	772	807	833	835

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.

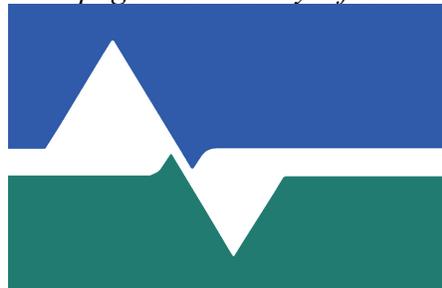
Source: City Budget Office

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

² City of Loveland, Colorado Adopted Budget Book - beginning in 2010, use of Adopted Budget FTE levels will be considered standard.

³ 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

Function/Program	2010	2011	2012	2013	2014
General Government					
Building Permits Issued	1,795	1,854	2,161	1,932	2,324
Building Inspections Conducted	15,265	14,362	19,027	18,709	22,080
Police					
Physical Arrests (Adults)	3,135	2,767	2,981	2,750	2,616
Physical Arrests (Juveniles)	921	770	776	592	597 ⁵
Parking Violations	1,527	1,511	1,452	1,393	1,379
Traffic Violations	11,027 ¹	9,897	9,581	9,754	10,811
Fire					
Emergency Responses	5,736	6,265	6,283	6,436	7,005
Fires Extinguished	194	110	107	82	58
Business Inspections	260 ²	143	144	266	300
Refuse Collection					
Refuse Collected (tons per day)	96	96	96	93	97
Recyclables Collected (tons per day)	35	33	35	33	27
Yard Waste Collected (tons per day)	77	108	115	159	33 ⁶
Other Public Works					
Street Resurfacing (miles)	21	17	13	21	15
Potholes Repaired	3,167	1,502	1,251	1,402	3,810
Parks and Recreation					
Athletic Field & Court Reservations	7,784	7,221	6,610	10,548	12,513
Chilson Center Admissions	247,511 ³	386,753	432,458	468,124	468,015
Rounds of Golf	120,885	117,059	127,562	104,597	115,311
Library					
Volumes in Collection (Physical)	154,732 ⁴	148,005 ⁴	155,450 ⁷	156,242 ⁷	150,247 ⁷
Volumes in Collection (Digital)			9,959 ⁷	14,093 ⁷	25,722 ⁷
Water					
New Connections	121	188	257	251	268
Water Main Breaks	63	99	76	77	75
Average Daily Consumption (thousands of gallons)	9,892	10,145	11,513	9,430	9,546
Peak Daily Consumption (thousands of gallons)	24,800	25,000	26,800	26,600	25,300
Wastewater					
Average Daily Sewage Treatment (thousands of gallons)	6,520	6,390	5,900	6,410	6,500
Power					
Megawatt hours (purchased from PRPA)	702,481	731,522	742,507	752,039	754,461
Transit					
Total Route Miles	219,225	228,532	234,976	221,396	230,055
Passengers	138,284	133,355	142,169	142,573	139,199

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.

See following page for the remainder of the footnotes.

2015	2016	2017	2018	2019
2,762	2,624	2,581	2,757	2,356
31,889	28,787	26,267	25,242	28,535
2,604	2,825	3,029	2,964	3,099
708 ⁵	552 ⁵	641	799	829
1,784	1,857	1,826	2,333	1,957
10,363	7,775	9,799	12,524	13,654
7,501	7,915	8,393	8,452	8,846
64 ⁸	136 ⁸	167	164	164
348	416	287	429	518
99	98	99	104	99
27	28	27	27	26
33 ⁶	39	39	39	38
16	17	10	25	27
3,911	5,653	3,258	4,015	5,824
10,698	16,928	17,564	14,086	13,030
464,561	464,059	445,713	442,679	464,562
120,940	118,348	117,494	109,560	106,016
149,613 ⁷	152,993	134,595	127,786	124,000
421,596 ⁷	537,219	49,386 ⁹	65,885	85,150
450	403	370	286	270
68	88	48	56	45
10,003	10,613	10,160	10,707	9,926
27,400	27,300	27,426	27,698	24,813
6,500	6,530	6,158	5,970	5,933
753,665	731,596	724,614	741,955	724,032
247,576	238,217	236,905	279,970	305,415
140,235	116,964	105,917	104,144	118,236

See the source of data on the following page.

Footnotes for Schedule 15 (continued)
Statistical Operating Indicators by Function/Program
Last Ten Fiscal Years

Continued from previous page

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

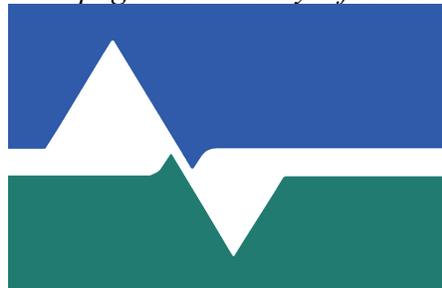
⁷ As of 2015, Library Volumes in Collection will be reported as physical vs digital. Years 2012-2014 were revised retroactively to reflect this distinction.

⁸ Fires Extinguished in 2015 and prior years included building, grass, and vehicle fires. Starting in 2016, Fires Extinguished includes structure, vehicle, and wildland.

⁹ 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

	2010	2011	2012	2013	2014
<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	29 ⁵	23 ⁵	23 ⁵	24 ⁵	22 ⁵
<i>Other Public Works</i>					
Highways (miles) ¹	24	24	25	25	24
Streets (miles) ¹	328	328	329	331	340
Traffic Signals	92	93	94	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	435	436	437	442
Fire Hydrants	2,841	2,860	2,870	2,899	2,961
Storage Capacity (thousands of gallons)	20,300	20,300	20,300	20,300	20,300
<i>Wastewater</i>					
Sanitary Sewers (miles)	334	334	334	336	341
Treatment Capacity (thousands of gallons)	10,000	10,000	10,000	10,000	10,000
<i>Power</i>					
Overhead Conductors (miles)	307	305	304	297	299
Underground Conductors (miles)	972	991	1,014	1,028	1,062
Streetlights	5,649	5,734	5,872	5,879	6,040
<i>Transit</i>					
Fixed Route ²	4	5	5	6	6
Paratransit ²	6	5	5	4	4

Note:

¹ Beginning in 2019 the City of Loveland will use functional FHWA definitions for roadway classifications as follows: Arterial Streets are major roadways intended primarily to serve through traffic. Local Streets are municipal streets with limited mobility providing primary access to residential, business and other local areas.

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

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

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

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

Source: City of Loveland Departments

2015	2016	2017	2018	2019
1	1	1	1	1
12	12	12	12	12
6	6	6	6	6
24 ⁵	24	22	22	22
24	24	24	24	119
340	343	343	313	229
94	94	97	95	95
438	438	438	453	453
28 ³	28	28	28	28
2	2 ⁴	2	2	2
30	30	30	30	30
38	38	38	38	39
1	1	1	1	1
451	456	459	463	483
3,017	3,103	3,134	3,171	3,295
20,300	20,300	20,300	20,560	20,560
342	348	350	353	373
10,000	10,000	10,000	10,000	10,000
298	297	289	287	283
1,084	1,097	1,121	1,122	1,135
6,055	6,188	6,237	6,435	6,454
6	7	6	9	9
4	2	3	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 spent. For example, in accrual accounting, revenue which was earned in December, but not collected until January, is recorded as revenue in December.

ADA: Americans with Disabilities Act.

Adjudication: The act or process of reaching settlement judicially.

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

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

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

ARC: An abbreviation for Annual Required Contributions.

Assessed Valuation: A valuation that is set upon real estate or other property by the county assessor to establish a basis for levying taxes. It is equal to 7.15% of market value for residential property and 29% for commercial and industrial property.

Asset Retirement Obligation (ARO): An obligation by the City for costs relating to the retirement of a tangible capital asset.

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 \$5,000 or more and is expected to last one year or longer. Examples include vehicles and equipment.

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

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

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

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

Carryover: Amount of money remaining at the end of the 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.

Chimney Hollow Reservoir 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. This project name has changed with the building storage project at Chimney Hollow Reservoir from the Windy Gap Firming Project to Chimney Hollow Reservoir Project.

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 & communications. Through the TABOR amendment, these funds cannot have more than 10% of their budget subsidized by taxes. This term is interchangeable with Proprietary Fund.

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 #1.

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

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

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

LLBA: Loveland/Larimer Building Authority

LURA: Loveland Urban Renewal Authority

M

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

MFA: An abbreviation for Master Financing Agreement.

Mill Levy: Rate by which assessed valuation is multiplied to determine property tax. A 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.

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.

PDDPA: Public Deposit Protection Act

Per capita: An average per person.

PERS: Public Employee Retirement System.

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

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

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

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

Projection: Estimation of future revenues and expenditures, based on 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 also known as 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. This project name has changed with the building storage project at Chimney Hollow Reservoir to Chimney Hollow Reservoir Project.

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, 2019, 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 26, 2020.

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 26, 2020

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 programs for the year ended December 31, 2019. 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, 2019.

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 2019-001. 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 preceding paragraph 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 were not identified. However, we identified a certain deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-001, which we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying 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.

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 26, 2020

CITY OF LOVELAND, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended December 31, 2019

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:				
Hurricane Sandy Community Development Block Grant				
Disaster Recovery Grants				
		CDBGDR2-LOV-03 CDBGDR2-LOV-04 CDBGDR3-LOV-05		
	14.269		1,042,041	
Direct:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	461,867	388,502
Total U.S. Department of Housing and Urban Development			1,503,908	388,502
U. S. Department of Transportation				
Direct:				
Airport Improvement Program	20.106	N/A	277,257	-
Passed through Colorado Department of Transportation:				
Highway Planning & Construction				
		AQC M830-086 20617 ER M830-084 20540 SHO M830-062 19060		
	20.205		1,086,796	-
State and Community Highway Safety	20.600	411016570	13,101	-
Total U.S. Department of Transportation			1,377,154	-
U.S. Department of Justice				
Passed through Colorado Division of Criminal Justice:				
Edward Byrne memorial Justice Assistance Grant				
	16.738	2017-DJ-BX-0139	16,555	-
Total U.S. Department of Justice			16,555	-
U.S. Department Of Homeland Security				
Passed through Colorado Department of Public Safety:				
Emergency Management Performance Grant				
	97.042	18EM-19-69	5,999	
Emergency Management Performance Grant				
	97.042	19EM-20-70	55,000	
Direct:				
Assistance to Firefighters Grant	97.044		265,557	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-08-CO-4145-PW-00602	-	
Total U.S. Department Of Homeland Security			326,556	
National Historic Preservation Fund				
Passed through Dept. of Higher Education, History Colorado:				
Certified Local Government Grant Program				
	15.904	CO-19-10006	5,398	
Total National Historic Preservation Fund			5,398	-
Total Expenditures of Federal Awards			\$ 3,229,571	
Total Amounts Provided to Subrecipients				\$ 388,502

CITY OF LOVELAND, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS December 31, 2019

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, 2019. 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, 2019**

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
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)
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, 2019**

Section II - Financial Statement Findings

There were no findings relating to the City's financial statements for the year ended December 31, 2019.

CITY OF LOVELAND, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2019

Section III - Federal Award Findings And Questioned Costs

Finding 2019-001: Reporting

Significant Deficiency, 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 controls established by the City do not 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 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 rejected and required to be resubmitted by the City with the correct information.

Questioned Costs: N/A

Context: During testing of the reporting process, it was noted that the financial semi-annual report required for this grant had been rejected by the reporting agency and required resubmission due to errors.

Identification As A Repeat Finding: Yes

Recommendation: We recommend that each respective City department or office that expends federal funding submit federal reporting forms to the 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 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, 2019

Finding 2019-001: Significant Deficiency, Internal Control over Compliance CFDA 97.044:
Assistance to Firefighters Grant

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

Anticipated Completion Date: June 30, 2020

Corrective Action Plan: Review of all federal grant reporting to be completed by the City's Grant Accountant before any reports are submitted to the Federal awarding agency by LFRA administrative and Emergency Service staff. Continued review of City of Loveland grant procedures and completion of City of Loveland grant routing form for all grants. Quarterly review with LRFA staff on any new or outstanding grants and ensuring proper grant compliance has been followed.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2019

Finding 2018-001:

Material Weakness, Inaccurate Schedule of Expenditures of Federal Awards (SEFA)

CFDA 97.044 – Assistance to Firefighters Grant

Federal Agency – U.S. Department of Homeland Security

Pass-Through Entity: Not Applicable

Summary of Prior Audit Finding: Incomplete information was used to prepare the Schedule relating to this program and the internal control related to the Schedule preparations to reconcile to revenues and expenditures was not functioning properly.

Status: Corrective Action Taken

Finding 2018-002:

Material Weakness, Reporting Compliance and Internal Control Over Compliance

Federal Agency – U.S. Department of Homeland Security

Pass-Through Entity: Not Applicable

Summary of Prior Audit Finding: 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.

Status: See 2019-001

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 2019
This Information From The Records Of : City of Loveland, Colorado	Prepared By: Phone:	Mona Brooks / Joyce Robinson 970-962-2312 / 970-962-2313

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	11,973,154
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	3,615,572
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,857,959
2. General fund appropriations	125,368	b. Snow and ice removal	490,942
3. Other local imposts (from page 2)	4,711,246	c. Other	
4. Miscellaneous local receipts (from page 2)	4,249,989	d. Total (a. through c.)	2,348,901
5. Transfers from toll facilities		4. General administration & miscellaneous	2,211,862
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	11,542,948
a. Bonds - Original Issues		6. Total (1 through 5)	31,692,437
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)	9,086,603	b. Redemption	
B. Private Contributions	15,543,510	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	4,356,786	2. Notes:	
D. Receipts from Federal Government (from page 2)	2,705,538	a. Interest	
E. Total receipts (A.7 + B + C + D)	31,692,437	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)	31,692,437

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
		31,692,437	31,692,437		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2019

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	995,628
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	3,028,759	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	525
4. Licenses	7,900	f. Charges for Services	3,212,491
5. Specific Ownership &/or Other	1,674,587	g. Other Misc. Receipts	95
6. Total (1. through 5.)	4,711,246	h. Other	41,250
c. Total (a. + b.)	4,711,246	i. Total (a. through h.)	4,249,989
	(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	3,253,442	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	1,376,491
c. Motor Vehicle Registrations	293,782	d. Federal Transit Admin	
d. Other; CDOT	794,062	e. U.S. Corps of Engineers	
e. Other; PVHS	15,500	f. Other Federal	1,329,047
f. Total (a. through e.)	1,103,344	g. Total (a. through f.)	2,705,538
4. Total (1. + 2. + 3.f)	4,356,786	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	44,551	135	44,686
b. Engineering Costs	3,091,458	542,891	3,634,349
c. Construction:			
(1). New Facilities		589,310	589,310
(2). Capacity Improvements			0
(3). System Preservation		7,704,809	7,704,809
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	8,294,119	8,294,119
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	3,136,009	8,837,145	11,973,154
			(Carry forward to page 1)

Notes and Comments: