

2016 Comprehensive Annual Financial Report



For the Fiscal Year Ended December 31, 2016





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City of Loveland, Colorado

Comprehensive Annual Financial Report

For the fiscal year ended
December 31, 2016

Submitted by
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Finance Director - Brent Worthington

Prepared by the
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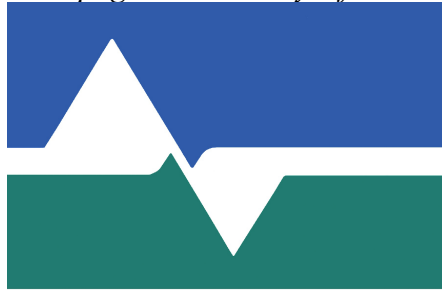
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Introduction



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



CITY OF LOVELAND

FINANCE DEPARTMENT

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May 19, 2017

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

The Comprehensive Annual Financial Report for the year ended December 31, 2016, is hereby respectfully submitted. State law requires that every general purpose local government publish within six months of the fiscal year end (fiscal year is the calendar year by Charter) a complete set of audited financial statements. The City's Charter requires an annual audit performed by a certified public accounting firm selected by the City Council. This report is published to fulfill these requirements.

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

Rubin Brown, LLP, Certified Public Accountants, have issued an unqualified opinion ("clean opinion") on the City of Loveland's financial statements for the year ended December 31, 2016. 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 compliments this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Loveland, incorporated in 1881, is located approximately 50 miles north of Denver, directly east of the Big Thompson River's emergence from the Front Range of the Rocky Mountains. Situated in southeastern Larimer County, the City limits encompass 35.32 square miles and an estimated current population of 74,427 representing approximately 32,360 households.

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

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

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

ordinance 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. Departments have the flexibility, with the appropriate approvals, to move money between divisions within the same accounting fund. However, any funding moved between accounting funds requires a supplemental appropriation, public hearing and two readings of the ordinance.

Local Economy

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

Overall, the local economy has returned to pre-recession levels. The unemployment rate at the end of 2016, 3.2%, is lower than at the same time in the previous year of 3.8%.

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

2016 brought continued recovery from the flood event of September 2013. Total recovery expenditures as of December 31, 2016 were \$28,708,027 (total costs are estimated to be \$38.8 million) Recovery from the flood damage will continue through 2017 and beyond. The City will continue to be reimbursed for much of these costs, through the Federal Emergency Management Agency, the State of Colorado Division of Homeland Security and Emergency Management, the City's insurer, the Federal Highway Administration and other disaster relief granting entities. However, the City has a 12.5% match for all FEMA and State reimbursements; 20% match for Federal Highway Authority grants; and \$200,000 insurance deductible.

Long-Term Financial Planning

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

As we moved through 2016, several indicators suggest cautious optimism:

- Sales tax collections over the same months last year were higher in 9 of 12 months, and finished with total collections 4.6% above 2015.
- The City budgeted for 3.0% growth in 2016 over the 2015 revised forecast; actual sales tax collections came in at 101.8% of 2016 revised budget. This demonstrates slowing sales tax growth, and indicates a need to constrain growth projections. (The 2017 Budget projects sales tax growth at 2.5% over the 2016 revised forecast).
- Building activity in both the residential and commercial/industrial sectors showed slight growth in 2016, showing a 2.8% increase over 2015.

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

Major Initiatives

Two major capital projects were completed in 2016: the expansion of the Water Treatment Plant at a total cost of \$28.5 million and the Museum Storage Building purchase at a total cost of \$2.1 million.

Projects initiated in 2016 included the Wastewater Treatment Plant expansion, The Foundry Project for major urban renewal in downtown Loveland and the Cemetery Maintenance Shop.

The City continued to invest capital dollars committed to transportation projects, with \$1.97 million of impact fees and General Fund revenues included in the 2016 adopted Budget for a variety of street widening and traffic signal projects.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Loveland, Colorado for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2015. This was the thirty-sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 2016. It is the thirty-second consecutive year that the City will have received the budget presentation award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Finally, we would like to express our gratitude and appreciation to the members of the Loveland City Council, the Citizens Finance Advisory Commission, the City Manager's Office and City departments for their policy guidance which is contained in this document. As the governing body, your commitment to ensure accurate and reliable financial accounting and reporting systems, establishes an environment influencing all other decisions that are made. We are very proud to convey the City Council's commitment to excellence to our citizens and all readers of the Fiscal Year Ending 2016 CAFR.

Respectfully Submitted,

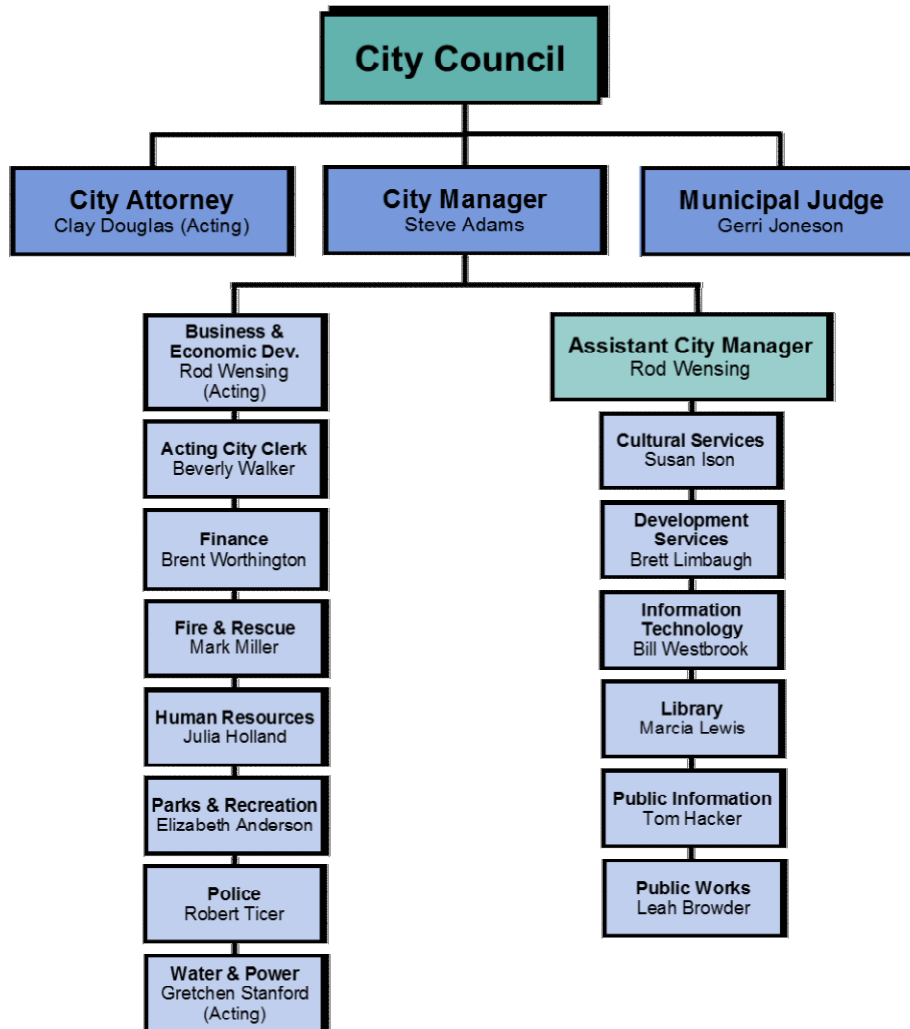


Stephen C. Adams
City Manager



Brent Worthington
Finance Director

City Organizational Chart & Officials



City Council

From left to right:
 Back row: Don Overcash; John Fogle;
 Richard Ball; Troy Krenning,
 Middle Row: Hugh McKean; Leah Johnson,
 Front Row: Mayor Cecil
 Gutierrez; Dave Clark and Joan Shaffer



Government Finance Officers Association

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

Presented to

**City of Loveland
Colorado**

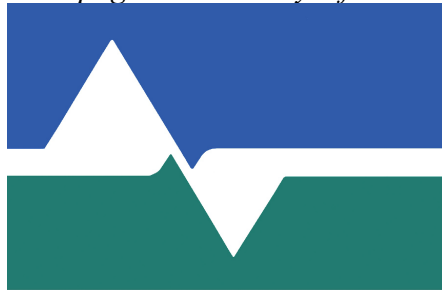
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

A handwritten signature in black ink, reading "Jeffrey R. Egan".

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.



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& Business Consultants

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Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Loveland, Colorado (the City), as of and for the year ended December 31, 2016, 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, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matters

As discussed in Note 1 and Note 13, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* and Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, respectively, effective for the year ended December 31, 2016. Our opinion is not modified with respect to this matter.

As discussed in Note 14, the City restated beginning net position related to a change in reporting entity for a joint venture. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2017, 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 19, 2017

Management Discussion & Analysis

Our discussion and analysis of the City of Loveland's financial performance provides an overview of the City's financial activities for the year ended December 31, 2016.

Major Initiatives and Impacts

2016 saw the initiation of four major capital projects:

Wastewater Treatment Plant Expansion: Required to implement regulatory changes, capacity needs and aging infrastructure. Includes a complete renovation of the existing anaerobic digester complex. Total cost: \$14.5 million

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

Museum Storage Building: the City purchased a secure, climate controlled structure to house the Museum's collection. Total cost was \$2.1 million

Cemetery Maintenance Shop: Remove 45 year old structure and replace with a new 2,200 square foot building. Total cost: \$474,000

In addition, the following large capital projects were completed:

The Water Treatment Plant expansion, totaling \$28.5 million

Open Land Acquisition, totaling \$7.0 million.

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, and included:

- Destruction of two water transmission lines and damage to the third coming out of the Water Treatment Plant.
- Destruction of much of the City-owned power infrastructure in the Big Thompson Canyon.
- Destruction of Idylwilde Dam, penstock, and the hydroelectric power station.
- Destruction of Viestenz-Smith Mountain Park.
- Destruction of a section of Railroad Avenue.
- Damage to several parks, recreation trails, and golf courses.
- Damage to wastewater and stormwater facilities.
- Damage to the Fire Training Facility.

Two projects that carried into 2016 were completed: Mariana Butte Golf Course, totaling \$614,000; and the Solar Power Generating Facility, totaling \$5.1 million

Three significant projects will carry into 2017:

Viestenz-Smith Mountain Park (estimated cost \$4 million)

Power Substation - to add capacity and replace an older substation that had been flood threatened (estimated cost \$4 million), this was previously combined with the Solar Generating Facility

Railroad Avenue Reconstruction (estimated cost \$5 million)

Costs for these projects will be reimbursed in large part by FEMA, the State of Colorado, and the Federal Highway Authority.

The City was required to fund all flood response and recovery projects out of cash on hand. As of December 31, 2016, the City incurred recovery expenses of \$28,708,207, and received total reimbursements of \$22,112,168, broken out as follows:

FEMA	\$13,126,249
Insurance	\$ 7,119,891
Other	\$ 1,866,028

Overview of the Financial Statements

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

The City as a Trustee

Reporting the City's Fiduciary Responsibilities

All of the City's fiduciary activities are reported separately from the City's other financial statements because the City

cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The City As A Whole

As noted earlier, 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 \$1,007,702,876 as of December 31, 2016.

Net Position

Combined net position of the City of Loveland at December 31, 2016 were as follows:

CITY OF LOVELAND, COLORADO STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2016	2015	2016	2015	2016	2015	
Current and other assets	\$ 167,195,818	\$ 155,015,681	\$ 108,651,298	\$ 107,209,993	\$ 275,847,116	\$ 262,225,674	5.2 %
Capital assets	352,854,699	338,199,379	453,005,017	422,468,085	805,859,716	760,667,464	5.9 %
Total Assets	520,050,517	493,215,060	561,656,315	529,678,078	1,081,706,832	1,022,893,138	5.7 %
Deferred Outflow of Resources	242,331	117,002	-	-	242,331	117,002	107.1 %
Total Assets and Deferred Outflows of Resources	520,292,848	493,332,062	561,656,315	529,678,078	1,081,949,163	1,023,010,140	5.8 %
Long-term liabilities	9,222,648	9,043,974	14,953,974	11,992,715	24,176,622	21,036,689	14.9 %
Other liabilities	11,566,882	16,875,161	17,297,399	16,088,944	28,864,281	32,964,105	(12.4)%
Deferred Inflows of Resources	21,205,384	19,809,403	-	-	21,205,384	19,809,403	7.0 %
Total Liabilities and Deferred Inflows of Resources	41,994,914	45,728,538	32,251,373	28,081,659	74,246,287	73,810,197	0.6 %
Net Position:							
Net investment in capital assets, net of related debt	349,269,785	334,471,486	439,794,339	412,250,813	789,064,124	746,722,299	5.7 %
Restricted- Nonspendable	1,084,779	3,367,328	-	-	1,084,779	3,367,328	(67.8)%
Restricted	18,804,597	20,623,735	38,620,559	38,346,067	57,425,156	58,969,802	(2.6)%
Unrestricted	109,138,773	89,140,975	50,990,044	50,999,539	160,128,817	140,140,514	14.3 %
Total Net Position	\$ 478,297,934	\$ 447,603,524	\$ 529,404,942	\$ 501,596,419	\$ 1,007,702,876	\$ 949,199,943	6.2 %

As of December 31, 2016, 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 \$275,847,116 current and other assets include \$170,331,855 in cash and investments. The restricted balance of cash and investments is \$45,629,429 for acquisition or construction of future capital assets.

The largest portion of the City's total net position (78%) is the investment in capital assets (land, buildings, improvements, equipment, etc.); less related outstanding debt used to acquire those assets. The City of Loveland uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, primarily future revenue.

The City does not have a significant level of long-term debt. Long-term debt reported in the Governmental Activities is compensated absences of \$4,826,621, and oversizing agreements of \$3,584,914. Long-term debt in the Business-Type Activities is compensated absences of \$1,743,296; oversizing agreements of \$10,678 and water bonds of \$13,200,000.

Changes In Net Position

Revenues and transfers in 2016 of \$265,701,816 exceeded program expenses of \$217,492,438 for an increase in net

position of \$48,209,378. This increase included \$24,316,773 from contributed assets and revenue restricted for capital spending. The remaining \$23,892,605 represents the amount of on-going revenues and additional revenues from rate increases exceeding operating expenses. Descriptions of significant activities for Governmental and Business-Type follow the next table.

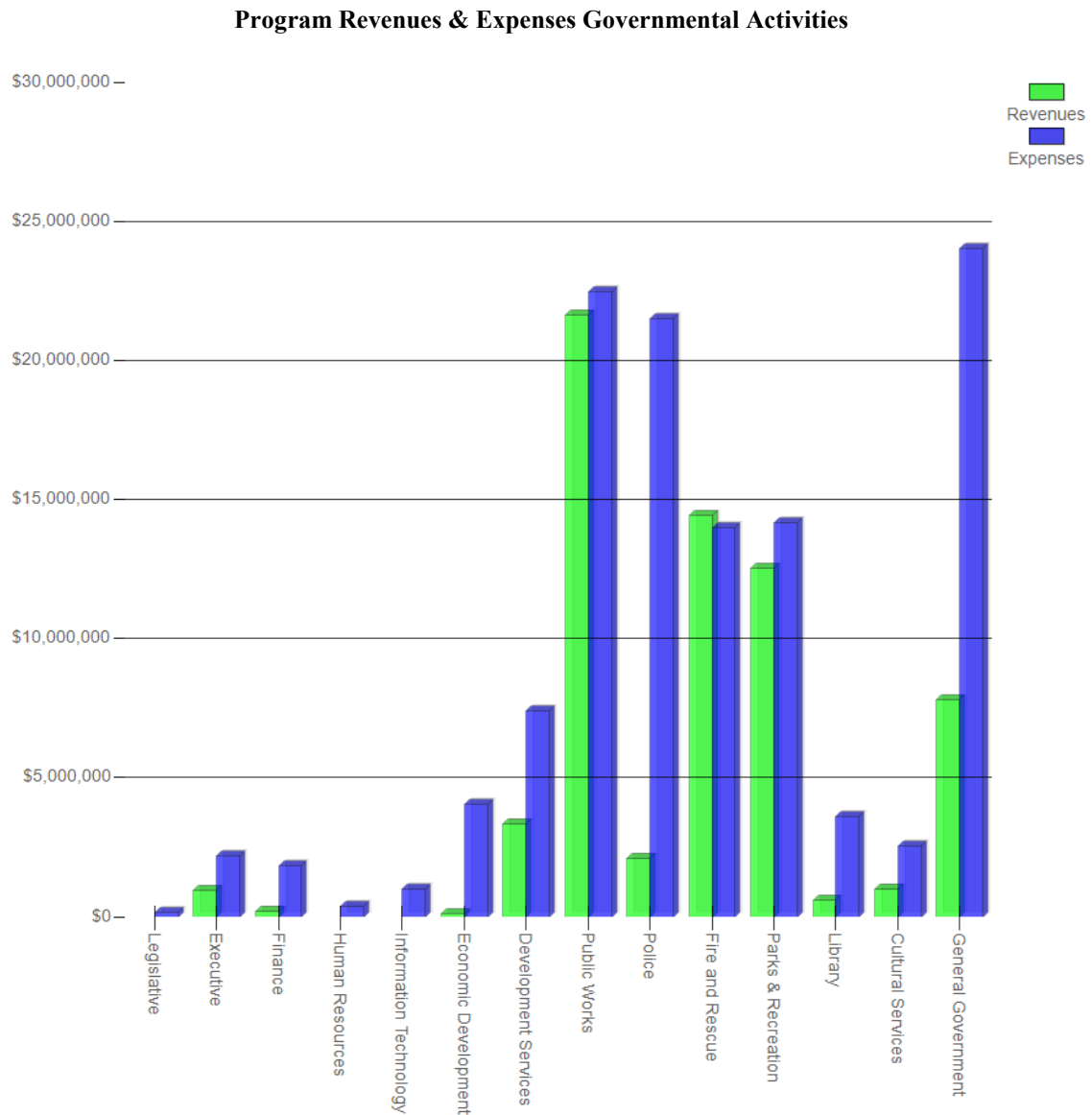
**CITY OF LOVELAND, COLORADO
CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2016	2015	2016	2015	2016	2015	
Program Revenue							
Charges for service	\$ 24,649,570	\$ 22,109,839	\$ 102,586,603	\$ 95,644,331	\$ 127,236,173	\$ 117,754,170	8.1 %
Operating grants/contributions	18,282,481	18,170,851	211,522	288,683	18,494,003	18,459,534	0.2 %
Capital grants/contributions	21,755,995	12,390,432	22,466,304	16,712,187	44,222,299	29,102,619	52.0 %
General Revenues:							
Property Taxes	20,904,830	18,546,909	-	-	20,904,830	18,546,909	12.7 %
Sales and Use Taxes	50,527,501	48,751,148	-	-	50,527,501	48,751,148	3.6 %
Franchise and Other Taxes	3,010,143	3,280,210	-	-	3,010,143	3,280,210	(8.2)%
Investment Earnings	589,669	1,265,529	546,251	994,979	1,135,920	2,260,508	(49.7)%
Other	170,947	569,139	-	-	170,947	569,139	(70.0)%
Total Revenues	139,891,136	125,084,057	125,810,680	113,640,180	265,701,816	238,724,237	11.3 %
Program Expenses:							
Legislative	151,146	157,812	-	-	151,146	157,812	(4.2)%
Executive	2,199,258	2,134,424	-	-	2,199,258	2,134,424	3.0 %
Finance	1,846,402	1,731,226	-	-	1,846,402	1,731,226	6.7 %
Human Resources	358,285	249,177	-	-	358,285	249,177	43.8 %
Information Technology	983,766	925,018	-	-	983,766	925,018	6.4 %
Economic Development	4,046,522	5,416,693	-	-	4,046,522	5,416,693	(25.3)%
Development Services	7,391,751	7,303,464	-	-	7,391,751	7,303,464	1.2 %
Public Works	22,454,121	19,659,340	-	-	22,454,121	19,659,340	14.2 %
Police	21,508,676	20,122,411	-	-	21,508,676	20,122,411	6.9 %
Fire & Rescue	13,968,518	13,127,952	-	-	13,968,518	13,127,952	6.4 %
Parks & Recreation	14,149,386	13,433,473	-	-	14,149,386	13,433,473	5.3 %
Library	3,598,465	3,513,276	-	-	3,598,465	3,513,276	2.4 %
Cultural Services	2,522,341	2,375,343	-	-	2,522,341	2,375,343	6.2 %
General Government	24,003,139	24,936,240	-	-	24,003,139	24,936,240	(3.7)%
Water	-	-	15,666,363	14,993,052	15,666,363	14,993,052	4.5 %
Wastewater	-	-	9,078,498	9,004,724	9,078,498	9,004,724	0.8 %
Stormwater	-	-	4,342,427	4,218,805	4,342,427	4,218,805	2.9 %
Power	-	-	58,211,434	56,935,935	58,211,434	56,935,935	2.2 %
Solid Waste	-	-	6,453,721	5,956,930	6,453,721	5,956,930	8.3 %
Golf	-	-	4,558,219	3,757,673	4,558,219	3,757,673	21.3 %
Total Expenses	119,181,776	115,085,849	98,310,662	94,867,119	217,492,438	209,952,968	3.6 %
Increase in net position before transfers	20,709,360	9,998,208	27,500,018	18,773,061	48,209,378	28,771,269	67.6 %
Transfers	(308,505)	(824,365)	308,505	824,365	-	-	- %
Increase in net position	20,400,855	9,173,843	27,808,523	19,597,426	48,209,378	28,771,269	67.6 %
Net Position-Beginning	447,603,524	441,183,711	501,596,419	481,998,993	949,199,943	923,182,704	2.8 %
Restatement	10,293,555	(2,754,030)	-	-	10,293,555	(2,754,030)	(473.8)%
Net Position -Ending	\$ 478,297,934	\$ 447,603,524	\$ 529,404,942	\$ 501,596,419	\$ 1,007,702,876	\$ 949,199,943	6.2 %

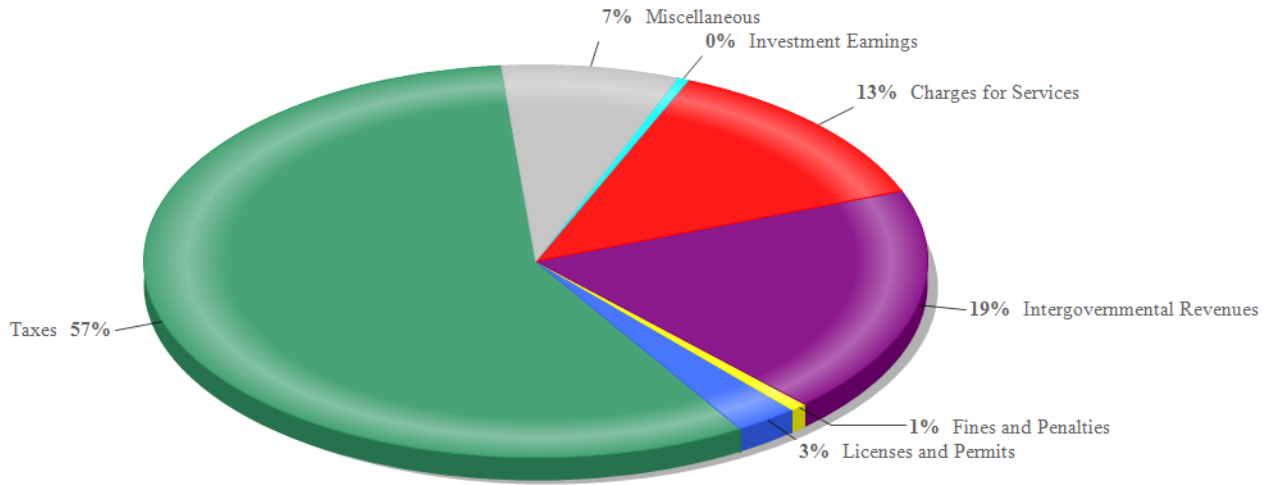
Governmental Activities

Governmental Activities increased the City's net position by \$20,400,855. 39%, \$7,989,788 of this increase is from developer donated streets. Of the remaining increase, \$1,506,286 relates to general revenues. Earnings on investments decreased in 2016 by (53)% from \$1,265,529 in 2015 to \$589,669 in 2016 This decrease is due to the sale of certain investments as part of a managed portfolio, market interest rates, and accounting adjustments for the unrealized losses. Property tax revenue increased in 2016 by \$2,357,921.

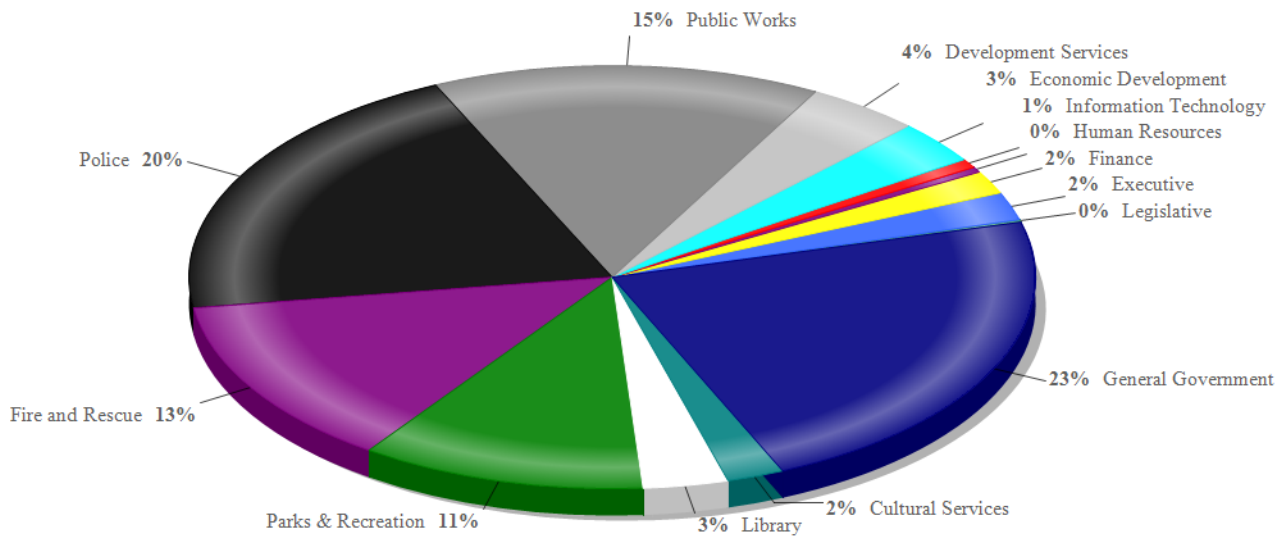
The graph compares program revenues and expenses of Governmental Activities in 2016. This graph illustrates that the majority of those expenses are related to public services and safety.



Revenue By Source Governmental Funds



Expense By Source Governmental Funds



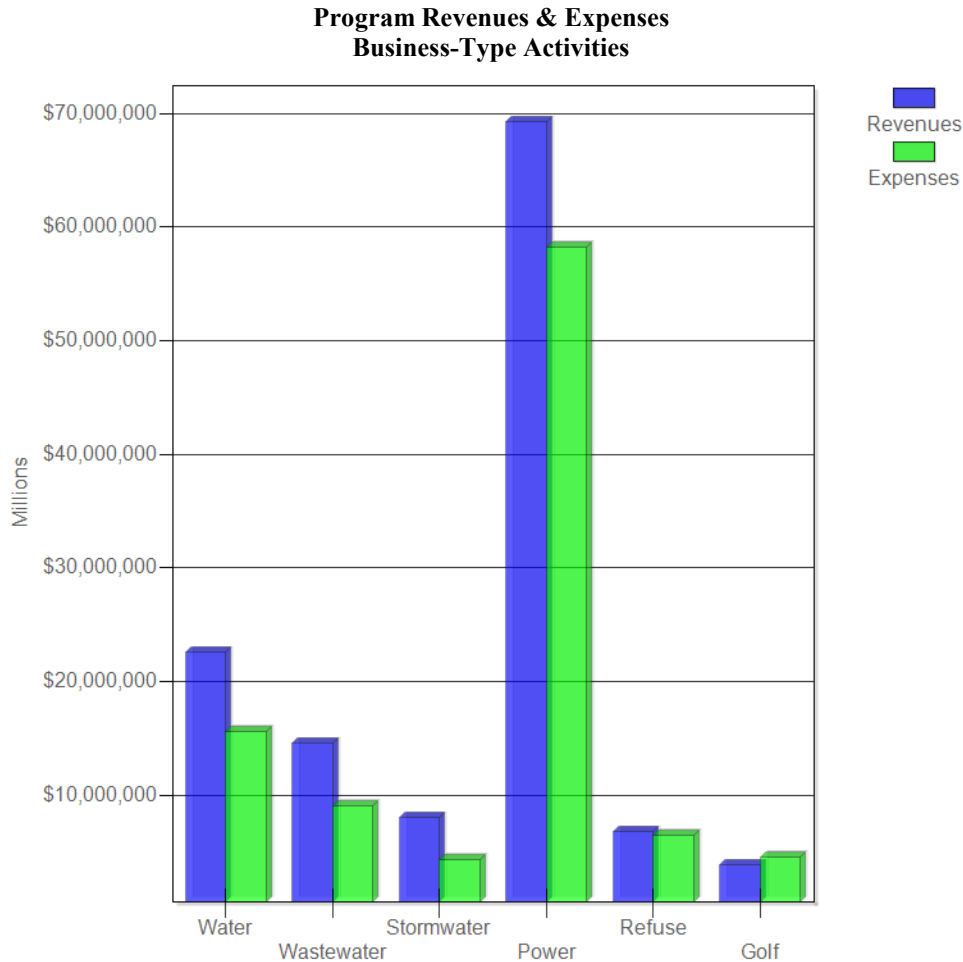
Business-Type Activities

Business-Type Activities include the city-owned utilities (Water, Power, Wastewater and Stormwater), Solid Waste collection and recycling services, and three municipal golf courses. All of these activities charge user fees designed to fully cover operating expenses. In addition, system impact fees and water acquisition fees are charged to provide funds for expansion as needed. In developing areas, system improvements, such as water and wastewater lines are built by the developer and contributed to the City.

In the graph below, all activities had higher revenues in comparison to expenses except for the Golf fund. All of the business activities will conduct rate studies over the next three years to determine the appropriate rates.

For year-end 2016, net position for the Business-Type Activities increased by \$27,808,523. Earnings on investments decreased from \$994,979 in 2015 to \$546,251 in 2016 in the Statement of Revenues, Expenses and Changes in Net Position.

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



The City's Funds

Information on the City's major governmental funds begins on page 22. These funds are accounted for using the modified accrual basis of accounting. Overall, the balances of these funds increased by \$1,105,321, and the City ended the year with a combined fund balance of \$105,654,996.

The City's Governmental Funds collected more revenue than the constitutional limits (TABOR) by \$8,182,726 in 2016. The City is allowed to keep and spend these revenues for public safety, parks maintenance and construction and street maintenance and construction.

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

- Nonspendable includes payments for perpetual care \$1,004,868.
- Restricted balance of \$18,804,597 includes \$2,906,882 reserved for emergencies; \$9,126,177 for Open Space

Acquisitions; funds for Parks & Recreation; Urban Revitalization; Convention & Tourism; Fire & Rescue; and Law Enforcement.

- Committed balances include \$17,291,859 for excess TABOR; \$33,394,393 for future capital improvements; the Council Capital Reserve; Art in Public Places; public education; affordable housing and downtown maintenance .
- Assigned balances of \$7,283,347 are for items such as Library Books, Museum Programs, Equipment Replacement, as well as other governmental funds.
- Unassigned General Fund is \$21,741,419, which includes the reserve policy adopted in 2011. This policy sets aside 15% of expenditures to be held in reserve as a guard against economic uncertainties.

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

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

Financial Analysis Of The Governmental Funds

The General Fund accounts for all of the general governmental services provided by the City. These include public safety (police and fire), public works, parks & recreation, community services, culture, library, and general administration. Funding for these services comes from a variety of sources, but is heavily funded by sales and use taxes. The General Fund balance decreased by \$(1,492,252) (3%); total General Fund revenue of \$78,508,132 increased by 2.4% for the year. Tax revenue of \$60,864,652, 78% of the total General Fund revenue) increased by 3.1% in Statement of Revenues, Expenditures and Changes in Fund Balances, as a result of increased retail sales activity in 2016. There were no changes made to the City's mill levy or sales tax rate in 2016.

The Loveland Urban Renewal Authority (LURA) Fund revenues increased in 2016 to \$12,290,115. Tax revenues of \$12,238,674 (100% of total revenues) increased by 11.4%, 1,205,273. Total 2016 expenditures \$12,052,585 include the distribution of tax increment financing \$10,948,000, school district fund \$942,776, and other services \$118,844.

Total revenues in the Capital Expansion Fees (CEF) fund increased by \$341,494, 3.6%. The fund balance in the CEF Fund increased by \$3,796,895 11%.

Including transfers, the total revenue for the Loveland Fire Rescue Authority Fund was \$13,442,808. Total expenditures were \$13,359,029, leaving a fund balance of \$101,176 (an increase of 482%).

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 \$529,404,942. Each of the Proprietary Funds except for Golf had net position increases, totaling \$27,808,527. The most significant increase was in the Water Fund \$7,915,894.

General Fund Budgetary Highlights

The majority of the General Fund departments ended the year within budget. The budgeted transfers to other funds was increased from \$10,826,810 to \$19,904,605; the majority of this increase funded capital projects. Overall, there was an increase of \$9,065,454 from the original Schedule of Budgetary Comparison Schedule budget appropriation.

The largest variance between the General Fund original budget and final budget in 2016 was Interfund Transfer supplemental appropriations throughout the year. Those included transfers to the Transportation program for \$3.4 million, Employee Benefit Fund for \$610,000 and Capital Project fund for \$5 million.

There are two large variances between final budget and actual. Timing of capital outlay purchases is reflected as a

savings of \$3,271,648 and \$4,168,334 is a savings in the net transfers attributed to the timing of internal capital project transfers.

Proprietary Fund Budgetary Highlights

Proprietary Funds increased the original budget for several large capital projects, such as the Water Treatment Plant Expansion \$24.5 million, Wastewater Treatment Plant Improvements \$5 million, Stormwater Improvements \$700,000, Power Projects including a new Substation and Solar Power Field \$9.1 million, flood repairs to Power Infrastructure \$4 million, and demolition of Idylwilde Dam due to the 2013 flood \$5 million.

Capital Assets And Debt Administration

Capital Assets

At the end of 2016, the City had \$805,859,715 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, wastewater, and power lines. (See table below.)

Overall in the Statement of Net Position, buildings and equipment decreased by (3)% and construction in process increased by 2% in both Governmental and Business-Type Activities. This increase funded the following projects:

Water Treatment Plant Expansion	\$8,485,017
FEMA Alternative Project - Solar Generating Facility	\$5,108,478
Wastewater Treatment Plant Expansion	\$4,684,133
Windy Gap Firing Project	\$3,446,022

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

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

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2016	2015	2016	2015	2016	2015	
Land	\$ 54,652,347	\$ 45,228,739	\$ 3,453,971	\$ 3,453,971	\$ 58,106,318	\$ 48,682,710	19.4 %
Art Collection	6,650,761	6,496,483	-	-	6,650,761	6,496,483	2.4 %
Buildings	52,134,505	53,750,084	9,684,565	10,036,431	61,819,070	63,786,515	(3.1)%
Improvements	31,873,727	31,610,774	191,038,495	166,420,968	222,912,222	198,031,742	12.6 %
Equipment	12,021,776	12,181,881	7,445,762	7,920,884	19,467,538	20,102,765	(3.2)%
Water rights	2,624,520	2,624,520	65,942,651	64,796,767	68,567,171	67,421,287	1.7 %
Infrastructure	181,251,985	177,383,170	116,875,431	115,589,764	298,127,416	292,972,934	1.8 %
Easements	4,072,283	2,043,984	12,454,626	8,671,785	16,526,909	10,715,769	54.2 %
Construction in Process	7,572,795	6,879,742	46,109,515	45,577,513	53,682,310	52,457,255	2.3 %
Total	\$ 352,854,699	\$ 338,199,377	\$ 453,005,016	\$ 422,468,083	\$ 805,859,715	\$ 760,667,460	5.9 %

This year's major additions included the following assets:

Open Space Acquisitions	\$ 7,068,700	Water Treatment Plant Expansion	\$ 28,485,017
Museum Storage Facility	\$ 2,107,868	Schwarze Street Sweeper	\$ 267,420

Debt

At year-end, the City had a number of oversizing agreements related to Streets totaling \$3,584,914. There were no contract amendments in 2016. In 2013, the City secured \$10,000,000 for improvements to the Water Treatment Plant and secured an additional \$3,200,000 in 2015. All \$13,200,000 has been drawn.

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

Next Year's Budgets and Rates

The City of Loveland continues to be in a strong financial position moving into 2017 and beyond. The 2017 Adopted Budget continues the City's practice of conservative financial planning as well as budget reduction strategies.

The Adopted Budget complies with the financial management policies approved by the City Council and is structured to meet the Council's priorities. For 2017, those priorities include economic vitality, public safety, infrastructure quality, and financial responsibility.

Rates for the utility funds are set to cover operating costs and capital needs. Water rates will increase by 9% in 2017; to fund capital projects both at the Water Treatment Plant and for the distribution system in order to address aging infrastructure and improve reliability and redundancy. Wastewater rates will increase by 11% in 2017, 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 5.7% in 2017, to fund increases in wholesale power costs and additional rehabilitative capital needs.

Capital items for 2017 include: Wastewater Treatment Plant expansion and improvement; the Water Line Replacement project; Viestenz-Smith Mountain Park redevelopment; recreation trails and open space acquisition; and natural area development.

Flood recovery projects will continue through 2017. The City anticipates recovering 85-90% of recovery costs from insurance, FEMA, the State of Colorado, and other funding sources. The City received total reimbursements of \$3,058,609 in 2016. Additional expenses and reimbursements will continue in 2017 and beyond.

Contacting The City's Financial Management

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

Basic Financial Statements



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

City of Loveland, Colorado
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 9,401	\$ 5,350	\$ 14,751
Equity in Pooled Cash	3,604,309	8,191,573	11,795,882
Equity in Pooled Investments	111,960,691	46,560,531	158,521,222
Receivables (Net):			
Taxes	27,431,960	-	27,431,960
Accounts	4,191,670	10,472,011	14,663,681
Grants	2,125,943	1,297,226	3,423,169
Accrued Interest	298,475	216,908	515,383
Inventory of Supplies	424,081	3,287,141	3,711,222
Equity in Northern Colorado Regional Airport	10,140,417	-	10,140,417
Restricted Assets:			
Equity in Pooled Restricted Cash	7,008,871	13,889,612	20,898,483
Equity in Pooled Restricted Investments	-	24,730,946	24,730,946
Capital Assets:			
Land, Water Rights and Other Assets not Being Depreciated	67,999,911	81,851,249	149,851,160
Building, Improvements and Equipment, Net of Depreciation	277,281,993	325,044,252	602,326,245
Construction in Process	7,572,795	46,109,516	53,682,311
Total Assets	520,050,517	561,656,315	1,081,706,832
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Investments	242,331	-	242,331
Liabilities			
Accounts Payable	7,175,811	12,174,984	19,350,795
Accrued Liabilities	3,560,015	1,366,441	4,926,456
Deposits	831,056	3,755,974	4,587,030
Noncurrent Liabilities:			
Due Within One Year	2,962,641	1,558,813	4,521,454
Due in More Than One Year	5,448,893	13,395,161	18,844,054
Pension Liability	811,114	-	811,114
Total Liabilities	20,789,530	32,251,373	53,040,903
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	21,205,384	-	21,205,384
NET POSITION			
Net Investment in Capital Assets	349,269,785	439,794,339	789,064,124
Restricted - Nonexpendable	1,084,779	-	1,084,779
Restricted:			
Future Capital Improvements	-	38,620,559	38,620,559
Tabor 3% Emergency Reserve	2,906,882	-	2,906,882
Conservation Trust Fund	4,879,820	-	4,879,820
Open Space Acquisitions	9,126,177	-	9,126,177
Other	1,891,718	-	1,891,718
Unrestricted	109,138,773	50,990,044	160,128,817
Total Net Position	\$ 478,297,934	\$ 529,404,942	\$1,007,702,876

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, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities:				
Legislative	\$ 151,146	\$ -	\$ -	\$ -
Executive	2,199,258	944,041	-	-
Finance	1,846,402	206,081	-	-
Human Resources	358,285	-	-	-
Information Technology	983,766	-	-	-
Economic Development	4,046,522	94,072	14,477	-
Development Services	7,391,751	3,058,494	296,930	-
Public Works	22,454,121	5,803,971	4,389,237	11,425,378
Police	21,508,676	1,263,912	229,687	623,382
Fire and Rescue	13,968,518	582,014	13,205,145	620,138
Parks & Recreation	14,149,386	5,131,937	-	7,397,266
Library	3,598,465	92,278	65,554	422,274
Cultural Services	2,522,341	418,057	81,451	507,311
General Government	24,003,139	7,054,713	-	760,246
Total Governmental Activities	119,181,776	24,649,570	18,282,481	21,755,995
Business-Type Activities				
Business-Type Activities				
Water	15,666,363	15,298,606	-	7,364,353
Wastewater	9,078,498	10,812,210	-	3,751,238
Stormwater	4,342,427	5,785,926	119,542	2,129,834
Power	58,211,434	60,070,432	-	9,156,051
Refuse	6,453,721	6,823,296	226	-
Golf	4,558,219	3,796,133	91,754	64,828
Total Business-Type Activities	98,310,662	102,586,603	211,522	22,466,304
City Total	\$ 217,492,438	\$ 127,236,173	\$ 18,494,003	\$ 44,222,299

General Revenues:

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

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Restatement, Change in Reporting Entity

Net Position - Ending

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

Net (Expenses) Revenue and
Change in Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (151,146)	\$ -	\$ (151,146)
(1,255,217)	-	(1,255,217)
(1,640,321)	-	(1,640,321)
(358,285)	-	(358,285)
(983,766)	-	(983,766)
(3,937,973)	-	(3,937,973)
(4,036,327)	-	(4,036,327)
(835,535)	-	(835,535)
(19,391,695)	-	(19,391,695)
438,779	-	438,779
(1,620,183)	-	(1,620,183)
(3,018,359)	-	(3,018,359)
(1,515,522)	-	(1,515,522)
(16,188,180)	-	(16,188,180)
(54,493,730)	-	(54,493,730)
-	6,996,596	6,996,596
-	5,484,950	5,484,950
-	3,692,875	3,692,875
-	11,015,049	11,015,049
-	369,801	369,801
-	(605,504)	(605,504)
-	26,953,767	26,953,767
\$ (54,493,730)	\$ 26,953,767	\$ (27,539,963)
20,904,830	-	20,904,830
50,527,501	-	50,527,501
1,800,051	-	1,800,051
1,210,092	-	1,210,092
589,669	546,251	1,135,920
170,947	-	170,947
(308,505)	308,505	-
74,894,585	854,756	75,749,341
20,400,855	27,808,523	48,209,378
447,603,524	501,596,419	949,199,943
10,293,555	-	10,293,555
\$ 478,297,934	\$ 529,404,942	\$ 1,007,702,876

City of Loveland, Colorado

Balance Sheet

Governmental Fund Types

December 31, 2016

ASSETS	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Loveland Fire Rescue Authority	Other Governmental Funds	Total Governmental Funds
Cash	\$ 9,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,401
Equity in Pooled Cash	915,667	-	947,171	890,063	165,671	685,720	3,604,292
Equity in Pooled Investments	42,896,452	-	2	32,685,960	422,693	19,662,207	95,667,314
Receivables (Net):							
Taxes	14,527,221	12,299,294	24,606	-	-	580,840	27,431,961
Accounts	318,188	1,456,781	260,312	-	406,384	22,399	2,464,064
Grants	394,996	-	1,062,467	3,471	198,330	466,679	2,125,943
Due from Other Funds	3,953	-	-	-	-	-	3,953
Accrued Interest	110,894	4,088	-	81,817	1,814	60,381	258,994
Interfund Loan Receivable	51,685	-	-	3,733,587	-	-	3,785,272
Inventory	-	-	73,482	-	-	28,226	101,708
Restricted Assets:							
Equity in Pooled Restricted							
Cash	1,361,080	1,769,453	-	-	-	3,878,339	7,008,873
Total Assets	60,589,537	15,529,616	2,368,040	37,394,898	1,194,892	25,384,791	142,461,775
LIABILITIES							
Accounts Payable	3,049,613	26,344	902,991	259,897	295,867	2,341,473	6,876,186
Accrued Liabilities	1,362,024	-	274,358	3,550	634,130	77,496	2,351,558
Due to Other Funds	-	-	-	-	-	3,953	3,953
Interfund Loan Payable	2,011,080	2,231,256	-	-	-	-	4,242,336
Total Liabilities	6,422,717	2,257,600	1,177,349	263,447	929,997	2,422,922	13,474,033
DEFERRED INFLOWS OF RESOURCES							
Deferred Other Revenue	348,448	-	1,190,691	3,471	163,719	421,033	2,127,362
Deferred Property Taxes	8,865,777	12,299,294	-	-	-	40,313	21,205,384
Total Deferred Inflows of Resources	9,214,225	12,299,294	1,190,691	3,471	163,719	461,346	23,332,746
Total Liabilities and Deferred Inflows of Resources	15,636,942	14,556,894	2,368,040	266,918	1,093,716	2,884,268	36,806,779
Fund Balances:							
Nonspendable	51,685	-	-	-	-	1,033,093	1,084,778
Restricted	2,906,882	972,722	-	-	101,176	14,823,817	18,804,597
Committed	19,097,578	-	-	37,127,980	-	515,297	56,740,855
Assigned	1,155,031	-	-	-	-	6,128,316	7,283,347
Unassigned	21,741,419	-	-	-	-	-	21,741,419
Total Fund Balances	44,952,595	972,722	-	37,127,980	101,176	22,500,523	105,654,996
Total Liabilities and Fund Balances	\$ 60,589,537	\$ 15,529,616	\$ 2,368,040	\$ 37,394,898	\$ 1,194,892	\$ 25,384,791	

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.

347,687,968

Inclusion of Northern Colorado Regional Airport not reported in the funds

10,140,417

Inclusion of the City's Net Pension Liability not reported in the funds

(811,114)

Certain deferred inflows of resources represent deferred revenue relating to grant expenses

2,127,362

Certain deferred outflows of resources represent deferred expenses relating to pension expenses

242,331

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.

21,500,142

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

(Accrued Leave \$4,659,254 and developer oversizing agreements \$3,584,914)

(8,244,168)

Net Position of Governmental Activities

\$ 478,297,934

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

City of Loveland, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types
For the Year Ended December 31, 2016

	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Loveland Fire Rescue Authority	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 60,864,652	\$ 12,238,674	\$ -	\$ -	\$ -	\$ 1,116,751	\$ 74,220,077
Licenses and Permits	3,042,092	-	119,003	-	149,817	-	3,310,912
Fines and Penalties	929,370	-	-	-	-	-	929,370
Intergovernmental	787,564	-	5,099,357	28,913	13,078,168	5,239,339	24,233,341
Charges for Services	4,574,660	-	2,480,773	9,339,244	76,443	136,805	16,607,925
Investment Earnings	246,486	51,441	-	131,006	10,021	150,716	589,670
Miscellaneous	8,063,308	-	305,497	249,898	126,659	748,804	9,494,166
Total Revenues	78,508,132	12,290,115	8,004,630	9,749,061	13,441,108	7,392,415	129,385,461
Expenditures:							
Current:							
Legislative	151,146	-	-	-	-	-	151,146
Executive	2,211,243	-	-	-	-	-	2,211,243
Finance	1,819,888	-	-	-	-	-	1,819,888
Human Resources	355,772	-	-	-	-	-	355,772
Information Technology	560,591	-	-	-	-	129,307	689,898
Economic Development	2,441,591	-	-	-	-	946,178	3,387,769
Development Services	4,055,759	-	-	-	-	356,494	4,412,253
Public Works	4,036,178	-	10,053,517	-	-	1,051,982	15,141,677
Police	20,823,121	-	-	-	-	36,937	20,860,058
Fire	-	-	-	-	13,145,029	5,593	13,150,622
Parks & Recreation	9,525,455	-	-	457,396	-	1,139,022	11,121,873
Library	3,271,662	-	-	-	-	-	3,271,662
Cultural Services	2,230,327	-	-	-	-	-	2,230,327
General Government	10,901,566	12,052,585	-	3,910	-	14,638	22,972,699
Capital Outlay	2,420,299	-	7,030,585	2,585,802	214,000	8,829,085	21,079,771
Total Expenditures	64,804,598	12,052,585	17,084,102	3,047,108	13,359,029	12,509,236	122,856,658
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,703,534	237,530	(9,079,472)	6,701,953	82,079	(5,116,821)	6,528,803
Other Financing Sources (Uses):							
Transfers In	2,982,039	-	9,260,080	-	1,700	3,634,000	15,877,819
Transfers (Out)	(18,177,825)	-	(180,608)	(2,905,058)	-	(37,810)	(21,301,301)
Total Other Financing Sources (Uses)	(15,195,786)	-	9,079,472	(2,905,058)	1,700	3,596,190	(5,423,482)
Net Change in Fund Balance	(1,492,252)	237,530	-	3,796,895	83,779	(1,520,631)	1,105,321
Fund Balances--Beginning	46,444,847	735,192	-	33,331,085	17,397	24,021,154	104,549,675
Fund Balances--Ending	\$ 44,952,595	\$ 972,722	\$ -	\$ 37,127,980	\$ 101,176	\$ 22,500,523	\$ 105,654,996

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

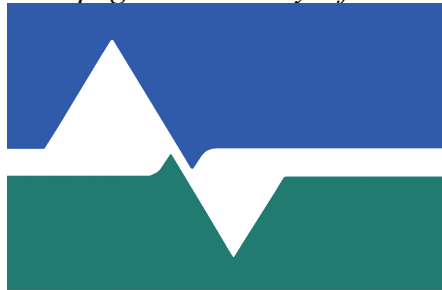
City of Loveland, Colorado
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2016

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

Net change in fund balances - total governmental funds	\$ 1,105,321
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 \$22,188,202 exceeded depreciation \$16,317,395 in the current period.	5,870,807
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.	8,696,020
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.	120,313
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes an increase in accrued leave \$(119,955); a decrease for developer oversizing agreements, net of accrued interest \$142,979; and a decrease in pension costs due to the change in the Net Pension Liability \$(111,789).	(88,765)
Expenses that are recorded for the joint venture in the statement of activities that are not reported as expenses in the funds.	153,138
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.	4,544,021
Change in net position of governmental activities	\$ 20,400,855

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, 2016

	Business-Type Activities - Enterprise Funds		
	Water	Waste Water	Stormwater
ASSETS			
Current Assets:			
Cash	\$ -	\$ -	\$ -
Equity in Pooled Cash	533,406	1,210,255	2,486,277
Equity in Pooled Investments	9,456,110	10,833,087	4,710,924
Receivables, Net	1,316,107	1,355,909	819,712
Accrued Interest	69,683	51,995	24,066
Inventory, at Cost	236,911	3,356	23,748
Total Current Assets	11,612,217	13,454,602	8,064,727
Non-current Assets:			
Interfund Loan Receivable	-	-	-
Restricted Assets:			
Future Raw Water Projects	6,265,194	-	-
Future Easement Improvements	-	-	-
Equity in Pooled Restricted Cash	447,324	-	-
Reservoir Improvements	-	-	-
System Impact Fees	23	3,171,942	2,465,562
Equity in Pooled Restricted Investments	16,752,858	5,658,831	-
Total Restricted Assets	23,465,399	8,830,773	2,465,562
Capital Assets:			
Land	508,866	365,148	116,631
Intangible Assets/Easements	3,013,103	3,039,071	3,188,451
Buildings	3,467,553	3,441,799	94,184
Equipment	2,076,127	2,969,252	2,694,626
Improvements Other Than Buildings	175,203,549	80,006,372	47,544,752
Water Rights	65,848,151	-	-
Construction in Progress	4,003,336	6,062,701	6,076,870
Total Capital Assets	254,120,685	95,884,343	59,715,514
Accumulated Depreciation	(48,344,225)	(28,981,428)	(14,277,427)
Net Capital Assets	205,776,460	66,902,915	45,438,087
Total Non-Current Assets	229,241,859	75,733,688	47,903,649
Total Assets	\$ 240,854,076	\$ 89,188,290	\$ 55,968,376

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

				Governmental Activities
Power	Refuse	Golf	Totals	Internal Service
\$ 1,350	\$ 1,050	\$ 2,950	\$ 5,350	\$ -
1,091,603	1,964,624	905,408	8,191,573	17
16,880,282	2,596,819	2,083,310	46,560,532	16,293,377
7,299,355	733,923	244,229	11,769,235	1,727,605
50,706	12,443	8,015	216,908	39,482
2,795,255	135,695	92,176	3,287,141	322,373
28,118,551	5,444,554	3,336,088	70,030,739	18,382,854
3,750,000	-	-	3,750,000	457,064
-	-	-	6,265,194	-
-	-	88,889	88,889	-
-	511,101	-	958,425	-
-	-	171,790	171,790	-
767,788	-	-	6,405,315	-
2,319,257	-	-	24,730,946	-
3,087,045	511,101	260,679	38,620,559	-
1,407,824	-	1,055,502	3,453,971	209,516
3,214,002	-	-	12,454,627	-
3,654,047	378,098	4,233,789	15,269,470	1,976,509
4,179,731	6,213,660	2,533,356	20,666,752	14,064,921
141,706,780	129,238	8,229,352	452,820,043	-
-	-	94,500	65,942,651	-
29,966,609	-	-	46,109,516	-
184,128,993	6,720,996	16,146,499	616,717,030	16,250,946
(56,196,497)	(4,691,152)	(11,221,284)	(163,712,013)	(11,084,216)
127,932,496	2,029,844	4,925,215	453,005,017	5,166,730
134,769,541	2,540,945	5,185,894	495,375,576	5,623,794
\$ 162,888,092	\$ 7,985,499	\$ 8,521,982	\$ 565,406,315	\$ 24,006,648

City of Loveland, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2016
(Continued)

	Business-Type Activities - Enterprise Funds		
	Water	Waste Water	Stormwater
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 2,060,056	\$ 1,311,337	\$ 1,414,233
Accrued Liabilities	459,010	205,619	103,237
Deposits	-	-	-
Current Portion of Long-Term Debt	827,253	186,149	80,480
Total Current Liabilities	3,346,319	1,703,105	1,597,950
Long-Term Liabilities:			
Compensated Absences	185,934	152,304	65,847
Loan Payable	12,600,000	-	-
Oversizing	10,678	-	-
Interfund Loan Payable	3,750,000	-	-
Total Long-Term Liabilities	16,546,612	152,304	65,847
Total Liabilities	19,892,931	1,855,409	1,663,797
NET POSITION			
Net Investment in Capital Assets	192,565,782	66,902,915	45,438,087
Restricted for Future Capital Improvements	23,465,399	8,830,773	2,465,562
Unrestricted	4,929,964	11,599,193	6,400,930
Total Net Position	\$ 220,961,145	\$ 87,332,881	\$ 54,304,579

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, 2016
(Continued)

				Governmental Activities	
Power	Refuse	Golf	Totals	Internal Service	
\$ 6,771,199	\$ 337,153	\$ 281,004	\$ 12,174,982	\$ 1,130,683	
346,774	153,771	98,031	1,366,442	1,208,457	
3,755,974	-	-	3,755,974	-	
278,916	71,854	114,161	1,558,813	92,051	
11,152,863	562,778	493,196	18,856,211	2,431,191	
228,204	58,790	93,405	784,484	75,315	
-	-	-	12,600,000	-	
-	-	-	10,678	-	
-	-	-	3,750,000	-	
228,204	58,790	93,405	17,145,162	75,315	
11,381,067	621,568	586,601	36,001,373	2,506,506	
127,932,496	2,029,844	4,925,215	439,794,339	5,166,730	
3,087,045	511,101	260,679	38,620,559	-	
20,487,484	4,822,986	2,749,487	50,990,044	16,333,412	
\$ 151,507,025	\$ 7,363,931	\$ 7,935,381	\$ 529,404,942	\$ 21,500,142	

City of Loveland, Colorado

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2016

	Business-Type Activities- Enterprise Funds		
	Water	Waste Water	Stormwater
Operating Revenues:			
Charges for Services	\$ 13,619,996	\$ 10,632,911	\$ 5,723,153
Miscellaneous	1,304,231	109,735	62,773
Total Operating Revenue	14,924,227	10,742,646	5,785,926
Operating Expenses:			
Personal Services	4,184,142	3,138,195	1,413,514
Supplies	1,408,866	623,943	62,216
Purchased Services	4,142,285	2,488,294	1,094,635
Purchased Power	-	-	-
Payment for Services	953,400	743,957	400,621
Depreciation	3,991,812	2,089,950	1,220,045
Total Operating Expenses	14,680,505	9,084,339	4,191,031
Net Operating Income (loss)	243,722	1,658,307	1,594,895
Nonoperating Revenues (Expenses):			
Investment Earnings	244,392	81,801	62,535
Interest Expense	(101,607)	-	(8,288)
Intergovernmental	-	-	119,542
Gain (Loss) on Sale of Capital Assets	(33,771)	5,841	(143,108)
Windy Gap	(850,479)	-	-
Total Nonoperating Revenues (Expense)	(741,465)	87,642	30,681
Net Income (Loss) Before Contributions and Transfers	(497,743)	1,745,949	1,625,576
Capital Contributions:			
System Impact/Development Fees	2,714,970	1,737,484	424,146
Contributed Assets	2,463,847	1,285,249	1,705,688
Aid to Construction	-	-	-
Raw Water Development Fees	839,056	-	-
Cash in Lieu of Water Rights	514,329	-	-
Capital Grant Contributions	1,206,530	728,505	-
Transfers In	756,225	2,550	612
Transfers (Out)	(81,320)	(16,441)	(211,010)
Insurance Recoveries	-	69,563	-
Change in Net Position	7,915,894	5,552,859	3,545,012
Total Net Position - Beginning	213,045,251	81,780,022	50,759,567
Total Net Position - Ending	\$ 220,961,145	\$ 87,332,881	\$ 54,304,579

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

Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
Power	Refuse	Golf	Totals	
\$ 58,740,724	\$ 6,821,535	\$ 3,794,364	\$ 99,332,683	\$ 19,816,223
1,329,709	1,760	40,776	2,848,984	183,620
60,070,433	6,823,295	3,835,140	102,181,667	19,999,843
3,428,300	2,242,859	1,986,531	16,393,541	1,751,817
432,399	404,003	1,070,554	4,001,981	1,890,747
4,798,188	2,688,582	752,273	15,964,257	15,794,515
41,600,100	-	-	41,600,100	-
4,068,499	451,469	113,785	6,731,731	-
3,837,176	723,413	661,509	12,523,905	1,252,220
58,164,662	6,510,326	4,584,652	97,215,515	20,689,299
1,905,771	312,969	(749,512)	4,966,152	(689,456)
124,002	18,236	15,285	546,251	67,630
-	-	-	(109,895)	-
-	226	91,767	211,535	27
(46,773)	56,606	26,433	(134,772)	50,843
-	-	-	(850,479)	-
77,229	75,068	133,485	(337,360)	118,500
1,983,000	388,037	(616,027)	4,628,792	(570,956)
2,938,398	-	-	7,814,998	-
1,004,829	-	25,808	6,485,421	-
505,258	-	-	505,258	-
-	-	-	839,056	-
-	-	-	514,329	-
4,707,566	-	-	6,642,601	-
2,050	-	-	761,437	5,315,919
(144,161)	-	-	(452,932)	(200,942)
-	-	-	69,563	-
10,996,940	388,037	(590,219)	27,808,523	4,544,021
140,510,085	6,975,894	8,525,600	501,596,419	16,956,121
\$ 151,507,025	\$ 7,363,931	\$ 7,935,381	\$ 529,404,942	\$ 21,500,142

City of Loveland, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds		
	Water	Waste Water	Stormwater
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 13,633,713	\$ 10,659,133	\$ 5,514,164
Cash Received from Interfund Services	-	-	-
Cash Payments for Goods and Services	(10,524,593)	(3,058,995)	(871,376)
Cash Payment to Employees	(4,202,047)	(3,110,919)	(1,399,330)
Miscellaneous	1,304,231	109,736	62,772
Other Receipts	1,328,117	1,807,046	-
Net Cash Provided (Used) by Operating Activities	1,539,421	6,406,001	3,306,230
Cash Flows from Non-Capital Financing Activities:			
Transfers In	117,989	2,550	612
Transfers (Out)	556,916	(16,441)	(211,010)
Net Cash Provided (Used) by Non-Capital Financing Activities	674,905	(13,891)	(210,398)
Cash Flows from Capital and Related Financing Activities			
Contributions	2,703,426	-	424,146
Proceeds on Sale of Capital Assets	23,493	11,608	91,890
Payments for Capital Acquisition	(10,544,301)	(4,535,258)	(1,624,563)
Intergovernmental Revenue	4,447,024	-	119,542
Capital Grant Contributions	-	728,505	-
Debt Principal Proceeds (Payment)	2,243,406	-	(800,000)
Bond Expenses	(1,500)	-	-
Interest Paid	(28,502)	-	(8,288)
Windy Gap Payment	(848,979)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,005,933)	(3,795,145)	(1,797,273)
Cash Flows from Investing Activities:			
Purchase of Investments	(11,181,559)	(8,942,248)	(3,244,767)
Proceeds from Sale of Investments	13,281,997	4,686,281	2,587,723
Investment Earnings	233,212	62,760	53,534
Net Cash Flows Provided (Used) by Investing Activities	2,333,650	(4,193,207)	(603,510)
Net Increase in Cash and Cash Equivalents	2,542,043	(1,596,242)	695,049
Cash and Cash Equivalents - Jan. 1	4,703,906	5,978,438	4,256,790
Cash and Cash Equivalents - Dec. 31	\$ 7,245,949	\$ 4,382,196	\$ 4,951,839
Reconciliation of Operating Income (Loss) to Net Operating Income (Loss)	\$ 243,722	\$ 1,658,307	\$ 1,594,895
	1,364,929	1,807,046	-
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,991,812	2,089,950	1,220,045
(Increase) in Accounts Receivable	(13,716)	26,222	(208,989)
(Increase) Decrease in Inventory	(59,130)	649	(8,456)
(Increase) Decrease in Prepaid Expense	-	-	-
Increase (Decrease) in Current Liabilities	(3,988,196)	823,827	708,735
Total Adjustments	(69,230)	2,940,648	1,711,335
Net Cash Provided (Used) by Operating Activities	\$ 1,539,421	\$ 6,406,001	\$ 3,306,230
Noncash Investing, Capital and Financing Activities:			
Contributed Assets from Subdividers	\$ 2,463,847	\$ 1,285,249	\$ 1,705,688
Unrealized Loss on Investments	\$ (86,205)	\$ (53,073)	\$ (42,404)
Reconciliation of cash and cash equivalents to statement of net position:			
Cash and cash equivalents	533,406	1,210,255	2,486,277
Restricted Assets - cash and cash equivalents	6,712,541	3,171,942	2,765,562
	7,245,947	4,382,197	5,251,839

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

Business-Type Activities - Enterprise Funds				Governmental Activities
Power	Refuse	Golf	Totals	Internal Service
\$ 58,208,459	\$ 6,800,515	\$ 3,845,294	\$ 98,661,278	\$ -
-	-	-	-	19,788,097
(48,619,746)	(3,336,752)	(1,946,546)	(68,358,008)	(18,318,908)
(3,360,928)	(2,195,769)	(1,954,084)	(16,223,077)	(1,991,915)
1,329,707	1,761	40,776	2,848,983	183,619
3,443,656	-	-	6,578,819	-
11,001,148	1,269,755	(14,560)	23,507,995	(339,107)
(997,950)	-	-	(876,799)	5,317,619
855,839	-	-	1,185,304	(202,642)
(142,111)	-	-	308,505	5,114,977
-	-	-	3,127,572	-
32,143	56,606	5,400	221,140	85,444
(19,728,168)	(237,985)	(179,220)	(36,849,495)	(1,106,829)
-	226	91,767	4,658,559	27
4,080,632	-	-	4,809,137	-
750,000	800,000	-	2,993,406	42,936
-	-	-	(1,500)	-
-	-	-	(36,790)	-
-	-	-	(848,979)	-
(14,865,393)	618,847	(82,053)	(21,926,950)	(978,422)
(8,954,191)	(1,814,819)	(1,234,871)	(35,372,455)	(5,295,720)
8,993,783	1,420,915	976,590	31,947,289	1,449,265
116,600	11,230	13,161	490,497	49,024
156,192	(382,674)	(245,120)	(2,934,669)	(3,797,431)
(3,850,164)	1,505,928	(341,733)	(1,045,119)	17
5,710,907	970,847	1,510,770	23,131,658	-
\$ 1,860,743	\$ 2,476,775	\$ 1,169,037	\$ 22,086,539	\$ 17
\$ 1,905,771	\$ 312,969	\$ (749,512)	\$ 4,966,152	\$ (689,456)
3,443,656	-	-	6,615,631	-
3,837,176	723,413	661,509	12,523,905	1,252,220
(532,265)	(21,020)	50,929	(698,839)	(293,882)
(156,513)	54,161	-	(169,289)	(70,634)
-	-	(35,944)	(35,944)	3,172
2,503,323	200,232	58,458	306,379	(540,527)
5,651,721	956,786	734,952	11,926,212	350,349
\$ 11,001,148	\$ 1,269,755	\$ (14,560)	\$ 23,507,995	\$ (339,107)
\$ 1,004,829	\$ -	\$ 25,808	\$ 6,485,421	\$ -
\$ (102,846)	\$ (34,146)	\$ (17,513)	\$ (336,187)	\$ (205,377)
1,092,953	1,965,674	908,358	8,196,923	17
767,788	511,101	260,679	14,189,613	-
1,860,741	2,476,775	1,169,037	22,386,536	17

City of Loveland, Colorado
Statement of Assets and Liabilities
Agency Funds
December 31, 2016

ASSETS		
Equity in Pooled Cash and Cash Equivalents	\$	65,505
Equity in Pooled Investments		350,402
Accounts Receivable		753
Accrued Interest		940
Total Assets	\$	417,600
LIABILITIES		
Due to Improvement District	\$	416,006
Accounts Payable		1,594
Total Liabilities	\$	417,600

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

City of Loveland, Colorado
Notes to Financial Statements
December 31, 2016

Note 1: Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

Blended Component Units

1. General Improvement District (GID) #1: This District is reported as a Special Revenue Fund. The District provides for the operation, maintenance, and construction of downtown parking lots and landscaping. The City Council serves as an ex-officio Board of Directors.
2. Loveland/Larimer Building Authority (LLBA): This Authority is reported as a Special Revenue Fund. The Authority is responsible for the maintenance of the Police and Courts Building. Expenses are paid by the City and Larimer County based on square-foot usage with the City being the primary user. The Authority is governed by a three-member board consisting of the City Manager, County Manager, and one other volunteer board member.
3. Loveland Urban Renewal Authority (LURA): This Authority is reported as a Special Revenue Fund. The Authority receives tax increment financing for property and sales taxes within its boundaries and uses that revenue source for urban renewal projects. The City Council also serves as the governing board of LURA.
4. Loveland Fire Rescue Authority: This Authority is reported as a Special Revenue Fund. The Authority receives revenue for operating and capital expenses primarily from contributions from the City and the Loveland Rural Fire District. Additional revenues are generated from fees charged for services provided by both the Suppression and Prevention Divisions. Expenses are limited to the operations and capital needs of the Authority. The Fund is managed by the Fire Authority, but the Authority has a governing body substantively the same as the City and a financial benefit/burden relationship exists. The Authority also provides service that almost exclusively benefits the City.
5. Downtown Development Authority (DDA): The Authority was established to aid in the development and redevelopment of property within the boundaries of the Authority. As of December 31, 2016 the Authority does not have any financial assets to report. The election held on November 3, 2015 for an increase in the property taxes of not more than 5.00 mills for the Authority failed.

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, 2016, 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:

<u>As of December 31, 2016</u>	
Total Current Assets	\$ 2,216,476
Total Capital Assets (net of accumulated depreciation)	18,300,367
Total Assets	20,516,843
Total Current Liabilities	(236,008)
Total Net Position	<u><u>\$ 20,280,835</u></u>

<u>For the Year Ended December 31, 2016</u>	
Total operating revenue	\$ 645,398
Total operating Expenses	(2,351,253)
Interest income	8,584
Non-operating revenue	405,000
Capital contributions	985,995
Change in Net Position	<u><u>\$ (306,276)</u></u>

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

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

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

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

Government-Wide and Fund Financial Statements

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

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

The City reports the following Major Governmental Funds:

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

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

Additionally, the City reports the following fund types:

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

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

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

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

C. Fair Value

The City categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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.

The City has the following recurring fair value measurements as of December 31, 2016:

- U.S. Treasury securities of \$41,341,880 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of \$113,665,550 are valued using matrix pricing techniques (Level 2 inputs)
- Corporate Bonds of \$24,611,920 are valued using matrix pricing techniques (Level 2 inputs)
- Municipal Bonds of \$1,985,600 are valued using matrix pricing techniques (Level 2 inputs)

Investments Held in our Colorado Surplus Asset Fund Trust

The City had invested \$5,057,377 in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is considered to be a 2a7-like investment and is valued using the NAV per share (or its equivalent) of the investments. The 2a7-like investments do not have any unfunded commitments, redemption restrictions or redemptions notice periods.

The 2a7-like investments conform to Colorado Statutes CRS 24-75-601 et. seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado depositories collateralized at 102% of market value according to the guidelines of the Public Deposit Protection Act. The investments will 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.

Investments Held in our Colotrust pool at year-end was \$2,599 which are valued at net asset value which approximates

Note 1: Summary of Significant Accounting Policies (continued)

C. Fair Value (continued)

fair value.

D. Property Taxes

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

E. Cash and Investments

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

Investments are stated at fair value.

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

F. Receivables/Payables

Interfund

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

Receivables

Receivables consist primarily of sales and use tax and other miscellaneous receivables. Receivables are reported net of allowance for uncollectable accounts. At December 31, 2016, the allowance for uncollectable accounts was \$202,999. Revenue from grants and donations is recognized in the period in which all eligibility requirements have been satisfied.

G. Inventories

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

H. Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the acquisition date. The City's policy is to record all capital assets with an initial cost of at least \$5,000. Interest costs are expensed as incurred and, therefore, not capitalized, unless debt is incurred for the purpose of financing a capital asset. The City developed a Capitalization Policy that defines the recording of capital assets in accordance with Generally Accepted Accounting Principles. The Capitalization Policy includes a physical inventory count of capital assets by fund and department in a three-year cycle. In 2016, the three-year cycle of physical inventories

Note 1: Summary of Significant Accounting Policies (continued)

H. Capital Assets (continued)

included Airport, Cemetery, Public Works streets, Transit, Loveland Fire Authority, Information Technology, and Wastewater.

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

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

Estimated useful lives for asset types are as follows:

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

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits and compensation time balances. All accumulated vacation and compensation time balances and a portion of accumulated sick leave based on longevity are paid to the employee upon separation of service. These liabilities are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the Governmental Funds only if they are payable as a result of employee resignations and retirements. The liability for Governmental Funds compensated absences is typically liquidated by the General Fund.

J. Long-Term Obligations

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

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

K. Deferred Outflows/Inflows of Resources

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

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

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

L. Reclassification

Note 1: Summary of Significant Accounting Policies (continued)

L. Reclassification (continued)

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

Note 2: Cash and Investments

Cash and investments at December 31, 2016, consisted of the following:

Deposits	\$ 32,774,621
Investments	183,602,570
Total	<u>\$216,377,191</u>

Deposits and investments are displayed within this report as follows:

Cash	\$ 14,751
Equity in Pooled Cash and Cash Equivalent	11,795,882
Equity in Pooled Investments	158,521,222
Equity in Restricted Cash	20,898,483
Equity in Restricted Investments	24,730,946
Equity in Pooled Cash and Cash Equivalent - Agency Fund	65,505
Equity in Pooled Investments - Agency Fund	350,402
Total	<u>\$ 216,377,191</u>

A. 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, 2016 the City had \$22,313,660 collateralized with securities held by the financial institution's agent but not in the City's name.

B. Investments

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

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

Note 2: Cash and Investments (continued)**B. Investments (continued)**

At December 31, 2016, the City had the following investments:

Investment Type						
<i>Governmental and Business-Type Activities</i>						
	Standard and Poor's Rating	Less than 1	1-3	4-5	More than 5	Total
Certificates of Deposit	N/A	\$ -	\$ 1,993,801	\$ -	\$ -	\$ 1,993,801
U.S. Treasury Notes	N/A	997,193	25,788,961	14,476,815	-	41,262,969
U.S. Agency Securities	AA+	19,933,284	49,769,231	38,946,928	4,799,173	113,448,616
Corporate Bonds	AA-/A/AA/AA+	4,985,561	13,588,696	5,990,709	-	24,564,966
Municipal Bonds	AA+	-	1,003,634	978,182	-	1,981,816
Total		\$ 25,916,038	\$ 92,118,466	\$ 60,392,634	\$ 4,799,173	\$ 183,252,168
<i>Fiduciary Funds</i>						
Certificates of Deposit	N/A	\$ -	\$ 3,819	\$ -	\$ -	\$ 3,819
U.S. Treasury Notes	N/A	1,907	49,319	27,685	-	78,911
U.S. Agency Securities	AA+	38,116	95,168	74,473	9,177	216,934
Corporate Bonds	AA-/A/AA/AA+	9,529	25,974	11,451	-	46,954
Municipal Bonds	AA+	-	1,916	1,868	-	3,784
Total		\$ 49,552	\$ 140,056	\$ 115,477	\$ 9,177	\$ 350,402

1. **Local Government Investment Pools:** At December 31, 2016, the City had \$2,599 invested in Colotrust and \$5,057,377 in Colorado Surplus Asset Fund Trust (CSafe), investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. The Pools operate similarly to a money market fund with each share equal in value to \$1.00. The Pools are rated AAAm by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. Financial statements can be obtained at www.csafe.org and www.colotrust.com.
2. **Interest Rate Risk:** State statutes and the City's Investment Policy limit investments in US Treasury and Agency securities to an original maturity up to seven years with a minimum credit rating of A+/A1. State Statutes and the City's Investment Policy require all repurchase agreements with a maturity of less than 5 years and collateralized with securities allowed by statute at no less than 102% of fair value. State statutes and the City's Investment Policy limit investments in corporate bonds to an original maturity of five years or less.
3. **Credit Risk:** State statutes and the City's Investment Policy limit investments in US Agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs). State statutes and the City's Investment Policy limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO. State statutes and the City's Investment Policy limit investments in corporate bonds and Foreign Issues to a minimum credit rating of "AA- or Aa3" by two or more NRSROs. At December 31, 2016, the City held corporate bonds with a rating lower than the minimum rating. At the time of purchase, the bonds were rated at or above minimum. The City's investment policy allows the City to hold on to these investments until maturity so a large loss is not taken.
4. **Custodial Credit Risk:** The City's Investment Policy requires that securities purchased from any bank or dealer, including appropriate collateral, be placed with an independent third party for custodial safekeeping. The City has entered into an agency agreement with US Bank-Denver to establish an Investment Management Account pursuant to Colorado Revised Statutes. The City's pooled cash is invested in this account. The Bank purchases investments for the City and maintains an internal accounting record of all investments of the City. All investment transactions are approved by City management. All investments, held and maintained by the Trust Department of the Bank, are specifically separate from the investments of the bank and are identified as being investments of the City of Loveland. Investments of Loveland Special Improvement District #1 are held by other banks in their Trust Departments and are also specifically identified as being investments of the City of Loveland.

Note 2: Cash and Investments (continued)**B. Investments (continued)**

5. Concentration of Credit Risk: The City's Investment Policy does not limit the amount the City may invest in one issuer. The City had investments in US agency securities greater than 5% of its total portfolio as follows: US Treasury Notes (22.52%), Federal Home Loan Bank (21.48%), Federal National Mortgage Association (16.04%), Federal Home Loan Mortgage Corporation (10.86%) and Federal Farm Credit Bank (13.52%).

C. Restricted Investments

Investments of \$45,629,429 have been restricted in the Parks and Recreation Improvement Fund, General Fund and certain enterprise funds for capital projects.

Note 3: Interfund Receivables, Payables, And Transfers

Interfund balances at December 31, 2016, were as follows:

Due From	Due to	Amount
CDBG	General	
Fund	Fund	\$3,953
	Total Due	
	To General	
	Fund	\$3,953

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

Advance From	Advance To	Original Amount	Principal Payments	Principal Balance at December 31, 2016
CEF Fund	Loveland Urban Renewal	\$ 900,000	\$ -	\$ 900,000
Power Fund	Water Fund	6,000,000	2,250,000	3,750,000
Refuse Fund	Stormwater Fund	1,600,000	1,600,000	-
CEF Fund	Loveland Urban Renewal	1,500,000	220,430	1,279,570
General Fund	Loveland Urban Renewal	63,100	11,415	51,685
CEF Fund	Economic Incentive Fund	1,700,000	145,984	1,554,016
Fleet Fund	Economic Incentive Fund	\$ 500,000	\$ 42,936	\$ 457,064

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

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

Fund to the Water Fund to pay the principal portion of the loan.

Water Fund Payment Schedule				
	Beginning Balance	Principal	Interest	Total Payment
2017	\$ 3,750,000	\$ 750,000	\$ 56,250	\$ 806,250
2018	3,000,000	750,000	45,000	795,000
2019	2,250,000	750,000	33,750	783,750
2020	1,500,000	750,000	22,500	772,500
2021	750,000	750,000	11,250	761,250
Total	\$ -	\$ 3,750,000	\$ 168,750	\$ 3,918,750

Interest Rate Projections*

2017	2018	2019	2020 - 2022
1.4%	1.58%	1.58%	1.5%

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

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

Loveland Urban Renewal Authority Payment Schedule				
	Beginning Balance	Principal	Interest	Total Payment
2017	\$ 1,279,570	\$ 99,906	\$ 38,387	\$ 138,293
2018	1,179,665	102,903	35,390	138,293
2019	1,076,762	105,990	32,303	138,293
2020	970,772	109,170	29,123	138,293
2021	861,603	112,445	25,848	138,293
2022	749,158	115,818	22,475	138,293
2023	633,340	119,293	19,000	138,293
2024	514,048	122,871	15,421	138,292
2025	391,176	126,557	11,735	138,292
2026	264,619	131,641	7,939	139,580
2027	132,976	132,976	4,028	137,004
Total	\$ -	\$ 1,279,570	\$ 241,649	\$ 1,521,219

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

Loveland Urban Renewal Authority Payment Schedule				
	Beginning Balance	Principal	Interest	Total Payment
Loveland Urban Renewal Authority Payment Schedule				
	Beginning Balance	Principal	Interest	Total Payment
2017	\$ 51,685	\$ 4,035	\$ 1,551	\$ 5,586
2018	47,650	4,157	1,429	5,586
2019	43,493	4,281	1,305	5,586
2020	39,212	4,410	1,176	5,586
2021	34,802	4,542	1,044	5,586
2022	30,261	4,678	908	5,586
2023	25,582	4,819	767	5,586
2024	20,764	4,963	623	5,586
2025	15,801	5,112	474	5,586
2026	10,689	5,265	321	5,586
2027	5,423	5,423	163	5,586
Total	\$ -	\$ 51,685	\$ 9,761	\$ 61,446

Loveland Urban Renewal Authority Payment Schedule				
	Beginning Balance	Principal	Interest	Total Payment
2017	\$ 900,000	\$ 70,270	\$ 27,000	\$ 97,270
2018	829,730	72,378	24,892	97,270
2019	757,333	74,549	22,721	97,270
2020	682,803	76,786	20,484	97,270
2021	606,018	79,088	18,182	97,270
2022	526,929	81,462	15,808	97,270
2023	445,467	83,906	13,364	97,270
2024	361,561	86,423	10,847	97,270
2025	275,138	89,015	8,255	97,270
2026	186,123	91,686	5,584	97,270
2027	94,437	94,437	2,833	97,270
Total	\$ -	\$ 900,000	\$ 169,970	\$ 1,069,970

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
2017	\$ 2,011,080	\$ 194,588	\$ 60,332	\$ 254,920
2018	1,816,492	200,425	54,495	254,920
2019	1,616,067	206,438	48,482	254,920
2020	1,409,629	212,631	42,289	254,920
2021	1,196,998	219,010	38,910	257,920
2022	977,988	225,580	29,340	254,920
2023	752,408	232,348	22,572	254,920

Note 3: Interfund Receivables, Payables, And Transfers (continued)**Economic Incentive Fund Payment Schedule**

	Beginning Balance	Principal	Interest	Total Payment
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	\$ -	\$ 2,011,080	\$ 321,471	\$ 2,332,551

Transfers between funds were as follows:

	Transfers In:										Total
	General	Capital Projects	Transportation	Affordable Housing	Water	Waste Water	Storm Water	Power	Internal Services	Fire	
Transfers Out:											
General	\$2,654,317	\$3,213,738	\$6,755,022	\$12,000	\$756,225	\$ 2,550	\$ 612	\$ 2,050	\$4,781,311	\$ -	\$ 18,177,825
Capital Projects	12,810	-	-	-	-	-	-	-	-	-	12,810
Lodging Tax	25,000	-	-	-	-	-	-	-	-	-	25,000
Transportation	46,000	-	-	-	-	-	-	-	134,608	-	180,608
CEF's	-	-	2,505,058	-	-	-	-	-	400,000	-	2,905,058
Water	81,320	-	-	-	-	-	-	-	-	-	81,320
Waste Water	16,441	-	-	-	-	-	-	-	-	-	16,441
Power	144,161	-	-	-	-	-	-	-	-	-	144,161
Storm Water	1,990	209,020	-	-	-	-	-	-	-	-	211,010
Internal Services	-	199,242	-	-	-	-	-	-	-	1,700	200,942
	<u>\$2,982,039</u>	<u>\$3,622,000</u>	<u>\$9,260,080</u>	<u>\$12,000</u>	<u>\$756,225</u>	<u>\$ 2,550</u>	<u>\$ 612</u>	<u>\$ 2,050</u>	<u>\$5,315,919</u>	<u>\$1,700</u>	<u>\$ 21,955,175</u>

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

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

The General Fund transferred \$6,755,022 to the Transportation Fund for various street capital projects throughout the City

The General Fund transferred \$4,781,311 to the Internal Services Fund for a contribution to the Employee Benefits Fund due to higher medical claims than expected.

The General Fund transferred \$3,213,738 to the Capital Projects Fund for various capital projects throughout the City.

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

Governmental Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 45,228,739	\$ 10,328,505	\$ 904,897	\$ 54,652,347
Easements	2,043,984	2,032,186	3,887	4,072,283
Water Rights	2,624,520	-	-	2,624,520
Art Collection	6,496,483	154,278	-	6,650,761
Construction in Process	6,879,742	3,266,204	2,573,151	7,572,795
Total Capital Assets, not being depreciated	63,273,468	15,781,173	3,481,935	75,572,706
Capital Assets, being depreciated				
Buildings	76,125,288	443,041	-	76,568,329
Equipment	39,723,015	2,674,359	1,168,870	41,228,504
Improvements Other Than Buildings	50,542,277	2,540,306	11,261	53,071,322
Infrastructure	268,816,043	13,130,625	34,076	281,912,592
Total Capital Assets, being depreciated	435,206,623	18,788,331	1,214,207	452,780,747
Less accumulated depreciation for:				
Buildings	22,375,204	2,058,620	-	24,433,824
Equipment	27,541,134	2,730,876	1,065,282	29,206,728
Improvements Other Than Buildings	18,931,503	2,266,092	-	21,197,595
Infrastructure	91,432,873	9,261,807	34,073	100,660,607
Total Accumulated Depreciation	160,280,714	16,317,395	1,099,355	175,498,754
Total capital assets, being depreciated, net	274,925,909	2,470,936	114,852	277,281,993
Governmental activities capital assets, net	\$ 338,199,377	\$ 18,252,109	\$ 3,596,787	\$ 352,854,699

Business-type Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 3,453,971	\$ -	\$ -	\$ 3,453,971
Easements	8,671,785	3,784,507	1,666	12,454,626
Water Rights	64,796,767	1,145,884	-	65,942,651
Construction in Process	45,577,513	34,336,865	33,804,863	46,109,515
Total Capital Assets, not being depreciated	122,500,036	39,267,256	33,806,529	127,960,763
Capital Assets, being depreciated				
Buildings	15,369,470	-	100,000	15,269,470
Equipment	20,224,120	1,423,092	980,459	20,666,753
Improvements Other Than Buildings	263,798,573	32,217,935	1,528,565	294,487,943
Infrastructure	155,484,282	4,334,779	1,486,960	158,332,101
Total Capital Assets, being depreciated	454,876,445	37,975,806	4,095,984	488,756,267
Less accumulated depreciation for:				
Buildings	5,333,039	343,866	92,000	5,584,905
Equipment	12,303,236	1,894,408	976,653	13,220,991
Improvements Other Than Buildings	97,377,605	7,473,271	1,401,428	103,449,448
Infrastructure	39,894,518	2,812,360	1,250,208	41,456,670
Total Accumulated Depreciation	154,908,398	12,523,905	3,720,289	163,712,014
Total capital assets, being depreciated, net	299,968,047	25,451,901	375,695	325,044,253
Business-type activities capital assets, net	\$ 422,468,083	\$ 64,719,157	\$ 34,182,224	\$ 453,005,016

Note 4: Capital Assets (continued)

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

Governmental Activities	
Executive	\$ 1,260
Library	326,562
Finance	16,517
Information Technology	262,660
Development Services	2,880,576
Public Works	7,146,509
Police	687,859
Fire	727,792
Parks & Recreation	2,628,046
Cultural Services	274,141
Nondepartmental	113,253
Internal Service Fund	1,252,220
Total Governmental Activities	\$ 16,317,395
Business-Type Activities	
Water	\$ 3,991,812
Wastewater	2,089,950
Stormwater	1,220,045
Power	3,837,176
Solid Waste	723,413
Golf	661,509
Total Business-Type Activities	\$ 12,523,905

Note 5: Long-Term Debt

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Balance 12/31/2015	Additions	Reductions	Balance 12/31/2016	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 4,539,300	\$ 2,898,293	\$ 2,610,972	\$ 4,826,621	\$ 2,654,641
Oversizing Agreements	3,727,893	107,021	250,000	3,584,914	308,000
Total	\$ 8,267,193	\$ 3,005,314	\$ 2,860,972	\$ 8,411,535	\$ 2,962,641
Business-Type Activities					
Water Bonds	\$10,206,594	\$ 2,993,406	\$ -	\$13,200,000	\$ 600,000
Compensated Absences	1,775,443	867,997	900,144	1,743,296	958,813
Oversizing Agreements	10,678	-	-	10,678	-
Total	\$11,992,715	\$ 3,861,403	\$ 900,144	\$14,953,974	\$ 1,558,813

A. Capital Lease

There were no capital leases in 2016.

B. Water Bonds

Note 5: Long-Term Debt (continued)**B. Water Bonds (continued)**

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 due on August 1, 2017. During 2013 there was a draw of \$100,000 to pay for closing costs. There were additional draws totaling \$6,906,594 in 2015 and the remaining balance was drawn in 2016 totaling \$2,993,406. The rate of interest on the bonds is 3.19% and interest payments began in February 2014. Principal payments are due annually beginning August 1st 2017, and interest payments are due semi-annually on February 1st and August 1st. The 2013 revenue bonds are payable solely from the net revenue of the water utility system, after deduction of operating expenses.

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

Year	Principal		Interest	
	2013 Water Bond	2015 Water Bond	2013 Water Bond	2015 Water Bond
2017	\$ 450,000	\$ 150,000	\$ 317,848	\$ 95,360
2018	465,000	155,000	304,645	90,890
2019	480,000	160,000	289,812	86,271
2020	495,000	165,000	274,500	81,503
2021	515,000	165,000	258,709	76,586
2022-2026	2,820,000	900,000	1,037,069	306,195
2027-2031	3,300,000	1,045,000	557,453	163,751
2032-2033	1,475,000	460,000	70,978	20,711
Total	\$ 10,000,000	\$ 3,200,000	\$ 3,111,014	\$ 921,267

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.

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

	Amount Pledged	Term of Commitment
2013 Water Bond	\$ 13,111,012	2033
2015 Water Bond	4,121,267	2033
	\$ 17,232,279	

C. Special Assessment Bonds

In December, 2015, the City refunded Special Assessment Bonds Series 2007 ("the Refunded Bonds"). The net

Note 5: Long-Term Debt (continued)**C. Special Assessment Bonds (continued)**

proceeds of the refunding bonds, along with proceeds in accounts held for the Refunded Bonds were deposited in an escrow account to provide for all future debt service payments on the Refunded Bonds. The outstanding balance of the defeased debt at December 31, 2016 was \$0.

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

The City is not obligated in any manner for this debt. This debt will be serviced by special assessments paid by the property owners within the District. The outstanding balance of the bonds at December 31, 2016 is \$4,480,000.

D. 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, 2016, the City had oversizing agreements for transportation and water. The City appropriates money annually to make payments on developer agreements with a target of having the agreement paid off by the time the improvement would have been scheduled for construction in the capital improvements program. Contractually, the only agreements with a stated payment plan is the Waterford Place 2nd project. No amount shall be due to developers in any year in which funds have not been appropriated.

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

The City's Oversizing Developer Agreement Schedule at December 31, 2016 is as follows:

Project	Date of Contract	Orig. Contract Amount	Jan 1, 2016 Balance	Contract Changes	Contract Additions	Contract Payments	December 31, 2016 Balance
*Waterford Place 2nd Sub	12/13/02	\$ 507,205	\$ 400,867	\$ -	\$ -	\$ -	\$ 400,867
Blackbird Knolls 2nd Sub	5/2/05	307,337	307,337	-	-	-	307,337
*Taft and 14th St. SW Intersection	2/6/07	358,706	358,706	-	-	-	358,706
Highway 34 @ Sculptor	4/13/07	1,154,569	1,004,569	-	-	100,000	904,569
Sculptor South of US 34	4/13/07	431,271	431,271	-	-	-	431,271
Thompson 2nd Subdivision	9/24/07	313,874	313,874	-	-	-	313,874
*Crossroads Blvd - I-25 to CR 5 (old EN0313)	11/6/07	2,000,000	237,653	-	-	150,000	87,653
43rd St. West of Wilson	8/22/08	664,529	664,529	107,021	-	-	771,550
Dakota Glen Sidewalk	2/17/12	9,087	9,087	-	-	-	9,087
Street Oversizing Agreements		\$ 5,746,578	\$ 3,727,893	\$ 107,021	\$ -	\$ 250,000	\$ 3,584,914
Wintergreen 3rd	6/12/15	\$ 10,678	\$ 10,678	\$ -	\$ -	\$ -	\$ 10,678
Water Oversizing Agreements		\$ 10,678	\$ 10,678	\$ -	\$ -	\$ -	\$ 10,678
TOTAL DEVELOPER AGREEMENTS		\$ 5,757,256	\$ 3,738,571	\$ 107,021	\$ -	\$ 250,000	\$ 3,595,592

**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

Note 6: Contractual Obligations (continued)

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. A \$36,937 overtime grant from Northern Colorado Drug Task Force, passing through the City of Fort Collins, was received and spent during 2016. Funds not spent in 2016 will be carried forward into 2017. Total revenues received were \$36,937 and expenditures were \$36,937 leaving an ending fund balance of \$46,263.

Note 8: Unconditional Purchase Obligations

The City is a participant in the Municipal Subdistrict, Northern Colorado Water Conservancy District. The purpose of the Subdistrict is to provide supplemental water supply to the participants through the construction of the Windy Gap Project. This project consists primarily of a dam, pumping plant, and pipeline to divert water into the Colorado-Big Thompson Federal Reclamation Project. Loveland currently owns 40 of the 480 total units, therefore making the City an 8.3% participant in the Subdistrict. Since the Subdistrict's formation in 1970, the City has invested \$26,712,383 in the project.

The Municipal Subdistrict voted to use bond reserves of \$20.2 million on April 14, 2016 to pay off the bonds, this will fulfill the bond obligation.

Note 9: Commitments And Contingencies**A. Risk Management**

Note 9: Commitments And Contingencies (continued)

A. Risk Management (continued)

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 Maintenance 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 Pinnacol 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 2016, the deductible paid by the City for property, and auto physical damage is \$200,000 per occurrence. The deductible paid by the City for liability claims is \$200,000.

The deductible paid by the City for workers' compensation in each incident is \$75,000, with loss amounts over \$75,000 paid by Pinnacol. Pinnacol also provides the City with a workers' compensation employers' liability limit of \$2,000,000.

The Employee Benefits Fund provides dental coverage for employees and is fully self-insured. Health insurance is self-insured up to stop-loss coverage which is purchased from insurance companies. Estimated liabilities for claims incurred but not reported (IBNR) at year end, are shown as accrued liabilities in the fund. These estimates are based on projections from historical claims data. Administrative costs of preparing these estimates are not included in the accrual of these liabilities. Short-term and Long-term Disability and Life Insurance coverage are purchased through premiums paid to insurance companies. Individual stop-loss coverage reduces the City's risk by shifting responsibility for large claims to the stop-loss provider. Claim amounts paid in excess of \$175,000 for a covered individual in a calendar year are reimbursed to the City by the stop-loss provider. Aggregate stop-loss coverage is also applicable and protects the City against high total claims for the healthcare plan. The Employee Benefits Fund has \$3,865,405 in fund balance for employee benefit claims. Short-term disability is managed by an administrative services only agreement; and short-term disability wages are paid by the City. Long-term disability and life insurance coverages are purchased through premiums paid to insurance companies.

The Risk & Insurance Fund provides protection against losses involving City property, equipment, liability, workers' compensation, environmental issues and unemployment. Reserves within the fund support higher deductibles against loss. Payments to CIRSA and Pinnacol for coverage under the insurance pool are shown as

Note 9: Commitments And Contingencies (continued)**A. Risk Management (continued)**

expenses within the fund. Charges for services are collected from City departments based on amounts determined by management to meet annual required payouts and to maintain deductible reserves. Accrued liabilities are recorded for incurred claims based on estimates made by CIRSA and Pinnacol. Additional contingent liability claims for the coverages have not been recognized after reviewing claims history due to the remoteness of potential loss in excess of actual contributions.

The Risk & Insurance Fund has \$4,574,226 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 \$8,439,631.

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

Description	December 31, 2016	December 31, 2015
Unpaid Claims - Beginning	\$ 1,755,069	\$ 1,079,365
Incurred Claims (includes IBNR's)	12,913,826	13,225,898
Claims Paid	(12,718,289)	(12,550,194)
Unpaid Claims Ending	\$ 1,950,606	\$ 1,755,069

B. Construction Commitments

At December 31, 2016 the City had several construction projects in process. The most significant of these are as follows:

Project	Budget	Cost to date
Windy Gap Firing	\$ 43,492,864	\$ 3,446,022
Water Treatment Plant Expansion	\$ 28,555,017	\$ 28,485,017
Wastewater Treatment Plant Expansion	\$ 20,608,203	\$ 4,684,133
South Loveland Outfall Phase 3 Offsite	\$ 8,402,407	\$ 32,907
FEMA Alternative Project - Solar	\$ 5,278,478	\$ 5,108,478

C. Contingent Liabilities

The City is a defendant in several pending lawsuits. It is too early to be able to determine at this time, however, the City Attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

Note 10: 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

Note 10: Retirement Commitments (continued)

A. Defined Contribution Plans (continued)

- 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 2016 are as follows:

	Police Officers	Firefighters	Non-uniformed Employees
Required Contribution Rate			
Employer	11%	11%	5% - 9%
Employee	7%	9%	3%
Amounts Contributed			
Employer	\$903,412	\$646,511	\$2,314,228
Employee	\$643,686	\$528,964	\$1,018,334

B. Defined Benefit Plans

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

Loveland and Rural Consolidated Volunteer Firefighters

1. Plan Description:

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

2. Benefits Provided:

The benefit, payable at age 50, would be equal to the retirement benefit prorated based upon the number of years of service accrued at termination. Surviving spouses of deceased retirees are entitled to 50% of the retirement benefit until remarriage or their death. Pre-retirement death and disability benefits are only available if incurred in the line of duty. The plan also provides for a lump-sum burial benefit upon death of an active or retired firefighter. The plan is affiliated with and administered 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, 2016, the most recent actuarial valuation date, the plan was 78.7% funded. The membership of the Loveland and Rural Consolidated Volunteer Firefighters Pension Plan is:

Retirees and Beneficiaries

60

Note 10: Retirement Commitments (continued)**B. Defined Benefit Plans (continued)**

Inactive, Nonretired Members	4
Active Members	<u>8</u>
Total Members	72

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, 2016 is:

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

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balance	\$ 3,646,726	\$ 2,869,944	\$ 776,782
Changes for the Year			
Service Cost	7,212	-	7,212
Interest	260,183	-	260,183
Contributions - Employer	-	188,023	(188,023)
Net Investment Income	-	51,437	(51,437)
Benefit Payments, Including Refunds	(368,980)	(368,980)	-
Administrative Expense	-	(6,397)	6,397
Net Changes	<u>(101,585)</u>	<u>(135,917)</u>	<u>34,332</u>
Ending Balance as of 12/31/16	<u>\$ 3,545,141</u>	<u>\$ 2,734,027</u>	<u>\$ 811,114</u>

\$101,434 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pensions which is Actual Investment Earnings different than Assumed \$140,595 and Difference between Actual and Expected Experience \$302 for 2016 will be recognized in pension expense as follows:

Year Ended December 31:

2017	\$36,505
2018	36,505
2019	36,505
2020	31,382

5. Actuarial Methods and Assumption:

The total pension liability shown is based on an actuarial study for period January 1, 2015 for the measurement period ending December 31, 2014. 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:

Note 10: Retirement Commitments (continued)**B. Defined Benefit Plans (continued)**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open ¹
Remaining Amortization Period	20 years ¹
Asset Valuation Method	5-Year smoothed market
Inflation	3%
Salary Increase	N/A
Investment Rate of Return	7.5%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement is RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality, Post-retirement is RP-2000 Combined Mortality Table, with Blue Collar Adjustment, Disabled is RP-2000 Disabled Mortality Table.

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	7.5%
Long-Term Expected Rate of Investment Return	7.5%
Long-Term Municipal Bond Rate ²	3.57%

The last year ending December 31 in the 2016 to 2115 projection period for which projected benefit payments are fully funded is year 2115.

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

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

1% Decrease to 6.5%	\$1,112,386
Current Single Discount Rate Assumption of 7.5%	\$ 811,114
1% Increase to 8.5%	\$ 551,792

8. Long Term Expected Rate of Return:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	2%	-%
Total	100%	27.8%

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

Note 10: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

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, 2015, are summarized in the above table.

Loveland Firefighters

1. Plan Description:

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

This plan is considered immaterial for GASB 68 implementation.

Note 11: 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-Boulder 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 2025 to be use for the same purposes. As of December 31, 2016, \$17,291,859 was available for these purposes. Of that amount, \$8,477,341 is budgeted to be spent in 2017.

The City has established an Emergency Reserve, representing 3% of qualifying expenditures, as required by the amendment. At December 31, 2016, the emergency reserve of \$2,906,882 was reported as a restriction of fund balance in the General Governmental Fund.

The following table shows revenue and growth items applicable to the revenue limit for 2016.

Actual revenue	\$ 99,180,487	CPI increase	2.56
Base revenue	90,997,761	Growth increase	1.45
Surplus	\$ 8,182,726	Total increase allowed	4.01%

Note 12: Fund Balance Designation

Note 12: Fund Balance Designation (continued)

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, 2016 is \$9,985,060.

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

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

FUND BALANCES	General	Loveland Urban Renewal Authority	Capital Expansion Fees	Loveland Fire & Rescue Authority	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 28,226	\$ 28,226
Interfund Loan Receivable	51,685	-	-	-	-	51,685
Permanent Fund Principal	-	-	-	-	1,004,868	1,004,868
Total Nonspendable	51,685	-	-	-	1,033,094	1,084,779
Restricted:						
Tabor 3% Emergency Reserve	2,906,882	-	-	-	-	2,906,882
Urban Revitalization	-	972,722	-	-	-	972,722
Parks & Recreation	-	-	-	-	4,879,820	4,879,820
Open Space Acquisitions	-	-	-	-	9,126,177	9,126,177
Law Enforcement	-	-	-	-	46,224	46,224
Fire & Rescue	-	-	-	101,176	-	101,176
Conventions & Tourism	-	-	-	-	771,596	771,596
Total Restricted	2,906,882	972,722	-	101,176	14,823,817	18,804,597
Committed:						
Reserve For Excess Tabor	17,291,859	-	-	-	-	17,291,859

Note 12: Fund Balance Designation (continued)

	General	Loveland Urban Renewal Authority	Capital Expansion Fees	Loveland Fire & Rescue Authority	Other Governmental Funds	Total Governmental Funds
FUND BALANCES						
Special Projects	1,578,645	-	-	-	-	1,578,645
Future Capital Improvements	-	-	33,394,393	-	-	33,394,393
Art In Public Places	227,074	-	-	-	-	227,074
Interfund Loan Receivable	-	-	3,733,587	-	-	3,733,587
Public Education	-	-	-	-	408,590	408,590
Downtown Maintenance	-	-	-	-	88,345	88,345
Affordable Housing Agreements	-	-	-	-	18,361	18,361
Total Committed	19,097,578	-	37,127,980	-	515,296	56,740,854
Assigned:						
Parks Capital Improvements	-	-	-	-	1,566,192	1,566,192
Council Contingency	100,000	-	-	-	-	100,000
Unfunded Liability	200,000	-	-	-	-	200,000
Equipment Replacement	250,000	-	-	-	-	250,000
Museum Programs	460,000	-	-	-	-	460,000
Police Donations	20,000	-	-	-	-	20,000
Library Books	125,031	-	-	-	-	125,031
Fiber Network	-	-	-	-	420,202	420,202
Capital Improvements	-	-	-	-	2,331,869	2,331,869
Spendable Portion Of Permanent Fund	-	-	-	-	1,810,053	1,810,053
Total Assigned	1,155,031	-	-	-	6,128,316	7,283,347
Unassigned:	* 21,741,419	-	-	-	-	21,741,419
Total Fund Balances	\$ 44,952,595	\$ 972,722	\$ 37,127,980	\$ 101,176	\$ 22,500,523	\$ 105,654,996

* The City has a reserve policy to keep 15% of expenditures in reserve as a guard against economic uncertainties. This amount is included in the unassigned balance and equals \$9,985,060.

Note 13: Tax Abatement

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

Artspace Loveland

Artspace Projects, Inc. purchased property in downtown Loveland to develop a mixed-use live/work artist space. The City agreed to waive use tax in an amount not to exceed \$75,000 and provide a loan for \$300,000 for 30 years at the rate of 1.75%. Annually, commencing in April of 2016, the developer makes principal and interest payments equal to 75% of the residual cash flow for the previous calendar year. The residual cash flow paid to the City is to be applied first to an accrued but unpaid interest and then to the principal balance of the loan. No payment was made by the developer in 2016 as there was no residual cash flow in the previous calendar year 2015.

Hach Company

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

Note 13: Tax Abatement (continued)Value Plastics, Inc (dba Nordson Corporation)

The company purchased property in North Loveland to construct a new facility and relocate their medical components manufacturing company. The City agreed to waive the building permit fees and use taxes in an amount not to exceed \$311,000; waive Capital Expansion Fees and System Impact Fees valued at \$230,000 which were backfilled by the Economic Incentive Fund; and pay \$313,000 for site infrastructure valued at \$313,000. These agreement terms were completed in 2014 and 2015. The active and final agreement term is the rebate of the City's portion of the Business Personal Property Tax (BPPT) for five years commencing with the 2016 taxes payable in 2017. The annual payment amount of BPPT is estimated to be \$40,000.

Crunchy Grocer

The City entered into an agreement to assist with the development of the natural and organic grocer. The terms included building permit and use tax fee waivers in an amount not to exceed \$7,500 and a refund of City sales tax in an amount equal to one third (1/3) of the City sales tax collected by the Crunchy Grocer for a 60 month period starting October 1, 2013 with a maximum total refund capped at \$175,000. The agreement was amended in November 2016 to expedite payment by authorizing the City to refund \$75,000 and the monthly payments through November 30, 2016. The expedited payment was made in December, 2016 and the contract was terminated.

Esh's Surplus Market

The company purchased property and built a new facility to house a grocery store, warehouse and corporate headquarters. The City agreed to waive construction materials use tax in an amount not to exceed \$50,000 and deferred fees for a period of 5 years for Capital Expansion Fees for Fire Protection, General Government, Law Enforcement and Streets. The deferred fees are capped at \$200,000 and the deferral period commenced on July 1, 2016 and expire on the fifth anniversary of that date. The agreement details the payment schedule: Year 1 - \$20,000; Year 2 - \$30,000; Year 3 - \$40,000; Year 4 - \$50,000; Year 5 - \$60,000. The first payment will be due July, 2017.

Evergreen / Thornton Long Term Investments, LLC (Sprouts)

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

Eagle Crossing, Inc (The Brands Project)

The developer is proposing a multi-use retail, entertainment, office and hotel complex near I-25 and Crossroads Boulevard. The City agreed to waive building permit fees and uses taxes for qualified anchor and junior anchor tenants. The City will refund a portion (2% or 1.25% depending on the retailer) of the City sales tax collected in the project area for a period of 25 years or until 2047 whichever comes first. The incentives applicable for this agreement will not be effective until building permits are issued and construction is complete. The retail sales tax rebate will expire at the earlier of 25 years after the issuance of a certificate of occupancy or December 31, 2047.

Edison Welding Institute, Inc (dba EWI)

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

Origins Loveland LLC (Origins Pizza)

The City provided an economic incentive in the form of a construction materials use tax credit of \$3,000 and a cash incentive of \$17,000 for specific site improvements detailed in the agreement. The cash incentive was conditioned on the restaurant owner receiving a certificate of occupancy and presenting documentation demonstrating actual expenses incurred for the improvements. 100% of the City Sales Tax collected by Origins Loveland was credited against the cash incentive for a 24 month period. If at the end of the 24 month period Origins Loveland failed to generate City sales tax

Note 13: Tax Abatement (continued)

in an amount equal to the cash incentive; the difference remaining would be paid by Origins Loveland to the City. Origins Loveland met their obligations in month eight of the 24 month period, in January 2016 and the incentive agreement was closed.

The current year cost of the program in foregone tax revenue is \$355,445.

Note 14: Prior Year Adjustment

The Northern Colorado Regional Airport established the Northern Colorado Regional Airport Commission. The intergovernmental agreement provided that this organization would be governed by a seven person commission, two members from the City of Loveland City Council and staff, two members from the City of Fort Collins City Council and staff, and three citizens. The City has recorded our 50% investment in the Statement of Net Position as an Investment in Joint Venture. The prior period adjustment of \$10,293,555 is to record the City's joint investment prior to 2016.

Note 15: Subsequent Events

Wastewater Revenue Bonds

On January 18, 2017 the City issued revenue bonds in the amount of \$24,900,000 for improvements to the Wastewater Treatment Plant. The revenue bonds are payable solely from the net revenue of the wastewater utility system after deduction of operating expenses.

Loveland Fire Rescue Authority

On December 14, 2016, the Loveland City Council approved a Fourth Amendment to the Intergovernmental Agreement between the Loveland Fire Rescue Authority (LFRA) and the City concerning the lease of real estate and transfer of personal property to the Authority. Effective January 1, 2017, the Authority took title of all City Fire Personal Property, which includes Fire apparatus, vehicles, tools, equipment, and all other personal property owned by the City for the purpose of providing fire, rescue, and emergency medical services. The City did not receive any monetary consideration for transferring and conveying right, title and interest of the City Fire Personal Property to the Authority. The City also entered into long-term leases for all Fire related City property. The City leased its City Fire Real Property to the Authority for a period of 50 years at a rate of \$1.00 per year.

The City and LFRA also agreed to revise the monthly contribution from the City to LFRA from actual net expenditures to net budgeted expenditures. This change allows for more regularity in payment amounts and reduces the administrative burdens associated with processing and accounting for such payments.

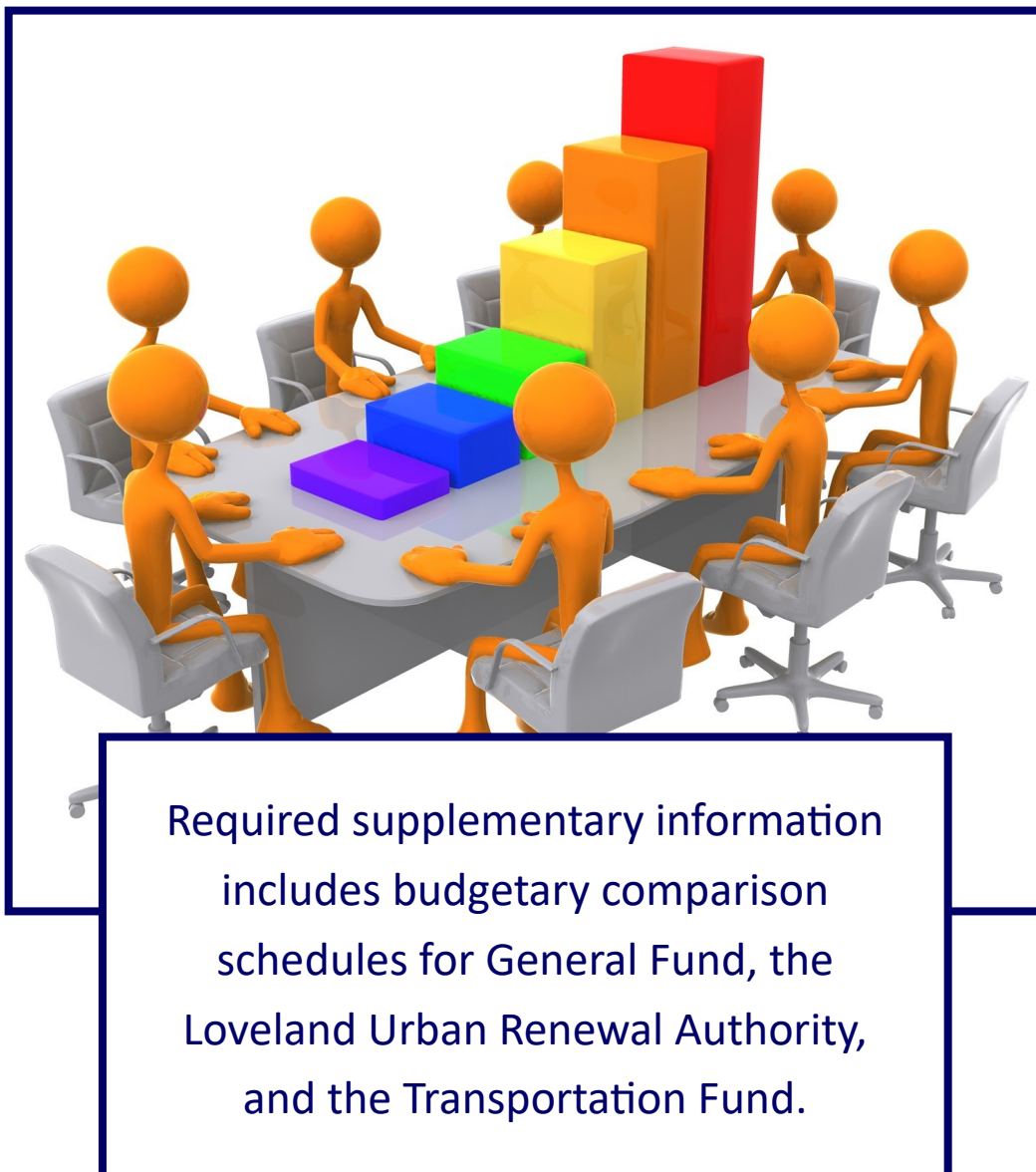
Additionally, LFRA chose to seek other employee benefits coverage, beginning in January 2017, due to the increased costs of the City's allocation of employee benefits. LFRA made the decision to get insurance from providers within the Colorado Employer Benefit Trust and withdraw from the City's various benefit plans and providers for medical, dental, vision, short and long-term disability, life, accidental death and disability, and flex account administration.

Note 15: Subsequent Events (continued)*The Foundry Project*

The Foundry Project is a mixed-used development project located between Lincoln and Cleveland Avenues (the east and west boundaries) and 1st Street on the south and Backstage Alley on the North. The planned residential portion includes 155 housing units. The planned commercial portion includes a hotel and a movie theater. Public improvements include the Parking Garage, a public plaza, streets, sidewalks, gutters, and public utilities. Most of the proceeds from the lease transaction will be used for the 450 to 463 space Parking Garage. On March 14, 2017, the City closed the lease certificates of participation financing transaction @ 3.39% for a fifteen (15) year term. The amount of proceeds was \$15,900,000. The proceeds of the COPs are to be used for:

Project Construction	\$ 14,481,857
Capitalized Interest	1,283,143
Cost of Issuance	<u>135,000</u>
Total	\$ 15,900,000

Required Supplementary Information



City of Loveland, Colorado
General
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Taxes	\$ 58,791,191	\$ 58,791,191	\$ 60,864,652	\$ 2,073,461
Licenses and Permits	3,117,688	3,117,688	3,042,092	(75,596)
Fines and Penalties	922,800	922,800	929,370	6,570
Intergovernmental	872,212	1,064,799	787,564	(277,235)
Charges for Services	4,433,717	4,437,217	4,574,660	137,443
Investment Earnings	329,227	329,227	246,486	(82,741)
Miscellaneous	7,383,451	7,541,030	8,063,308	522,278
Total Revenues:	75,850,286	76,203,952	78,508,132	2,304,180
Expenditures:				
Current:				
Legislative	144,678	144,678	151,146	(6,468)
Executive	2,300,468	2,309,446	2,211,243	98,203
Finance	2,043,838	2,132,838	1,819,888	312,950
Human Resources	392,768	389,768	355,772	33,996
Information Technology	745,609	1,104,989	560,591	544,398
Economic Development	1,646,521	2,304,462	2,441,591	(137,129)
Development Services	4,055,001	4,591,722	4,055,759	535,963
Public Works	4,787,929	4,800,865	4,036,178	764,687
Police	20,275,941	20,961,120	20,823,121	137,999
Parks & Recreation	9,466,213	9,513,613	9,525,455	(11,842)
Library	3,161,108	3,253,379	3,271,662	(18,283)
Cultural Services	2,022,750	2,175,040	2,230,327	(55,287)
General Government	10,566,196	10,994,915	10,901,566	93,349
Capital Outlay	1,800,897	4,151,714	2,420,299	1,731,415
Total Expenditures	63,409,917	68,828,549	64,804,598	4,023,951
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,440,369	7,375,403	13,703,534	6,328,131
Other Financing Sources (Uses):				
Transfers In	2,176,172	3,331,291	2,982,039	(349,252)
Transfers (Out)	(19,452,482)	(27,451,382)	(18,177,825)	9,273,557
Total Other Financing Sources (Uses):	(17,276,310)	(24,120,091)	(15,195,786)	8,924,305
Net Change in Fund Balance	(4,835,941)	(16,744,688)	(1,492,252)	15,252,436
Fund Balance--Beginning	46,444,847	46,444,847	46,444,847	-
Fund Balance--Ending	\$ 41,608,906	\$ 29,700,159	\$ 44,952,595	\$ 15,252,436

See accompanying independent auditors' report.

City of Loveland, Colorado
Transportation
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Licenses and Permits	\$ 117,240	\$ 117,240	\$ 119,003	\$ 1,763
Intergovernmental	3,696,850	11,601,245	5,099,357	(6,501,888)
Charges for Services	2,360,945	2,360,945	2,480,773	119,828
Miscellaneous	1,000	322,531	305,497	(17,034)
Total Revenues:	6,176,035	14,401,961	8,004,630	(6,397,331)
Expenditures:				
Current:				
Public Works	8,474,128	9,014,458	10,053,517	(1,039,059)
Capital Outlay	5,363,170	22,073,366	7,030,585	15,042,781
Total Expenditures	13,837,298	31,087,824	17,084,102	14,003,722
Excess (Deficiency) of Revenues Over (Under) Expenses	(7,661,263)	(16,685,863)	(9,079,472)	7,606,391
Other Financing Sources (Uses):				
Transfers In	7,696,263	16,855,471	9,260,080	(7,595,391)
Transfers (Out)	(35,000)	(169,608)	(180,608)	(11,000)
Total Other Financing Sources (Uses):	7,661,263	16,685,863	9,079,472	(7,606,391)
Net Change in Fund Balance	-	-	-	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Urban Renewal Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Taxes	\$ 12,679,352	\$ 13,497,452	\$ 12,238,674	\$ (1,258,778)
Investment Earnings	50,818	50,818	51,441	623
Total Revenues:	12,730,170	13,548,270	12,290,115	(1,258,155)
Expenditures:				
Current:				
Services	60,000	128,630	118,844	9,786
School District Fund	997,190	997,190	942,776	54,414
Distribution of Tax Increment Financing	10,052,810	10,890,910	10,948,000	(57,090)
Debt Service	45,960	45,960	42,965	2,995
Total Expenditures	11,155,960	12,062,690	12,052,585	10,105
Excess (Deficiency) of Revenues Over (Under) Expenses	1,574,210	1,485,580	237,530	(1,248,050)
Net Change in Fund Balance	1,574,210	1,485,580	237,530	(1,248,050)
Fund Balance--Beginning	735,192	735,192	735,192	-
Fund Balance--Ending	\$ 2,309,402	\$ 2,220,772	\$ 972,722	\$ (1,248,050)

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)
2015	\$76,423	\$188,023	\$(111,600)
2014	76,423	182,799	(106,376)

*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. However, information is only currently available for two years. Additional years will be presented as they become available.

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 market
Inflation	3%
Investment Rate of Return	7.5%
Retirement Age	50% per year of eligibilty until 100% at age 65
Mortality	Pre-retirement is RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality, Post-Retirement is RP-2000 Combined Mortality Table, with Blue Collar Adjustment, Disabled is RP-2000 Disabled Mortality Table

City of Loveland, Colorado

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

Measurement period ending December 31,	2015	2014
Total Pension Liability		
Service Cost	\$ 7,212	\$ 9,256
Interest on the Total Pension Liability	260,183	248,058
Benefit Changes	-	274,064
Difference between Expected and Actual Experience	-	1,626
Benefit Payments	(368,980)	(371,640)
Net Change in Total Pension Liability	(101,585)	161,364
Total Pension Liability - Beginning	3,646,726	3,485,362
Total Pension Liability - Ending (a)	3,545,141	3,646,726
Plan Fiduciary Net Position		
Employer Contributions	101,434	96,210
Pension Plan Net Investment Income	51,437	183,273
Benefit Payments	(368,980)	(371,640)
Pension Plan Administrative Expense	(6,397)	(4,607)
State of Colorado Supplemental Discretionary Payment	86,589	86,589
Net Change in Plan Fiduciary Net Position	(135,917)	(10,175)
Plan Fiduciary Net Position - Beginning	2,869,944	2,880,119
Plan Fiduciary Net Position - Ending (b)	2,734,027	2,869,944
Net Pension Liability - Ending (a) - (b)	811,114	776,782
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.12%	78.7%
Covered Employee Payroll	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	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 two years information is presented.

Notes to Required Supplementary Information (RSI)

Budgets and Budgetary Accounting

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

- Prior to September 20, the City Manager submits to the City Council, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of an ordinance. This ordinance authorizes a lump-sum expenditure budget for the City taken as a whole. An appropriation ordinance is also adopted which allocates the total budget to each individual fund. This allocation of the appropriation may not be legally exceeded by an individual fund.
- Supplemental appropriations are approved on an individual fund level basis. Supplemental appropriations of \$69,427,136 were approved during 2016. 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

City of Loveland, Colorado

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.

Other Major Funds



The Capital Expansion Funds are designed to address the need for capital facilities.



Loveland Fire Rescue Authority is to account for operations and capital needs of the Fire Authority.



City of Loveland, Colorado
Capital Expansion Fees
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Charges for Services	\$ 5,301,540	\$ 5,301,540	\$ 9,339,244	\$ 4,037,704
Investment Earnings	273,298	273,298	131,006	(142,292)
Intergovernmental	-	-	28,914	28,914
Miscellaneous	-	-	249,897	249,897
Total Revenues	5,574,838	5,574,838	9,749,061	4,174,223
Expenditures:				
Current:				
Parks & Recreation	51,760	351,760	457,396	(105,636)
General Government	-	-	3,910	(3,910)
Capital Outlay	5,506,330	6,118,718	2,585,802	3,532,916
Total Expenditures	5,558,090	6,470,478	3,047,108	3,423,370
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	16,748	(895,640)	6,701,953	7,597,593
Other Financing Sources (Uses):				
Transfers In	198,268	196,983	-	(196,983)
Transfers (Out)	(1,961,500)	(8,216,459)	(2,905,058)	5,311,401
Total Other Financing Sources (Uses)	(1,763,232)	(8,019,476)	(2,905,058)	5,114,418
Net Change in Fund Balance	(1,746,484)	(8,915,116)	3,796,895	12,712,011
Fund Balance--Beginning	33,331,085	33,331,085	33,331,085	-
Fund Balance--Ending	\$ 31,584,601	\$ 24,415,969	\$ 37,127,980	\$ 12,712,011

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Fire Rescue Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Licenses and Permits	\$ 131,050	\$ 160,980	\$ 149,817	\$ (11,163)
Intergovernmental	12,446,712	13,239,813	13,078,168	(161,645)
Charges for Services	8,000	8,000	76,443	68,443
Investment Earnings	3,000	3,000	10,021	7,021
Miscellaneous	9,975	45,000	126,659	81,659
Total Revenues:	12,598,737	13,456,793	13,441,108	(15,685)
Expenditures:				
Current:				
Fire	12,404,593	13,261,596	13,145,029	116,567
Capital Outlay:				
Capital Outlay	194,144	215,717	214,000	1,717
Total Expenditures	12,598,737	13,477,313	13,359,029	118,284
Transfers In	-	1,700	1,700	-
Total Other Financing Sources (Uses):	-	1,700	1,700	-
Net Change in Fund Balance	-	(18,820)	83,779	102,599
Fund Balance--Beginning	17,397	17,397	17,397	-
Fund Balance--Ending	\$ 17,397	\$ (1,423)	\$ 101,176	\$ 102,599

Non-Major Governmental Funds

CAPITAL PROJECTS FUND

CAPITAL PROJECTS—to account for all infrastructure construction and major equipment that will provide long-term service or other public benefits.

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

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

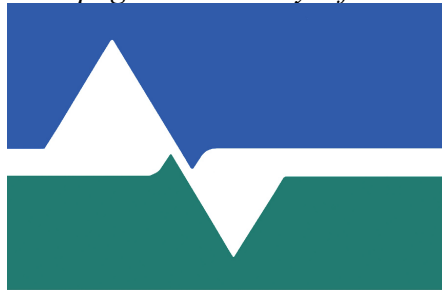
PEG FEE—to account for funding used for equipment to broadcast council meetings and other Government programming.

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

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, 2016

	CAPITAL PROJECTS		SPECIAL REVENUE			
	Parks & Recreation Improvement	Capital Projects	General Improvement District #1	Conservation Trust	Community Development Block Grant	Larimer County Open Space
ASSETS						
Equity in Pooled Cash	\$ 21	\$ 4	\$ 5	\$ 21	\$ -	\$ 100
Equity in Pooled Investments	1,217,424	4,525,004	87,813	4,381,479	-	5,668,794
Receivables (Net):						
Accounts	-	-	-	-	-	-
Taxes	-	-	40,655	-	-	473,161
Grants	-	312,239	-	34,855	36,568	83,017
Accrued Interest	3,671	11,665	212	12,189	-	21,602
Inventory	-	-	-	-	-	-
Restricted Assets:						
Equity in Pooled Restricted Cash	345,075	-	-	502,208	-	3,031,056
Total Assets	1,566,191	4,848,912	128,685	4,930,752	36,568	9,277,730
LIABILITIES						
Accounts Payable	(1)	2,213,882	27	7,999	28,231	33,870
Accrued Liabilities	-	-	-	8,079	4,384	34,666
Unearned Other Revenue	-	303,161	-	34,855	-	83,017
Due to Other Funds	-	-	-	-	3,953	-
Total Liabilities	(1)	2,517,043	27	50,933	36,568	151,553
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	-	-	40,313	-	-	-
Total Deferred Inflows of Resources	-	-	40,313	-	-	-
Total Liabilities and Deferred						
 Inflow of Resources	(1)	2,517,043	40,340	50,933	36,568	151,553
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	4,879,819	-	9,126,177
Committed	-	-	88,345	-	-	-
Assigned	1,566,192	2,331,869	-	-	-	-
Total Fund Balances	1,566,192	2,331,869	88,345	4,879,819	-	9,126,177
Total Liabilities and Fund Balances	\$ 1,566,191	\$ 4,848,912	\$ 128,685	\$ 4,930,752	\$ 36,568	\$ 9,277,730

See accompanying independent auditors' report.

SPECIAL REVENUE						PERMANENT FUND	
Loveland/Larimer Building Authority	Affordable Housing	Police Seizures & Forfeitures	Lodging Tax	Peg Fee	Fiber Network	Perpetual Care	Total
\$ 33,042	\$ 16,037	\$ 30	\$ 7	\$ 91,963	\$ 363,632	\$ 180,859	\$ 685,721
-	2,281	46,073	773,429	296,186	36,537	2,627,187	19,662,207
-	-	-	2,695	-	19,704	-	22,399
-	-	-	47,612	19,412	-	-	580,840
-	-	-	-	-	-	-	466,679
-	44	122	1,945	1,029	1,028	6,874	60,381
-	-	-	28,226	-	-	-	28,226
-	-	-	-	-	-	-	3,878,339
33,042	18,362	46,225	853,914	408,590	420,901	2,814,920	25,384,792
22,139	1	1	34,629	-	699	(1)	2,341,476
10,903	-	-	19,463	-	-	-	77,495
-	-	-	-	-	-	-	421,033
-	-	-	-	-	-	-	3,953
33,042	1	1	54,092	-	699	(1)	2,843,957
-	-	-	-	-	-	-	40,313
-	-	-	-	-	-	-	40,313
33,042	1	1	54,092	-	699	(1)	2,884,270
-	-	-	28,226	-	-	1,004,868	1,033,094
-	-	46,224	771,596	-	-	-	14,823,816
-	18,361	-	-	408,590	-	-	515,296
-	-	-	-	-	420,202	1,810,053	6,128,316
-	18,361	46,224	799,822	408,590	420,202	2,814,921	22,500,522
\$ 33,042	\$ 18,362	\$ 46,225	\$ 853,914	\$ 408,590	\$ 420,901	\$ 2,814,920	\$ 25,384,792

City of Loveland, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2016

	CAPITAL PROJECTS FUNDS		SPECIAL REVENUE			
	Parks & Recreation Improvement	Capital Projects	General Improvement District #1	Conservation Trust	Community Development Block Grant	Larimer County Open Space
Revenues:						
Taxes	\$ -	\$ -	\$ 42,935	\$ -	\$ -	\$ -
Intergovernmental	-	39,000	-	813,732	296,618	3,425,285
Charges for Services	53,505	-	-	-	-	-
Investment Earnings	12,657	2,638	271	23,775	-	91,219
Miscellaneous	6,588	541,198	-	-	59,876	49,390
Total Revenues	72,750	582,836	43,206	837,507	356,494	3,565,894
Expenditures:						
Current:						
Economic Development	-	-	-	1	-	-
Development Services	-	-	-	-	356,494	-
Public Works	-	436,305	-	-	-	-
Information Technology	-	6,073	-	-	-	-
Fire	-	5,593	-	-	-	-
Police	-	-	-	-	-	-
Parks & Recreation	-	115,969	-	205,105	-	805,859
General Government	-	3	14,638	-	-	-
Capital Outlay	340,204	2,354,538	-	52,698	-	6,016,505
Total Expenditures	340,204	2,918,481	14,638	257,804	356,494	6,822,364
Excess (Deficiency) of						
Revenues Over						
Expenditures	(267,454)	(2,335,645)	28,568	579,703	-	(3,256,470)
Other Financing Sources (Uses):						
Transfers In	-	3,622,000	-	-	-	-
Transfers (Out)	-	(12,810)	-	-	-	-
Total Other Financing						
Sources (Uses)	-	3,609,190	-	-	-	-
Net Change in Fund						
Balance	(267,454)	1,273,545	28,568	579,703	-	(3,256,470)
Fund Balances--Beginning	1,833,646	1,058,324	59,777	4,300,116	-	12,382,647
Fund Balances--Ending	\$ 1,566,192	\$ 2,331,869	\$ 88,345	\$ 4,879,819	\$ -	\$ 9,126,177

See accompanying independent auditors' report.

SPECIAL REVENUE						PERMANENT FUND	
Loveland/Larimer Building Authority	Affordable Housing	Police Seizures & Forfeitures	Lodging Tax	Peg Fee	Fiber Network	Perpetual Care	Total
\$ -	\$ -	\$ -	\$ 867,258	\$ 75,689	\$ 130,868	\$ -	\$ 1,116,750
627,766	-	36,937	-	-	-	-	5,239,338
-	-	-	-	-	-	83,300	136,805
-	(86)	287	3,086	2,796	1,401	12,673	150,717
-	4,207	-	87,547	-	-	-	748,806
627,766	4,121	37,224	957,891	78,485	132,269	95,973	7,392,416
-	-	-	946,177	-	-	-	946,178
-	-	-	-	-	-	-	356,494
615,677	-	-	-	-	-	-	1,051,982
-	-	-	-	93,653	29,580	-	129,306
-	-	-	-	-	-	-	5,593
-	-	36,938	-	-	-	-	36,938
12,089	-	-	-	-	-	-	1,139,022
-	-	-	-	-	-	-	14,641
-	-	-	25,260	-	-	39,880	8,829,085
627,766	-	36,938	971,437	93,653	29,580	39,880	12,509,239
-	4,121	286	(13,546)	(15,168)	102,689	56,093	(5,116,823)
-	12,000	-	-	-	-	-	3,634,000
-	-	-	(25,000)	-	-	-	(37,810)
-	12,000	-	(25,000)	-	-	-	3,596,190
-	16,121	286	(38,546)	(15,168)	102,689	56,093	(1,520,633)
-	2,240	45,938	838,368	423,758	317,513	2,758,828	24,021,155
\$ -	\$ 18,361	\$ 46,224	\$ 799,822	\$ 408,590	\$ 420,202	\$ 2,814,921	\$ 22,500,522

City of Loveland, Colorado
Parks & Recreation Improvement
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 360	\$ 360	\$ -	\$ (360)
Charges for Services	52,840	52,840	53,505	665
Investment Earnings	23,320	23,320	12,657	(10,663)
Miscellaneous	-	-	6,588	6,588
Total Revenues	76,520	76,520	72,750	(3,770)
Expenditures:				
Capital Outlay	310,000	601,196	340,204	260,992
Total Expenditures	310,000	601,196	340,204	260,992
Net Change in Fund Balance	(233,480)	(524,676)	(267,454)	257,222
Fund Balance--Beginning	1,833,646	1,833,646	1,833,646	-
Fund Balance--Ending	\$ 1,600,166	\$ 1,308,970	\$ 1,566,192	\$ 257,222

CITY OF LOVELAND, COLORADO
Capital Projects
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ -	\$ 501,620	\$ 39,000	\$ (462,620)
Transfers In	5,618,310	9,987,934	3,622,000	(6,365,934)
Investment Earnings	-	-	2,638	2,638
Miscellaneous	-	538,100	541,198	3,098
Total Revenues	5,618,310	11,027,654	4,204,836	(6,822,818)
Expenditures:				
Current:				
Public Works	45,000	504,510	436,308	68,202
Fire	-	6,220	5,593	(627)
Parks & Recreation	-	162,495	115,969	(46,526)
Information Technology	-	107,350	6,073	(101,277)
Capital Outlay	5,573,310	11,036,629	2,354,538	8,682,091
Transfers (Out)	-	6,100	12,810	6,710
Total Expenditures	5,618,310	11,823,304	2,931,291	8,892,013
Net Change in Fund Balance	-	(795,650)	1,273,545	2,069,195
Fund Balance--Beginning	1,058,324	1,058,324	1,058,324	-
Fund Balance--Ending	\$ 1,058,324	\$ 262,674	\$ 2,331,869	\$ 2,069,195

See accompanying independent auditors' report.

City of Loveland, Colorado
General Improvement District #1
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Taxes	\$ 38,315	\$ 38,315	\$ 42,935	\$ 4,620
Investment Earnings	450	450	271	(179)
Total Revenues	38,765	38,765	43,206	4,441
Current Expenditures				
General Government	24,500	24,500	14,638	9,862
Total Expenditures	24,500	24,500	14,638	9,862
Net Change in Fund Balance	14,265	14,265	28,568	14,303
Fund Balance--Beginning	59,777	59,777	59,777	4,525,610
Fund Balance--Ending	\$ 74,042	\$ 74,042	\$ 88,345	\$ 14,303

CITY OF LOVELAND, COLORADO
Conservation Trust
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 725,000	\$ 725,000	\$ 813,732	\$ 88,732
Investment Earnings	65,460	65,460	23,775	(41,685)
Total Revenues:	790,460	790,460	837,507	47,047
Expenditures:				
Current:				
Parks & Recreation	176,029	216,029	205,106	10,923
Capital Outlay	1,245,660	1,409,446	52,698	1,356,748
Total Expenditures	1,421,689	1,625,475	257,804	1,367,671
Net Change in Fund Balance	(631,229)	(835,015)	579,703	1,414,718
Fund Balance--Beginning	4,300,116	4,300,116	4,300,116	-
Fund Balance--Ending	\$ 3,668,887	\$ 3,465,101	\$ 4,879,819	\$ 1,414,718

See accompanying independent auditors' report.

City of Loveland, Colorado
Community Development Block Grant
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 322,471	\$ 322,471	\$ 296,618	\$ (25,853)
Miscellaneous	-	59,876	59,876	-
Total Revenues	322,471	382,347	356,494	(25,853)
Expenditures:				
Current:				
Development Services	322,471	757,361	356,494	400,867
Total Expenditures	322,471	757,361	356,494	400,867
Net Change in Fund Balance	-	(375,014)	-	375,014
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ (375,014)	\$ -	\$ 375,014

City of Loveland, Colorado

Larimer County Open Space Budgetary Comparison Schedule For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 1,836,000	\$ 1,836,000	\$ 3,425,285	\$ 1,589,285
Investment Earnings	175,810	175,810	91,219	(84,591)
Miscellaneous	203,000	203,000	49,390	(153,610)
Total Revenues	2,214,810	2,214,810	3,565,894	1,351,084
Expenditures:				
Parks & Recreation	751,854	1,048,794	805,859	242,935
Capital Outlay	4,156,000	9,594,433	6,016,505	3,577,928
Total Expenditures	4,907,854	10,643,227	6,822,364	3,820,863
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,693,044)	(8,428,417)	(3,256,470)	5,171,947
Other Financing Sources (Uses):				
Net Change in Fund Balance	(2,693,044)	(8,428,417)	(3,256,470)	5,171,947
Fund Balance--Beginning	12,382,647	12,382,647	12,382,647	-
Fund Balance--Ending	\$ 9,689,603	\$ 3,954,230	\$ 9,126,177	\$ 5,171,947

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Loveland/Larimer Building Authority Budgetary Comparison Schedule For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 682,601	\$ 682,601	\$ 627,766	\$ (54,835)
Total Revenues	682,601	682,601	627,766	(54,835)
Expenditures:				
Current:				
Parks & Recreation	17,500	17,500	12,089	5,411
Public Works	665,101	665,101	615,677	49,424
Total Expenditures	682,601	682,601	627,766	54,835
Net Change in Fund Balance	-	-	-	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

City of Loveland, Colorado
Affordable Housing
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Investment Earnings	\$ -	\$ -	(86) \$	(86)
Transfers In	-	12,000	12,000	-
Miscellaneous	-	-	4,207	4,207
Total Revenues	-	12,000	16,121	4,121
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	12,000	16,121	4,121
Fund Balance--Beginning	2,240	2,240	2,240	-
Fund Balance--Ending	\$ 2,240	\$ 14,240	\$ 18,361	\$ 4,121

City of Loveland, Colorado
Police Seizures & Forfeitures
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ -	\$ 36,937	\$ 36,937	-
Investment Earnings	-	-	287	287
Total Revenues:	-	36,937	37,224	287
Expenditures:				
Police	-	36,937	36,938	(1)
Total Expenditures	-	36,937	36,938	(1)
Net Change in Fund Balance	-	-	286	286
Fund Balance--Beginning	45,938	45,938	45,938	-
Fund Balance--Ending	\$ 45,938	\$ 45,938	\$ 46,224	\$ 286

See accompanying independent auditors' report.

City of Loveland, Colorado
Lodging Tax
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Taxes	\$ 840,000	\$ 840,000	\$ 867,258	\$ 27,258
Investment Earnings	5,527	5,527	3,086	(2,441)
Miscellaneous	37,680	37,680	87,547	49,867
Total Revenues:	883,207	883,207	957,891	74,684
Expenditures:				
Economic Development	915,523	1,070,523	946,177	124,346
Capital Outlay	-	-	25,260	(25,260)
Total Expenditures	915,523	1,070,523	971,437	99,086
Transfers (Out)	(25,000)	(75,000)	(25,000)	50,000
Total Other Financing Sources (Uses)	(25,000)	(75,000)	(25,000)	50,000
Net Change in Fund Balance	(57,316)	(262,316)	(38,546)	223,770
Fund Balance--Beginning	838,368	838,368	838,368	-
Fund Balance--Ending	\$ 781,052	\$ 576,052	\$ 799,822	\$ 223,770

City of Loveland, Colorado
Peg Fee
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Taxes	\$ 71,000	\$ 71,000	\$ 75,689	\$ 4,689
Investment Earnings	2,483	2,483	2,796	313
Total Revenues:	73,483	73,483	78,485	5,002
Expenditures:				
Current:				
Information Technology	-	100,000	93,653	6,347
Library	100,000	-	-	-
Capital Outlay:				
Capital Outlay	90,000	107,000	-	107,000
Total Expenditures	190,000	207,000	93,653	113,347
Net Change in Fund Balance	(116,517)	(133,517)	(15,168)	118,349
Fund Balance--Beginning	423,758	423,758	423,758	-
Fund Balance--Ending	\$ 307,241	\$ 290,241	\$ 408,590	\$ 118,349

See accompanying independent auditors' report.

City of Loveland, Colorado
Fiber Network
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Taxes	\$ 300,000	\$ 300,000	\$ 130,868	\$ (169,132)
Investment Earnings	-	-	1,401	1,401
Total Revenues:	300,000	300,000	132,269	(167,731)
Expenditures:				
Information Technology	-	86,515	29,580	56,935
Total Expenditures	-	86,515	29,580	56,935
Net Change in Fund Balance	300,000	213,485	102,689	(224,666)
Fund Balance--Beginning	317,513	317,513	317,513	317,513
Fund Balance--Ending	\$ 617,513	\$ 530,998	\$ 420,202	\$ 92,847

City of Loveland, Colorado
Perpetual Care
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Charges for Services	\$ 61,700	\$ 61,700	\$ 83,300	\$ 21,600
Investment Earnings	40,970	40,970	12,673	(28,297)
Total Revenues	102,670	102,670	95,973	(6,697)
Expenditures:				
	-	-	39,880	(39,880)
Net Change in Fund Balance	102,670	102,670	56,093	(46,577)
Fund Balance--Beginning	2,758,828	2,758,828	2,758,828	-
Fund Balance--Ending	\$ 2,861,498	\$ 2,861,498	\$ 2,814,921	\$ (46,577)

See accompanying independent auditors' report.

Proprietary Funds

ENTERPRISE FUNDS

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

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

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

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

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

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

INTERNAL SERVICE—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.

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

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

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

City of Loveland, Colorado
Water
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			
	Original	Final	Actual	Budget
Revenues:				
Charges for Services	\$ 12,806,530	\$ 12,806,530	\$ 13,619,996	\$ 813,466
Cash in Lieu of Water Rights	250,000	250,000	514,329	264,329
Miscellaneous	2,117,070	2,117,070	1,304,231	(812,839)
Investment Earnings	378,500	378,500	244,392	(134,108)
System Impact/Development Fees	1,912,830	1,912,830	2,714,970	802,140
Raw Water Development Fees	291,970	291,970	839,056	547,086
Bond Proceeds	-	2,793,406	-	(2,793,406)
Capital Grant Contributions	-	2,497,575	1,206,530	(1,291,045)
Transfers In	778,870	9,965,757	(250,369)	(10,216,126)
Total Revenues	18,535,770	33,013,638	20,193,135	(12,820,503)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Asset			23,493	
Contributed Assets			2,463,847	
			<u>22,680,475</u>	
Operating Revenue			14,924,227	
Nonoperating Revenues, Contributions and Transfer In			<u>7,756,248</u>	
Statement Total			<u>22,680,475</u>	
Expenditures:				
Personal Services	4,273,154	4,273,154	4,184,142	89,012
Supplies	1,138,300	1,387,054	1,408,866	(21,812)
Purchased Services	5,721,832	5,871,012	4,142,285	1,728,727
Payment for Services	896,460	896,460	953,400	(56,940)
Transfers (Out)	922,984	9,989,289	(925,274)	10,914,563
Capital Acquisitions	5,217,428	12,643,617	10,551,202	2,092,415
Interest Expense	292,151	292,151	101,607	190,544
Windy Gap	848,980	848,980	850,479	(1,499)
Total Expenditures	\$ 19,311,289	\$ 36,201,717	21,266,707	\$ 14,935,010
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(10,551,202)	
Depreciation			3,991,812	
Loss on Sale of Capital Asset			57,263	
			<u>14,764,580</u>	
Operating Expenses			14,680,505	
Nonoperating Expenses and Transfers Out			<u>84,075</u>	
Statement Total			<u>\$ 14,764,580</u>	

See accompanying independent auditors' report.

City of Loveland, Colorado
Waste Water
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Charges for Services	\$ 10,500,940	\$ 10,500,940	\$ 10,632,911	\$ 131,971
System Impact/Development Fees	1,386,350	1,386,350	1,737,484	351,134
Investment Earnings	212,170	212,170	81,801	(130,369)
Capital Grant Contributions	500,000	1,323,288	728,505	(594,783)
Miscellaneous	96,990	126,990	109,735	(17,255)
Insurance Recoveries	-	-	69,563	69,563
Transfers In	12,630	130,440	2,550	(127,890)
Total Revenues	12,709,080	13,680,178	13,362,549	(317,629)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Assets			11,608	
Contributed Assets			1,285,249	
			<u>14,659,406</u>	
Operating Revenue			10,742,646	
Nonoperating Revenues and Transfers In			<u>3,916,760</u>	
Statement Total			<u>14,659,406</u>	
Expenditures:				
Personal Services	3,265,336	3,265,336	3,138,195	127,141
Supplies	565,234	678,219	623,943	54,276
Purchased Services	3,251,643	3,049,842	2,488,294	561,548
Payment for Services	735,070	735,070	743,957	(8,887)
Interest Expense	352,750	352,750	-	352,750
Transfers (Out)	107,410	282,017	16,441	265,576
Capital Acquisitions	29,231,512	30,851,576	4,535,258	26,316,318
Total Expenditures	\$ 37,508,955	\$ 39,214,810	11,546,088	\$ 27,668,722
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(4,535,258)	
Depreciation			2,089,950	
Loss on Sale of Capital Asset			5,767	
			<u>9,106,547</u>	
Operating Expenses			9,084,339	
Nonoperating Expenses and Transfers Out			<u>22,208</u>	
Statement Total			<u>\$ 9,106,547</u>	

See accompanying independent auditors' report.

City of Loveland, Colorado
Stormwater
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Charges for Services	\$ 5,433,420	\$ 5,433,420	\$ 5,723,153	\$ 289,733
Intergovernmental	-	249,700	119,542	(130,158)
System Impact/Development Fees	277,350	277,350	424,146	146,796
Investment Earnings	75,380	75,380	62,535	(12,845)
Miscellaneous	30,000	30,000	62,773	32,773
Transfers In	5,000	3,735	612	(3,123)
Total Revenues	5,821,150	6,069,585	6,392,761	323,176
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Capital Assets			91,890	
Contributed Assets			1,705,688	
			<u>8,190,339</u>	
Operating Revenues			5,785,926	
Nonoperating Revenues and Transfers In			<u>2,404,413</u>	
Statement Total			<u>8,190,339</u>	
Expenditures:				
Personal Services	1,403,605	1,406,445	1,413,514	(7,069)
Supplies	78,261	77,211	62,216	14,995
Purchased Services	2,319,448	2,581,208	1,094,635	1,486,573
Payment for Services	380,340	380,340	400,621	(20,281)
Transfers (Out)	825,000	1,439,616	211,010	1,228,606
Interest Expense	-	-	8,288	(8,288)
Capital Acquisitions	2,822,000	3,417,458	1,624,563	1,792,895
Total Expenditures	\$ 7,828,654	\$ 9,302,278	4,814,847	\$ 4,487,431
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(1,624,563)	
Depreciation			1,220,045	
Loss on Sale of Capital Asset			234,998	
			<u>4,645,327</u>	
Operating Expenses			4,191,031	
Nonoperating Expenses and Transfers Out			<u>454,296</u>	
Statement Total			<u>\$ 4,645,327</u>	

See accompanying independent auditors' report.

City of Loveland, Colorado
Power
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Charges for Services	\$ 58,665,860	\$ 58,665,860	\$ 58,740,724	\$ 74,864
Investment Earnings	302,530	302,530	124,002	(178,528)
Miscellaneous	1,192,220	1,192,220	1,329,709	137,489
System Impact/Development Fees	2,741,830	2,741,830	2,938,398	196,568
Capital Grant Contributions	-	7,934,516	4,707,566	(3,226,950)
Transfers In	830,040	916,650	2,050	(914,600)
Aid to Construction	1,790,000	1,790,000	505,258	(1,284,742)
Total Revenues	65,522,480	73,543,606	68,347,707	(5,195,899)

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

Gain on Sale of Capital Assets
Contributed Assets

32,143
1,004,829

69,384,679

Operating Revenues
Nonoperating Revenues and Transfers In
Statement Total

60,070,433
9,314,246
69,384,679

Expenditures:

Personal Services	3,876,097	3,876,097	3,428,300	447,797
Supplies	525,900	658,034	432,399	225,635
Purchased Services	7,110,190	10,816,140	4,798,188	6,017,952
Purchased Power	42,673,764	42,673,764	41,600,100	1,073,664
Payment for Services	4,120,990	4,120,990	4,068,499	52,491
Transfers (Out)	210,611	222,142	144,161	77,981
Capital Acquisitions	13,877,030	26,450,358	19,743,431	6,706,927
Total Expenditures	\$ 72,394,582	\$ 88,817,525	74,215,078	\$ 14,602,447

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

Capital Acquisitions
Depreciation
Loss on Sale of Capital Asset

(19,743,431)
3,837,176
78,915

58,387,738

Operating Expenses
Nonoperating Expenses and Transfers Out
Statement Total

58,164,662
223,076
\$ 58,387,738

See accompanying independent auditors' report.

City of Loveland, Colorado
Refuse
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			<u>Difference with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 6,433,160	\$ 6,433,160	\$ 6,821,535	\$ 388,375
Intergovernmental	-	-	226	226
Investment Earnings	103,492	103,492	18,236	(85,256)
Miscellaneous	27,000	27,000	1,761	(25,239)
Transfers In	825,000	825,000	-	(825,000)
Total Revenues:	7,388,652	7,388,652	6,841,758	(546,894)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Capital Assets			<u>56,606</u>	
			<u>6,898,364</u>	
Operating Revenue			6,823,296	
Nonoperating Revenues			<u>75,068</u>	
Statement Total			<u>6,898,364</u>	
Expenditures:				
Personal Services	2,205,248	2,205,248	2,242,859	(37,611)
Supplies	229,770	402,092	404,003	(1,911)
Purchased Services	2,747,798	3,056,579	2,688,582	367,997
Payment for Services	429,990	429,990	451,469	(21,479)
Transfers (Out)	-	821	-	821
Capital Acquisitions	1,773,000	2,828,897	237,985	2,590,912
Total Expenditures	\$ 7,385,806	\$ 8,923,627	6,024,898	\$ 2,898,729
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(237,985)	
Depreciation			<u>723,413</u>	
			<u>6,510,326</u>	
Operating Expenses			<u>6,510,326</u>	
Statement Total			<u>\$ 6,510,326</u>	

See accompanying independent auditors' report.

City of Loveland, Colorado
Golf
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Charges for Services	\$ 3,928,825	\$ 3,928,825	\$ 3,794,364	\$ (134,461)
Intergovernmental	-	-	91,767	91,767
Investment Earnings	48,930	48,930	15,285	(33,645)
Miscellaneous	-	-	40,776	40,776
Total Revenues	3,977,755	3,977,755	3,942,192	(35,563)

Reconciliation to Statement of Revenues, Expenses and
Changes in Fund Net Position:
Gain (Loss) on Sale of Capital Assets
Contributed Assets

26,433

25,808

3,994,433

Operating Revenues
Nonoperating Revenues

3,835,140

159,293

Statement Total

3,994,433

Expenditures:

Personal Services	2,022,757	2,025,957	1,986,531	39,426
Supplies	665,990	1,203,485	1,070,554	132,931
Purchased Services	561,110	761,901	752,273	9,628
Payment for Services	107,000	107,000	113,785	(6,785)
Transfers (Out)	-	1,603	-	1,603
Capital Acquisitions	793,390	716,505	225,209	491,296

Total Expenditures

\$ 4,150,247 \$ 4,816,451

4,148,352 \$ 668,099

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

(225,209)

661,509

4,584,652

Operating Expenses

4,584,652

Statement Total

\$ 4,584,652

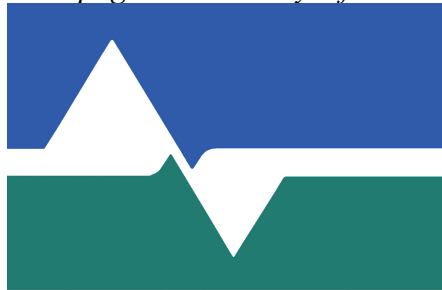
See accompanying independent auditors' report.

City of Loveland, Colorado
Internal Service
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Charges for Services	\$ 19,027,929	\$ 18,838,088	\$ 19,816,223	\$ 978,135
Intergovernmental	-	-	27	27
Investment Earnings	128,803	128,803	67,630	(61,173)
Transfers In	5,399,434	6,417,018	5,315,919	(1,101,099)
Miscellaneous	-	92,000	183,620	91,620
Total Revenues	24,556,166	25,475,909	25,383,419	(92,490)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Capital Assets			85,444	
			<u>25,468,863</u>	
Operating Revenues			19,999,843	
Nonoperating Revenues and Transfers In			<u>5,469,020</u>	
Statement Total			<u>25,468,863</u>	
Expenditures:				
Fleet Management	4,267,636	4,292,303	3,743,734	548,569
Risk & Insurance	3,238,210	3,003,300	2,074,073	929,227
Employee Benefits	14,435,830	14,533,630	13,619,272	914,358
Capital Acquisitions	984,000	1,897,377	1,104,546	792,831
Transfers (Out)	-	200,942	200,942	-
Total Expenditures	\$ 22,925,676	\$ 23,927,552	20,742,567	\$ 3,184,985
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(1,104,546)	
Loss on Sale of Capital Asset			34,601	
Depreciation			<u>1,252,220</u>	
			<u>20,924,842</u>	
Operating Expenses			20,689,299	
Nonoperating Expenses and Transfers Out			<u>235,543</u>	
Statement Total			<u>\$ 20,924,842</u>	

See accompanying independent auditors' report.

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Fiduciary Fund



LOVELAND SPECIAL IMPROVEMENT

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

City of Loveland, Colorado
Special Improvement District #1 (SID)
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budgeted Amounts			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Special Assessments	\$ 677,500	\$ 677,500	\$ 536,279	\$ (141,221)
Interest	3,465	3,465	6,355	2,890
Total Revenues	680,965	680,965	542,634	(138,331)
Expenditures:				
Current:				
General Administration	10,000	10,000	8,875	1,125
Debt Service:				
Bond Principal	700,000	649,000	270,000	379,000
Bond Issue Expense	-	51,000	50,975	-
Bond Interest	350,650	350,650	180,500	170,150
Total Expenditures	1,060,650	1,060,650	510,350	550,275
Net Change in Fund Balance	(379,685)	(379,685)	32,284	411,944
Fund Balance--Beginning	383,721	383,721	383,721	-
Fund Balance--Ending	\$ 4,036	\$ 4,036	\$ 416,005	\$ 411,944
Reconciliation to Statement of Changes in Assets and Liabilities				
Accounts Payable			1,594	
Balance, December 31, 2016			\$ 417,599	

See accompanying independent auditors' report.

City of Loveland, Colorado

Combining Statement of Assets and Liabilities Agency Funds December 31, 2016

	Special Improvement District No. 1				
	Debt Service Reserve	Bond Fund Principal Account	Bond Fund Interest Account	Bond Administrative Expense Account	Total
ASSETS					
Investments, at Fair Value:					
Equity in Pooled Cash and Cash Equivalents	\$ 51,631	\$ 13,874	\$ -	\$ -	65,505
Equity in Pooled Investments	277,124	73,278	-	-	350,402
Accounts Receivable	-	753	-	-	753
Accrued Interest	-	940	-	-	940
Total Assets	\$ 328,755	\$ 88,845	\$ -	\$ -	417,600
LIABILITIES					
Accounts Payable	-	1,594	-	-	1,594
Due to Improvement District	\$ 328,755	\$ 87,251	\$ -	\$ -	416,006
Total Liabilities	\$ 328,755	\$ 88,845	\$ -	\$ -	417,600

CITY OF LOVELAND, COLORADO Combining Statement of Changes in Assets and Liabilities Agency Funds For the Year Ended December 31, 2016

	Special Improvement District No. 1				
	Debt Service Reserve	Bond Fund Principal Account	Bond Fund Interest Account	Bond Administrative Expense Account	Total
Balance, December 31, 2015	\$ 326,250	\$ 62,479	\$ -	\$ -	388,729
Additions	2,505	88,845	-	-	91,350
Reductions	-	62,479	-	-	62,479
Balance, December 31, 2015	\$ 328,755	\$ 88,845	\$ -	\$ -	417,600

See accompanying independent auditors' report.

Statistical



This section contains comprehensive statistical data for the City. It is intended to provide a broader and more complete understanding of the City and its financial affairs than is provided by the Basic Financial Statements.

City of Loveland, Colorado
Statistical Section Descriptions

Financial Trends.....	94
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.....	104
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.....	107
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.....	111
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.....	112
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)

	2007	2008	2009	2010	2011
Governmental Activities					
Net Investment in Capital Assets	\$ 264,194,500	\$ 276,458,674	\$ 282,094,308	\$ 296,245,854	\$ 302,978,097
Restricted	58,337,200	56,031,418	55,213,777	60,868,797	27,593,075
Unrestricted	38,579,600	41,070,899	46,692,418	35,752,393	74,582,278
Total Governmental Activities Net Position	361,111,300	373,560,991	384,000,503	392,867,044	405,153,450
Business-Type Activities					
Net Investment in Capital Assets	321,391,300	335,841,057	358,157,819	358,776,050	366,796,045
Future Capital Improvements	15,006,600	15,159,481	15,682,636	44,558,594	42,606,195
Unrestricted	60,985,600	61,249,727	62,842,795	39,341,161	43,221,835
Total Business-Type Activities Net Position	397,383,500	412,250,265	436,683,250	442,675,805	452,624,075
Primary government					
Net Investment In Capital Assets	585,585,800	612,299,731	640,252,127	655,021,904	669,774,142
Restricted	73,343,800	71,190,899	70,896,413	105,427,391	70,199,270
Unrestricted	99,565,200	102,320,626	109,535,213	75,093,554	117,804,113
Total Primary Government Net Position	\$ 758,494,800	\$ 785,811,256	\$ 820,683,753	\$ 835,542,849	\$ 857,777,525

Source: City of Loveland Financial Statements

2012	2013	2014	2015	2016
\$ 301,942,160	\$ 301,651,481	\$ 327,486,198	\$ 334,471,486	\$ 349,269,785
29,777,379	27,990,603	25,425,762	23,991,063	19,889,376
83,391,502	95,320,222	88,271,751	89,140,975	109,138,773
415,111,041	424,962,306	441,183,711	447,603,524	478,297,934
372,589,209	380,761,746	398,830,123	412,250,813	439,794,339
44,869,255	41,854,010	43,987,341	38,346,067	38,620,559
44,177,060	44,941,194	39,181,529	50,999,539	50,990,044
461,635,524	467,556,950	481,998,993	501,596,419	529,404,942
674,531,369	682,413,227	726,316,321	746,722,299	789,064,124
74,646,634	69,844,613	69,413,103	62,337,130	58,509,935
127,568,562	140,261,416	127,453,280	140,140,514	160,128,817
\$ 876,746,565	\$ 892,519,256	\$ 923,182,704	\$ 949,199,943	\$ 1,007,702,876

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

	2007	2008	2009	2010
Expenses				
Governmental Activities:				
Legislative	\$ 99,000	\$ 113,537	\$ 92,527	\$ 106,423
Executive	2,284,400	1,948,507	1,871,876	1,623,339
Finance	839,900	1,591,776	1,741,878	1,693,044
Human Resources	-	1,046,753	1,073,291	865,084
Information Technology	-	3,201,663	3,201,358	3,028,545
Economic Development	593,600	1,272,255	671,547	742,248
Development Services	2,538,434	5,290,511	3,080,478	6,451,593
Public Works	15,059,452	15,493,187	17,574,001	16,253,368
Police	16,839,837	15,145,956	15,914,451	16,233,097
Fire and Rescue	9,300,382	7,954,029	8,320,414	8,070,024
Parks & Recreation	8,371,695	9,043,682	9,528,681	8,698,322
Library	2,690,400	2,131,686	2,233,356	2,316,785
Cultural Services	1,484,200	1,432,485	1,679,305	1,264,556
General Government	6,139,000	12,500,638	10,136,397	12,366,477
Interest on Long-Term Debt	12,200	4,747	2,466	718
Total Governmental Activities Expenses	66,252,500	78,171,412	77,122,026	79,713,623
Business-Type Activities:				
Water	9,566,500	9,656,258	10,986,538	10,977,567
Wastewater	5,794,300	6,034,852	6,852,037	7,178,264
Stormwater	2,598,400	2,609,464	3,549,583	3,437,189
Power	34,413,500	36,168,706	38,632,522	42,895,642
Solid Waste	4,406,400	4,538,956	5,663,917	4,520,127
Golf	3,783,300	4,102,640	3,747,162	3,451,922
Total Business-Type Activities Expenses	60,562,400	63,110,876	69,431,759	72,460,711
Total Primary Government Expenses	126,814,900	141,282,288	146,553,785	152,174,334
Program Revenues				
Governmental Activities:				
Charges for services:				
Executive	1,070,100	1,040,213	1,021,440	1,021,714
Finance	172,200	275,346	219,229	309,737
Human Resources	-	-	-	-
Economic Development	-	-	-	-
Development Services	2,787,900	1,355,811	983,228	1,394,530
Public Works	1,680,200	1,941,296	2,212,688	2,011,339
Police	432,200	442,885	590,046	908,643
Fire	1,111,000	1,313,175	1,246,198	1,085,517
Parks & Recreation	2,998,800	3,107,864	3,074,121	3,091,808
Library	106,300	8,525	91,213	106,942
Cultural Services	229,100	207,425	217,598	179,942
General Government	159,800	2,669,119	4,438,733	4,008,670
Operating grants and contributions	4,204,800	4,034,695	4,060,830	5,179,313
Capital grants and contributions	40,985,400	13,260,348	11,212,573	9,341,231
Total Governmental Activities Revenues	\$ 55,937,800	\$ 29,656,702	\$ 29,367,897	\$ 28,639,386

Source: City of Loveland Financial Statements.

	2011	2012	2013	2014	2015	2016
\$	101,073	\$ 97,103	\$ 118,263	\$ 162,625	\$ 157,812	\$ 151,146
	1,839,315	2,298,957	2,040,641	1,944,875	2,134,424	2,199,258
	2,156,021	3,685,096	1,495,077	1,736,626	1,731,226	1,846,402
	750,448	929,651	312,209	156,840	249,177	358,285
	3,251,193	3,101,836	2,951,995	656,388	925,018	983,766
	1,235,598	1,764,192	2,509,865	3,922,742	5,416,693	4,046,522
	6,397,469	5,656,043	6,120,833	7,085,388	7,303,464	7,391,751
	17,425,656	18,940,024	19,132,121	29,259,394	19,659,340	22,454,121
	16,817,500	16,806,697	17,753,905	19,092,543	20,122,411	21,508,676
	8,075,617	10,481,974	10,110,872	11,267,310	13,127,952	13,968,518
	9,572,289	10,206,841	12,989,173	13,139,972	13,433,473	14,149,386
	2,625,348	2,701,016	3,267,977	3,465,978	3,513,276	3,598,465
	1,464,118	1,845,305	3,083,926	2,269,629	2,375,343	2,522,341
	14,777,304	18,234,265	20,233,243	21,610,982	24,936,240	24,003,139
	-	-	-	-	-	-
	86,488,949	96,749,000	102,120,100	115,771,292	115,085,849	119,181,776
	10,194,426	10,506,013	13,219,134	14,417,893	14,993,052	15,666,363
	6,931,011	7,142,390	8,514,371	8,152,372	9,004,724	9,078,498
	3,550,936	3,315,186	3,837,057	4,142,323	4,218,805	4,342,427
	45,197,483	47,438,660	53,828,287	56,745,572	56,935,935	58,211,434
	4,881,326	5,143,011	5,768,080	5,772,448	5,956,930	6,453,721
	3,248,099	3,262,626	3,466,487	3,649,645	3,757,673	4,558,219
	74,003,281	76,807,886	88,633,416	92,880,253	94,867,119	98,310,662
	160,492,230	173,556,886	190,753,516	208,651,545	209,952,968	217,492,438
	897,804	936,190	874,554	960,705	1,093,954	944,041
	256,669	171,616	194,586	220,807	213,550	206,081
	-	23	-	26	-	-
	-	35,872	56,049	75,718	80,205	94,072
	1,247,933	1,662,823	1,648,640	2,405,098	2,742,511	3,058,494
	2,223,491	2,128,714	3,156,866	3,317,741	5,272,211	5,803,971
	1,114,811	906,400	1,126,139	1,249,248	1,124,858	1,263,912
	1,316,110	286,551	318,997	416,909	365,378	582,014
	3,615,168	4,039,590	5,705,461	5,273,998	4,326,854	5,131,937
	95,470	98,541	85,239	90,717	93,226	92,278
	166,584	279,291	290,673	366,835	366,894	418,057
	4,452,074	5,537,447	5,738,504	5,938,830	6,430,198	7,054,713
	5,487,692	14,626,447	15,501,176	15,144,081	18,170,851	18,282,481
	10,272,856	9,175,469	11,321,276	24,080,916	12,390,432	21,755,995
\$	31,146,662	\$ 39,884,974	\$ 46,018,160	\$ 59,541,629	\$ 52,671,122	\$ 64,688,046

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

	2007	2008	2009	2010
Business-Type Activities:				
Charges for services:				
Water	\$ 8,384,800	\$ 8,097,375	\$ 7,040,217	\$ 7,662,143
Wastewater	7,050,000	7,070,924	6,994,755	7,012,971
Stormwater	3,866,600	3,849,823	3,875,594	3,966,869
Power	38,289,000	40,137,412	40,575,277	43,883,091
Refuse	4,935,700	5,418,346	5,597,397	5,769,092
Golf	3,915,900	3,799,501	3,525,805	3,538,047
Capital grants and contributions	9,186,500	9,276,995	5,848,727	8,017,959
Operating grants and contributions	-	-	-	-
Total Business-Type Activities Revenues	75,628,500	77,650,376	73,457,772	79,850,172
Total Primary Government Revenues	131,566,300	107,307,078	102,825,669	108,489,558
Net (Expense)/Revenue				
Governmental Activities	(10,314,700)	(48,514,710)	(47,754,129)	(51,074,237)
Business-Type Activities	15,066,100	14,539,500	4,026,013	7,389,461
Total Primary Government Net (Expense)/Revenue	4,751,400	(33,975,210)	(43,728,116)	(43,684,776)
General Revenues & Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	11,109,900	16,451,140	17,660,441	18,873,614
Sales and Use Taxes	36,253,400	34,409,083	32,365,675	35,404,740
Franchise Taxes	1,594,100	1,994,561	1,630,518	1,620,420
Other Taxes	1,027,400	1,206,470	1,070,207	934,515
Investment Earnings	7,360,900	5,048,661	2,967,278	967,636
Gain on Sale of Assets	89,400	7,332	885	15,113
Transfers	3,556,500	3,655,019	2,498,637	2,124,740
Total Governmental Activities	60,991,600	62,772,266	58,193,641	59,940,778
Business-Type Activities:				
Investment Earnings	5,248,900	3,982,173	2,117,833	727,834
Gain on Sale of Assets	-	-	-	-
Transfers	(3,556,500)	(3,655,019)	(2,498,637)	(2,124,740)
Total Business-Type Activities	1,692,400	327,154	(380,804)	(1,396,906)
Total Primary Government	62,684,000	63,099,420	57,812,837	58,543,872
Change in Net Position				
Governmental Activities	50,676,900	14,257,556	10,439,512	8,866,541
Business-Type Activities	16,758,500	14,866,654	3,645,209	5,992,555
Total Primary Government	\$ 67,435,400	\$ 29,124,210	\$ 14,084,721	\$ 14,859,096

Source: City of Loveland Financial Statements

	2011	2012	2013	2014	2015	2016
\$	12,899,039	\$ 10,119,971	\$ 10,100,125	\$ 11,637,020	\$ 13,252,667	\$ 15,298,606
	7,066,254	7,259,071	8,122,896	8,658,044	9,523,580	10,812,210
	3,989,547	4,032,801	4,124,910	4,539,285	5,113,905	5,785,926
	47,374,715	50,842,440	54,541,360	56,131,728	57,513,426	60,070,431
	5,903,327	6,003,233	6,040,794	6,242,999	6,506,747	6,823,296
	3,455,165	3,729,636	3,256,450	3,497,796	3,734,006	3,796,133
	7,050,956	6,785,850	11,615,334	17,332,613	16,712,187	22,466,304
	-	-	-	89,863	288,683	211,522
	87,739,003	88,773,002	97,801,869	108,129,348	112,645,201	125,264,428
	118,885,665	128,657,976	143,820,029	167,670,977	165,316,323	189,952,474
	(55,342,289)	(56,551,023)	(56,101,937)	(56,229,663)	(62,414,727)	(54,493,730)
	13,735,722	11,965,114	9,168,451	15,245,903	17,778,082	26,953,767
	(41,606,567)	(44,585,909)	(46,933,486)	(40,983,760)	(44,636,645)	(27,539,963)
	18,829,989	18,727,569	18,708,893	18,706,275	18,546,909	20,904,830
	36,535,125	39,849,259	42,342,445	46,954,355	48,751,148	50,527,501
	1,626,216	1,728,289	1,772,839	1,886,816	1,864,925	1,800,051
	991,556	998,390	1,175,053	1,390,290	1,415,285	1,210,092
	2,561,535	1,124,663	(941,945)	1,917,038	1,265,529	589,669
	691,883	23,083	208,383	298,520	569,139	170,947
	6,392,390	4,057,361	2,687,534	1,297,774	(824,365)	(308,505)
	67,628,694	66,508,614	65,953,202	72,451,068	71,588,570	74,894,585
	2,238,345	958,828	(581,995)	1,500,081	994,979	546,251
	366,591	144,865	22,504	(1,006,167)	-	-
	(6,392,390)	(4,057,361)	(2,687,534)	(1,297,774)	824,365	308,505
	(3,787,454)	(2,953,668)	(3,247,025)	(803,860)	1,819,344	854,756
	63,841,240	63,554,946	62,706,177	71,647,208	73,407,914	75,749,341
	12,286,405	9,957,591	9,851,265	16,221,405	9,173,843	20,400,855
	9,948,268	9,011,446	5,921,426	14,442,043	19,597,426	27,808,523
\$	22,234,673	\$ 18,969,037	\$ 15,772,691	\$ 30,663,448	\$ 28,771,269	\$ 48,209,378

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

	2007	2008	2009	2010
General Fund				
Reserved	\$ 12,708,400	\$ 12,242,683	\$ 9,513,491	\$ N/A
Unreserved	12,150,700	10,591,528	12,781,122	N/A
Nonspendable	N/A	N/A	N/A	193,375
Restricted	N/A	N/A	N/A	7,264,376
Committed	N/A	N/A	N/A	5,590,537
Assigned	N/A	N/A	N/A	5,619,476
Unassigned	N/A	N/A	N/A	5,215,076
Total General Fund	\$24,859,100	\$22,834,211	\$22,294,613	\$23,882,840
All Other Governmental Funds				
Reserved	2,346,800	4,850,000	4,850,000	N/A
Unreserved, Reported in:				
Special Revenue Funds	60,825,700	62,596,439	62,881,959	N/A
Permanent Fund	2,002,743	2,176,495	2,303,074	N/A
Capital Projects Funds	433,400	759,315	1,106,285	N/A
Nonspendable				
Capital Expansion Fees	N/A	N/A	N/A	4,850,000
Other Governmental Funds	N/A	N/A	N/A	785,267
Restricted				
Loveland Urban Renewal Authority	N/A	N/A	N/A	185,066
Loveland Fire Authority	N/A	N/A	N/A	-
Capital Expansion Fees	N/A	N/A	N/A	35,910,797
Capital Projects	N/A	N/A	N/A	497,409
Other Governmental Funds	N/A	N/A	N/A	16,225,882
Committed				
Capital Expansion Fees	N/A	N/A	N/A	N/A
Other Governmental Funds	N/A	N/A	N/A	3,065,973
Assigned				
Capital Projects	N/A	N/A	N/A	611,898
Other Governmental Funds	N/A	N/A	N/A	1,630,126
Total All Other Governmental Funds	65,608,643	70,382,249	71,141,318	63,762,418
Total Governmental Funds	\$90,467,743	\$93,216,460	\$93,435,931	\$87,645,258

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

Source: City of Loveland Financial Statements

2011	2012	2013	2014	2015	2016
\$ N/A	\$ N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
329,125	321,720	16,701	199,045	55,603	51,685
1,809,815	1,861,860	1,851,741	2,439,462	2,317,041	2,906,882
8,197,419	13,272,193	11,941,797	18,219,015	24,784,252	19,097,578
1,894,325	1,065,056	1,412,714	1,344,179	1,385,845	1,155,031
14,532,228	16,560,028	25,621,810	22,996,438	17,902,106	21,741,419
\$26,762,912	\$ 33,080,857	\$ 40,844,763	\$ 45,198,139	\$ 46,444,847	\$ 44,952,595
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
4,850,000	4,850,000	4,485,000	2,130,012	-	-
817,067	850,368	900,768	957,172	997,132	1,033,093
251,647	293,037	264,893	516,443	735,192	972,722
-	290,339	-	-	-	101,176
-	-	-	-	-	-
484,050	-	-	-	-	-
19,051,372	21,600,394	20,471,502	19,183,628	17,562,502	14,823,817
33,533,090	34,915,356	33,436,499	25,948,944	33,331,085	37,127,980
1,787,649	327,551	380,202	389,879	485,775	515,297
349,023	202,257	862,472	872,472	1,058,324	2,331,869
2,671,148	3,964,896	3,949,823	4,155,436	3,934,819	6,128,316
63,795,046	67,294,198	64,751,159	54,153,986	58,104,829	63,034,270
\$90,557,958	\$100,375,055	\$105,595,922	\$ 99,352,125	\$104,549,676	\$ 107,986,865

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

	2007	2008	2009	2010
Revenues				
Taxes	\$ 49,917,000	\$ 53,855,390	\$ 52,547,699	\$ 56,767,696
Licenses and Permits	2,909,600	1,538,909	1,248,207	1,631,549
Fines and Penalties	1,133,700	1,013,197	1,060,985	1,233,836
Intergovernmental	7,715,800	8,567,418	10,751,411	13,568,325
Charges for Services	11,512,800	11,463,059	11,417,323	8,096,514
Investment Earnings	6,282,100	5,048,659	2,967,280	967,636
Miscellaneous	1,280,300	908,017	1,118,202	4,556,679
Total Revenues	80,751,300	82,394,649	81,111,107	86,822,235
Expenditures:				
Current:				
Legislative	99,000	113,537	92,527	106,423
Executive	2,129,000	1,622,691	1,867,240	1,659,790
Finance	774,600	1,599,194	1,730,611	1,663,029
Human Resources	-	1,035,913	1,055,378	865,256
Information Technology	-	3,077,378	3,046,033	2,866,681
Economic Development	593,600	1,268,345	636,047	737,517
Development Services	1,971,700	2,348,626	3,057,460	3,475,109
Public Works	10,507,600	10,803,204	11,834,864	11,266,032
Public Safety	21,083,200	22,411,034	23,122,840	23,421,938
Parks & Recreation	6,677,500	7,291,343	7,239,370	6,989,404
Library	2,146,100	2,245,754	1,925,829	2,015,483
Cultural Services	1,208,000	1,393,802	1,450,988	1,133,935
Intra-City Payments	6,534,200	-	-	-
General Government	5,557,100	12,254,313	11,919,268	13,131,709
Capital Outlay	17,921,700	17,315,024	14,379,840	24,987,466
Debt Service				
Principal	147,500	50,396	52,677	37,529
Interest	12,200	4,747	2,466	718
Total Expenditures	77,363,000	84,835,301	83,413,438	94,358,019
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	3,388,300	(2,440,652)	(2,302,331)	(7,535,784)
Other Financing Sources (Uses):				
Payment To Refunded Bond Escrow Agent	(88,200)	-	-	-
Transfers In	21,071,000	20,406,478	12,328,477	18,301,735
Transfers (Out)	(17,680,600)	(15,217,489)	(9,806,675)	(16,556,624)
Insurance Recoveries	-	-	-	-
Total Other Financing Sources (Uses)	3,302,200	5,188,989	2,521,802	1,745,111
Net Change in Fund Balance	\$ 6,690,500	\$ 2,748,337	\$ 219,471	\$ (5,790,673)
Debt services as a percentage of noncapital expenditures	0.3 %	0.1 %	0.1 %	0.1 %

Source: City of Loveland Financial Statements

2011	2012	2013	2014	2015	2016
\$ 57,814,739	\$ 61,102,185	\$ 63,791,665	\$ 68,523,097	\$ 70,117,336	\$ 74,220,077
1,655,825	2,013,353	1,951,145	3,073,136	3,076,189	3,310,912
936,370	956,357	871,879	966,619	1,123,670	929,370
11,178,476	19,529,719	18,535,292	21,238,565	22,760,809	24,233,341
9,456,140	10,443,932	11,413,048	12,175,143	15,535,481	16,607,925
2,561,535	1,124,663	(941,945)	1,917,038	1,265,530	589,670
7,692,470	7,341,636	7,795,011	7,635,519	8,219,150	9,494,166
91,295,555	102,511,845	103,416,095	115,529,117	122,098,165	129,385,461
101,073	97,103	118,263	162,625	157,812	151,146
1,824,254	2,239,590	2,042,214	1,962,771	2,122,554	2,211,243
2,125,071	3,720,738	1,451,102	1,717,652	1,683,036	1,819,888
743,473	896,637	184,742	277,384	240,311	355,772
3,090,394	2,954,763	2,759,834	433,181	639,513	689,898
1,242,394	1,770,653	2,502,288	3,910,697	5,413,443	3,387,769
3,504,061	2,757,554	3,245,205	4,197,908	4,516,499	4,412,253
12,370,062	13,436,297	12,902,846	13,604,425	13,202,521	15,141,677
24,321,443	26,377,803	26,924,616	29,145,238	31,531,587	34,010,680
7,711,710	8,096,184	11,061,496	11,388,857	11,181,335	11,121,873
2,324,888	2,467,633	2,807,092	3,045,902	3,165,964	3,271,662
1,359,067	1,511,896	1,911,961	2,012,556	2,086,915	2,230,327
-	-	-	-	-	-
11,765,073	18,697,094	19,328,502	19,635,681	21,035,844	22,972,699
22,141,774	12,018,500	15,077,462	32,589,133	18,489,108	21,079,771
-	-	-	-	-	-
-	-	-	-	-	-
94,624,737	97,042,445	102,317,623	124,084,010	115,466,442	122,856,658
(3,329,182)	5,469,400	1,098,472	(8,554,893)	6,631,723	6,528,803
-	-	-	-	-	-
17,559,666	11,408,534	14,620,366	24,435,810	14,559,142	15,877,819
(11,317,783)	(7,351,173)	(11,932,832)	(23,124,647)	(15,993,509)	(21,301,301)
-	-	-	999,933	195	-
6,241,883	4,057,361	2,687,534	2,311,096	(1,434,172)	(5,423,482)
\$ 2,912,701	\$ 9,526,761	\$ 3,786,006	\$ (6,243,797)	\$ 5,197,551	\$ 1,105,321
- %	- %	- %	- %	- %	

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

	2007	2008	2009	2010
Department Stores & General Merchandise	229,489,667	280,199,000	250,674,614	248,498,933
Restaurants & Bars	111,082,933	115,219,367	112,630,967	136,500,332
Grocery Stores & Specialty Foods	103,556,600	103,045,667	101,606,520	103,499,491
Clothing & Clothing Accessories Stores	61,892,700	66,546,433	69,338,916	70,613,908
Motor Vehicle Dealers, Auto Parts & Leasing	66,246,000	63,577,900	56,707,611	67,047,382
Building Material & Lawn & Garden Supplies	82,221,800	80,720,400	65,153,933	68,428,532
Sporting Goods, Hobby, Book & Music Stores	43,867,000	44,678,533	47,340,833	58,225,457
Utilities	49,533,267	53,359,233	49,865,134	54,049,681
Used Merchandise Stores	26,435,600	25,731,100	24,206,405	31,635,760
Broadcasting & Telecommunications	42,858,900	42,324,833	42,689,873	44,126,075
Beer, Wine & Liquor Stores	19,672,033	21,096,633	22,331,602	23,523,083
Consumer Goods & Commercial Equipment Rental	15,729,800	15,505,267	14,508,228	15,585,127
Hotels, Motels & Other Accommodations	8,844,467	10,221,433	14,420,279	21,925,230
Electronics & Appliance Stores	20,753,933	18,166,133	19,591,934	33,334,298
Health & Personal Care Stores	15,492,733	16,115,167	16,629,772	18,516,996
Furniture & Home Furnishing Stores	15,491,533	13,500,500	10,736,221	15,852,216
Electronic Shopping & Mail-Order Houses	5,491,033	4,683,433	5,423,739	13,323,547
Gasoline Stations with Convenience Stores	6,236,900	7,313,200	7,085,743	8,095,565
Office Supplies, Stationary & Gift Stores	12,888,900	12,609,200	10,952,890	12,342,646
All Other Categories	36,801,867	31,325,833	28,613,217	32,929,321
	974,587,666	1,025,939,265	970,508,431	1,078,053,580

Note: As a Home Rule City, the City of Loveland started collecting sales tax in 1999. Categorical information for the City is not available before that time. Historical data previously reported for the years 1999 through 2007, has been recalculated and corrected.

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

2011	2012	2013	2014	2015	2016
256,658,493	262,471,702	274,109,685	276,744,986	270,693,274	264,384,639
139,760,388	166,523,116	178,533,598	190,187,912	206,674,358	211,408,110
108,819,981	112,714,020	121,256,853	129,506,120	142,555,626	155,842,903
110,700,115	116,991,988	126,009,320	134,717,972	136,790,016	128,678,615
72,162,544	83,463,383	95,764,794	109,598,817	116,334,884	123,159,183
71,854,553	77,228,038	82,711,176	99,082,447	110,932,445	120,164,180
62,590,749	68,359,328	75,542,646	69,872,200	69,652,955	70,118,603
55,665,784	57,002,293	60,644,714	64,182,261	64,709,874	64,911,876
34,627,761	39,947,402	43,151,166	51,771,880	55,602,910	55,576,353
43,967,166	45,531,642	44,470,340	49,318,711	45,335,493	39,859,130
24,958,195	27,996,287	30,591,921	32,771,682	35,144,018	37,378,773
17,620,480	20,210,525	25,124,144	26,001,035	32,627,335	35,674,860
24,740,175	26,954,073	29,259,981	34,803,569	34,947,731	35,576,429
31,714,627	26,948,009	24,348,964	27,081,081	29,156,779	32,363,432
20,096,044	21,144,770	22,679,821	24,184,828	25,738,812	25,362,219
17,774,346	17,707,647	19,203,399	20,615,891	23,029,403	23,765,980
15,806,144	16,165,845	15,503,366	22,418,225	19,914,730	21,210,574
8,475,708	9,207,252	10,591,355	13,230,004	14,872,703	15,149,542
12,399,947	11,890,821	12,390,228	12,985,091	12,061,466	9,599,761
11,936,856	38,034,238	41,053,877	44,780,482	45,911,423	53,390,700
1,142,330,056	1,246,492,379	1,332,941,348	1,433,855,194	1,492,686,235	1,523,575,862

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

	State	County	City	Centerra Metro District
2007	2.90%	0.80%	3.00%	1.00%
2008	2.90%	0.80%	3.00%	1.75%
2009	2.90%	0.80%	3.00%	1.75%
2010	2.90%	0.80%	3.00%	1.75%
2011	2.90%	0.80%	3.00%	1.75%
2012	2.90%	0.60%	3.00%	1.75%
2013	2.90%	0.60%	3.00%	1.75%
2014	2.90%	0.60%	3.00%	1.75%
2015	2.90%	0.65%	3.00%	1.75%
2016	2.90%	0.65%	3.00%	1.75%

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

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

Tax Remitter by Category	Fiscal Year 2007			Fiscal Year 2016		
	Tax Liability	Rank	Percentage of Total Tax Collected	Tax Liability	Rank	Percentage of Total Tax Collected
Department Stores & General Merchandise	6,884,690	1	23.55 %	7,672,042	1	18.32 %
Restaurants & Bars	3,332,488	2	11.40 %	5,666,653	2	13.53 %
Grocery Stores & Specialty Foods	3,106,698	3	10.63 %	4,651,454	3	11.11 %
Building Material & Lawn & Garden Supplies	2,466,654	4	8.44 %	3,531,010	4	8.43 %
Motor Vehicle Dealers, Auto Parts & Leasing	1,987,380	5	6.80 %	3,251,136	5	7.76 %
Clothing & Clothing Accessories Stores	1,856,781	7	6.35 %	2,743,192	6	6.55 %
Utilities	1,485,998	6	5.08 %	1,942,702	7	4.64 %
Sporting Goods, Hobby, Book & Music Stores	1,316,010	8	4.50 %	1,754,736	8	4.19 %
Used Merchandise Stores	793,068	10	2.71 %	1,510,423	9	3.61 %
Broadcasting & Telecommunications	1,285,767	9	4.40 %	1,159,012	10	2.77 %
Total (Top Ten Principal Remitters only)	24,515,534		83.86 %	33,882,360		80.91 %
Total Sales Tax Collected	29,237,630			41,883,791		

Note: As a Home Rule City, the City of Loveland started collecting sales tax in 1999. Categorical information for the City is not available before that time. Historical data previously reported for the years 1999 through 2007, has been recalculated and corrected.

Source: City of Loveland Sales Tax

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Capital Leases	Oversizing Agreements	Revenue Bonds	Oversizing Agreements	Water Board Loan	Capital Leases			
2007	\$ 143,333	\$ 6,549,297	\$ 675,000	\$ 312,728	\$ -	\$ 276,653	\$ 7,957,011	0.35 %	\$ 120.9
2008	92,937	8,122,378	460,000	3,387	-	220,258	8,898,960	0.37 %	137.3
2009	40,260	5,936,344	235,000	3,387	-	159,686	6,374,677	0.26 %	96.9
2010	-	5,609,901	-	3,387	-	93,363	5,706,651	0.23 %	85.7
2011	-	4,991,609	-	-	-	30,237	5,021,846	0.20 %	74.3
2012	-	4,552,404	-	-	-	-	4,552,404	0.17 %	66.1
2013	53,132	4,452,404	-	-	100,000	-	4,605,536	0.15 %	63.2
2014	-	4,095,285	-	-	100,000	-	4,195,285	0.14 %	58.3
2015	-	3,727,893	-	10,678	10,206,594	-	13,945,165	0.43 %	188.9
2016	-	3,584,914	-	10,678	13,200,000	-	16,795,592	0.50 %	225.7

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The City has an interfund balances with the CDBG Fund to the General Fund for \$3,953 for borrowings to cover deficit cash balances until reimbursements are received. The City also has six interfund loans that are not included on the table above. In Governmental Activities the following loans were made:

- A loan of \$4,850,000 was made in 2007 to the General Fund from the CEF Fund for a land purchase.
- A loan of \$1,500,000 from the CEF Fund to the Loveland Urban Renewal Authority 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 Loveland Urban Renewal Authority 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 Loveland Urban Renewal Authority for land purchased for the downtown project.
- A loan of \$2,200,000 from Fleet and CEF funds to Economic Incentive fund for an incentive agreement with Evergreen Development Company (Sprouts).

In Business-Type Activities the following loans were made:

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

Source:

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

City of Loveland, Colorado**Schedule 9****Direct and Overlapping Governmental Activities Debt****As of December 31, 2016**

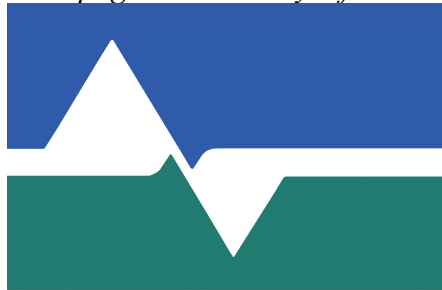
	Debt Outstanding	Percentage^a Applicable to Loveland	Loveland's Share of Debt
<u>Governmental Unit</u>			
City of Loveland - Debt Applicable to Debt Limit	-	100.0 %	-
Thompson R2-J School District	\$ 90,477,189 ^b	64.1 %	<u>\$ 57,995,878</u>
Total			<u><u>\$ 57,995,878</u></u>

Source:

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

^b Information provided by the Thompson R2-J School District as of 6/30/2016

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

	2007	2008	2009
Debt Limit	203,969,631	207,856,633	207,856,633
Total net debt applicable to limit	-	-	-
Legal debt margin	<u>\$ 203,969,631</u>	<u>\$207,856,633</u>	<u>\$207,856,633</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 2016

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

2010	2011	2012	2013	2014	2015	2016
209,435,754	204,606,142	207,323,789	212,505,288	215,026,668	252,345,735	258,781,268
-	-	-	-	-	-	-
\$ 209,435,754	\$204,606,142	\$207,323,789	\$212,505,288	\$215,026,668	\$252,345,735	\$258,781,268
0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

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	
2007	\$ 4,092,700	\$ 2,906,900	\$ 1,185,800	\$ 205,000	\$ 42,800	\$ 247,800	4.79
2008	3,946,811	3,304,381	642,430	215,000	31,422	246,422	2.61
2009	3,530,692	2,956,014	574,678	225,000	21,856	246,856	2.33
2010	3,546,108	2,615,786	930,322	235,000	10,771	245,771	3.79
2011	3,509,743	2,573,849	935,894	-	-	-	-
2012	3,792,017	2,647,869	1,144,148	-	-	-	-
2013	9,297,087	8,938,200	358,887	-	-	-	-
2014	10,667,855	10,070,110	597,745	-	3,296	3,296	181.35
2015	11,944,794	10,449,268	1,495,526	-	28,251	28,251	52.94
2016	\$13,763,155	\$10,644,392	\$ 3,118,763	-	\$315,865	\$ 315,865	9.87

Note: The final payment on the Golf bond was paid in 2010.

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

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

Fiscal Year	Population	Personal Income	County Per Capita Income ^b	Median Age	Unemployment Percentage ^a
2007	65,800	\$ 2,256,940,000	\$ 34,300	33.2	2.9
2008	64,800	2,394,748,800	36,956	35.9	3.7
2009	65,800	2,466,249,800	37,481	36.9	5.4
2010	66,572	2,487,662,496	37,368	36.9	8.2
2011	67,581	2,557,535,364	37,844	35.3	8.7
2012	68,825	2,736,963,775	39,767	38.7	7.7
2013	72,846	3,009,341,106	41,311	38.1	6.5
2014	71,985	3,085,709,010	42,866	37.7	4.8
2015	74,349	3,240,426,816	43,584	38.4	3.8
2016	74,427	\$ 3,372,882,786	\$ 45,318	39.1	3.2

Source:

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

^bLarimer County, separate City statistics not available

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

Employer	2007			2016		
	Employees	Rank	of Total City Employment	Employees	Rank	% of Total City Employment (B)
Thompson School District R2-J	2,232	1	6.81 %	2,115	1	5.14 %
Wal-Mart Distribution Center	1,225	2	3.74 %	1,250	2	3.04 %
U.S. Bank	-		- %	1,000	3	2.43 %
Agrium/Crop Production Services	-		- %	900	4	2.19 %
Hach Company	1,100	3	3.36 %	800	5	1.95 %
City of Loveland	814	6	2.49 %	772	6	1.88 %
McKee Medical Center (A)	950	4	2.90 %	577	7	1.40 %
Woodward Governor	-		- %	360	8	0.88 %
Good Samaritan Society-Loveland	-		- %	225	9	0.55 %
North Shore Health & Rehab Facility	-		- %	195	10	0.47 %
Medical Center of the Rockies	950	5	2.90 %			
Kroll Factual Data	354	8	1.08 %			
Agilent Technologies	550	7	1.68 %			
Group Publishing	324	9	0.99 %			
Big Thompson MEDical Group, P.C.	250	10	0.76 %			
Total (Top Ten Principal Employers)	8,749		26.71 %	8,194		19.93 %
Total City Employment	32,756			41,128		

Source: City of Loveland Development Services Department, Loveland Chamber of Commerce, Larimer County Workforce Center, Northern Colorado Business Report, Bizwest

^A The number for 2007 was not available, therefore, the 2006 number was used.

^B 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	2007¹	2008¹	2009^{1,2}	2010¹	2011¹	2012¹	2013¹	2014¹	2015³	2016³
Executive & Legal	15	14	14	13	14	14	18	12	12	18
City Clerk & Court Administration	-	-	-	-	-	-	-	7	7	4
Community & Business Relations	8	10	8	7	3	1	1	1	1	1
Economic Development	-	-	-	-	-	5	6	8	8	7
Finance	59	55	49	48	48	47	45	45	45	45
Development Services	26	29	30	25	26	24	24	25	28	30
Public Works	86	93	94	89	89	89	92	93	95	96
Police	134	136	136	134	134	134	136	140	144	151
Fire	69	69	68	66	66	66	73	81	83	84
Parks & Recreation	65	65	65	62	64	64	66	65	66	67
Library	29	28	28	27	30	30	31	31	32	32
Cultural Services	12	13	13	12	12	12	13	13	13	13
Human Resources	11	10	10	10	10	13	13	13	14	13
Information Technology	24	25	25	22	21	21	21	21	23	23
Golf - Parks & Recreation	19	19	19	19	14	14	13	13	13	14
Water & Power	119	119	124	115	115	115	115	121	129	132
Solid Waste - Public Works	25	26	28	28	28	28	28	28	28	28
Stormwater - Public Works	12	16	15	15	14	15	15	15	15	14
Total	713	727	726	692	688	692	710	732	756	772

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

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

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

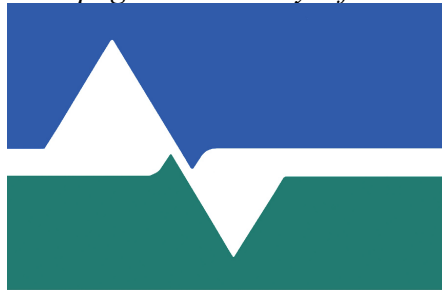
Source: City Budget Office

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

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

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

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

	2007	2008	2009	2010	2011
<u>Function/Program</u>					
General Government					
Building Permits Issued	2,118	1,663	1,542	1,795	1,854
Building Inspections Conducted	23,447	18,706	14,911	15,265	14,362
Police					
Physical Arrests (Adults)	3,127	3,419	3,121	3,135	2,767
Physical Arrests (Juveniles)	1,077	1,174	997	921	770
Parking Violations	2,627	1,825	1,212	1,527	1,511
Traffic Violations	14,075	12,669	12,219	11,027 ¹	9,897
Fire					
Emergency Responses	5,503	5,349	5,397	5,736	6,265
Fires Extinguished	106	143	104	194	110
Business Inspections	1,038	751 ²	628	260 ²	143
Refuse Collection					
Refuse Collected (tons per day)	92	95	97	96	96
Recyclables Collected (tons per day)	35	36	33	35	33
Yard Waste Collected (tons per day)	69	80	76	77	108
Other Public Works					
Street Resurfacing (miles)	19	19	25	21	17
Potholes Repaired	6,467	2,437	1,582	3,167	1,502
Parks and Recreation					
Athletic Field & Court Reservations	6,812	8,402	8,402	7,784	7,221
Chilson Center Admissions	267,538	295,475 ³	305,414	247,511 ³	386,753
Rounds of Golf	132,390	131,851	128,168	120,885	117,059
Library					
Volumes in Collection (Physical)	158,739	165,385 ⁴	161,318	154,732 ⁴	148,005 ⁶
Volumes in Collection (Digital)					
Water					
New Connections	344	225	117	121	188
Water Main Breaks	73	63	70	63	99
Average Daily Consumption (thousands of gallons)	10,449	10,582	8,951	9,892	10,145
Peak Daily Consumption (thousands of gallons)	26,900	27,300	23,900	24,800	25,000
Wastewater					
Average Daily Sewage Treatment (thousands of gallons)	6,040	5,840	6,210	6,520	6,390
Power					
Megawatt hours (purchased from PRPA)	692,795	726,135	676,931	702,481	731,522
Transit					
Total Route Miles	184,514	207,789	219,910	219,225	228,532
Passengers	115,895	136,018	155,695 ⁵	138,284	133,355

2012	2013	2014	2015	2016
2,161	1,932	2,324	2,762	2,624
19,027	18,709	22,080	31,889	28,787
2,981	2,750	2,616	2,604	2,825
776	592	597 ⁷	708 ⁷	552
1,452	1,393	1,379	1,784	1,857
9,581	9,754	10,811	10,363	7,775
6,283	6,436	7,005	7,501	7,915
107	82	58	64	136 ¹⁰
144	266	300	348	416
96	93	97	99	98
35	33	27	27	28
115	159	33 ⁸	33 ⁸	39
13	21	15	16	17
1,251	1,402	3,810	3,911	5,653
6,610	10,548	12,513	10,698	16,928
432,458	468,124	468,015	464,561	464,059
127,562	104,597	115,311	120,940	118,348
165,624 ⁹	170,853 ⁹	176,017 ⁹	149,613 ⁹	152,993
9,959 ⁹	14,093 ⁹	25,722 ⁹	421,596 ⁹	537,219
257	251	268	450	403
76	77	75	68	88
11,513	9,430	9,546	10,003	10,613
26,800	26,600	25,300	27,400	27,300
5,900	6,410	6,500	6,500	6,530
742,507	752,039	754,461	753,665	731,596
234,976	221,396	230,055	247,576	238,217
142,169	142,573	139,199	140,235	116,964

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

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

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

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

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

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

⁶ 2012 Per a change in State Library standards, "volumes" now includes print, electronic books, audio & video materials, whether purchased, leased, licensed or donated.

⁷ 2014 Juvenile arrest statistic added, with historical counts. Previously reported arrests were adults only.

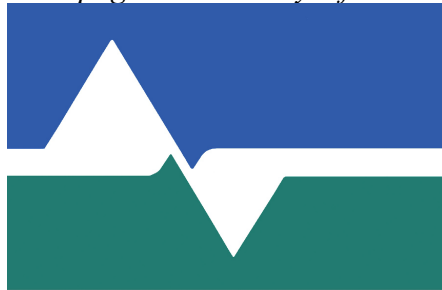
⁸ 2014 Total tons received by Recycling Center, including collections by City trucks, averaged by number of days the Recycling Center is open.

⁹ As of 2015, Library Volumes in Collection will be reported as physical vs digital. Years 2012-2014 were revised retroactively to reflect this distinction .

¹⁰ Fires Extinguished in 2015 and prior years included building, grass, and vehicle fires. Starting in 2016, Fires Extinguished includes structure, vehicle, and wildland.

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

	2007	2008	2009	2010	2011
<i>Police</i>					
Stations	1	1	1	1	1
Divisions / Units	17	17	12	12	12
<i>Fire Stations</i>					
	6	6	6	6	6
<i>Refuse Collection</i>					
Collection Trucks	16	15	27 ⁶	29 ⁶	23
<i>Other Public Works</i>					
Highways (miles)	71	24 ¹	24	24	24
Streets (miles)	251	332 ¹	328 ²	328	328
Traffic Signals	86	91	92	92	93
<i>Parks and Recreation</i>					
Acreage - Developed Park	339	388	388	388	388
Playgrounds	26	27	27	27	27
Splash Parks	1	1	2	2	2
Baseball/Softball Diamonds	26	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)	423	429	433	433	435
Fire Hydrants	2,718	2,791	2,823	2,841	2,860
Storage Capacity (thousands of gallons)	20,300	24,300	20,300	20,300	20,300
<i>Wastewater</i>					
Sanitary Sewers (miles)	330	332	333	334	334
Treatment Capacity (thousands of gallons)	10,000	10,000	10,000	10,000	10,000
<i>Power</i>					
Overhead Conductors (miles)	307	304	306	307	305
Underground Conductors (miles)	943	952	961	972	991
Streetlights	5,012	5,086	5,393	5,649	5,734
<i>Transit</i>					
Fixed Route (3)	3	3	3	4	5
Paratransit (3)	7	7	7	6	5

Note:

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

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

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

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

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

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

Source: City of Loveland Departments

	2012		2013		2014		2015		2016
	1		1		1		1		1
	12		12		12		12		12
	6		6		6		6		6
6	23	6	24	6	22	6	24	6	24
	25		25		24		24		24
	329		331		340		340		343
	94		94		94		94		94
	388		388		388		438		438
	27		27		27		28	4	28
	2		2		2		2		2
	30		30		30		30		30
	38		38		38		38		38
	1		1		1		1		1
	436		437		442		451		456
	2,870		2,899		2,961		3,017		3,103
	20,300		20,300		20,300		20,300		20,300
	334		336		341		342		348
	10,000		10,000		10,000		10,000		10,000
	304		297		299		298		297
	1,014		1,028		1,062		1,084		1,097
	5,872		5,879		6,040		6,055		6,188
	5		6		6		6		7
	5		4		4		4		2

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.

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 Contribution.

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

Assigned Fund Balance: Amounts that reflect a government's intended use of resources that has to be established at either the highest level of decision making, or by a body or an official designated for that purpose. 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.

B

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

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

C

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

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

CAFR: Comprehensive Annual Financial Report.

CDBG: Community Development Block Grant.

CEF: Capital Expansion Fee (see definition above).

CFAC: Citizens' Finance Advisory Commission.

CIRSA: Colorado Intergovernmental Risk Sharing Agency.

COLT: City of Loveland Transit

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.

CPI: Consumer Price Index.

CSafe: Colorado Surplus Asset Fund Trust

D

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.

E

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

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

F

FEMA: Federal Emergency Management Agency

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. An inventory valuation where the oldest inventory is recorded as sold first.

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.

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

GAAP: Generally Accepted Accounting Principles.

GASB: Governmental Accounting Standards Board.

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

GFOA: Government Finance Officers Association.

GID: General Improvement District.

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

H

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

HUTF: Highway User Tax Funds.

I

IBNR: Incurred But Not Reported losses.

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

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

J - L

LLBA: Loveland/Larimer Building Authority.

LURA: Loveland Urban Renewal Authority.

M

MD&A: Management Discussion and Analysis.

MFA: An abbreviation for Master Financing Agreement.

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

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

N

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

OPEB: Other Post-Employment Benefits.

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.

PDPA: Public Deposit Protection Act

Per capita: An average per person.

PERS: Public Employee Retirement System.

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

PIF: Plant Investment Fee. (See definition below.)

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

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

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

PRPA: Platte River Power Authority.

Q - R

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

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.

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

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

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.

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): 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.

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.

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

V - Z

Windy Gap 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.

Compliance



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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Loveland, Colorado (the City), as of and for the year ended December 31, 2016, 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 19, 2017.

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 19, 2017



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

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

Report On Compliance For Each Major Federal Program

We have audited the City of Loveland, Colorado's (the City) compliance with the types of compliance requirements described in the Office of Management and Budget's (OMB) *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2016. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion On Each Major Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2016.

Report On Internal Control Over Compliance

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

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

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

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

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

RubinBrown LLP

May 19, 2017

CITY OF LOVELAND, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended December 31, 2016

Program Description	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures To Subrecipients
U.S. Department Of Health And Human Services				
Passed through National Recreation and Park Association Building Capacity of the Public Health System to Improve Population Health through National, Non-Profit Organizations - financed in part by Prevention and Public Health Funds (PPHF)	93.524	NACDD WWE 091316-04	\$ 89	\$ —
U.S. Department Of Housing And Urban Development				
Passed through Colorado Department of Local Affairs Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	14.269	CDBG-DR P15-059	265,497	—
Direct:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	296,618	226,166
Total U.S. Department Of Housing And Urban Development			562,115	226,166
U.S. Department Of Transportation				
Direct:				
Payments for Small Community Air Service Development	20.930	N/A	25,580	—
Airport Improvement Program	20.106	N/A	760,000	—
Passed through Colorado Department of Transportation:				
		SHO M830-063 (19061), STU M830-068 (19887), STM M830-066 (19745), AQC M830-079, SAR N830- 081 (2012), 411001632, ER M830-084 20540, & ER M830-085 20541		
Highway Planning & Construction	20.205		1,559,362	—
Total U.S. Department Of Transportation			2,344,942	—
U.S. Department Of Justice				
Passed through Colorado Division of Criminal Justice Public Safety Partnership and Community Policing Grants	16.710	2014UMXW0152	86,331	—
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0318	13,242	—
Total U.S. Department Of Justice			99,573	—
U.S. Department Of Homeland Security				
Passed through Colorado Department of Public Safety Emergency Management Performance Grant	97.042	16EM-17-89 PA-08-CO-4145-PW-00052, PA-08-CO-4145-PW-00298, PA-08-CO-4145-PW-00487 & PA-08-CO-4145-PW-	46,000	—
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	00602	4,309,784	—
Hazard Mitigation Grant Program	97.039	69-F	9,063	—
Passed through Northeast All Hazards Region of Colorado				
		14SHS16NER & 15SHS16NER		
Homeland Security Grant Program	97.067		17,464	—
Total Department Of Homeland Security			4,382,311	—
Total Expenditures Of Federal Awards			\$ 7,389,030	\$ 226,166

CITY OF LOVELAND, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS December 31, 2016

1. Organization

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the City of Loveland, Colorado (the City) for the year ended December 31, 2016. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

2. Basis Of Presentation

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

3. Indirect Costs

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

CITY OF LOVELAND, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For The Year Ended December 31, 2016

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
--------	------------------------------------

20.106	Airport Improvement Program
20.205	Highway Planning and Construction
97.036	Disaster Grants - Public Assistance

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

\$750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

CITY OF LOVELAND, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*) For The Year Ended December 31, 2016

Section II - Financial Statement Findings

There were no findings relating to the City's financial statements for the year ended December 31, 2016.

Section III - Federal Award Findings And Questioned Costs

There were no findings relating to the City's federal awards for the year ended December 31, 2016.

CITY OF LOVELAND, COLORADO

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended December 31, 2016**

Finding 2015-001

Significant Deficiency

CFDA 97.036 Disaster Grants - Public Assistance

Federal Agency: Federal Emergency Management Agency

Monitoring And Oversight Controls Related To Reimbursement Requests

Status: Corrective Action Taken.

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, 2016	
This Information From The Records Of : City of Loveland, Colorado		Prepared By: Phone:	Mona Brooks / Rebecca Masters 970-962-2312 / 970-962-2311
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
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)	9,568,479
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	3,533,335
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,983,720
2. General fund appropriations	6,369,676	b. Snow and ice removal	453,570
3. Other local imposts (from page 2)	3,889,291	c. Other	
4. Miscellaneous local receipts (from page 2)	3,231,131	d. Total (a. through c.)	2,437,290
5. Transfers from toll facilities		4. General administration & miscellaneous	1,667,133
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	7,947,437
a. Bonds - Original Issues		6. Total (1 through 5)	25,153,674
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)	13,490,098	b. Redemption	
B. Private Contributions	7,989,786	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,789,420	2. Notes:	
D. Receipts from Federal Government (from page 2)	884,370	a. Interest	
E. Total receipts (A.7 + B + C + D)	25,153,674	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)	25,153,674
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)			
	Opening Debt	Amount Issued	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
		25,153,674	25,153,674
			(0)
Notes and Comments:			

FORM FHWA-536 (Rev. 1-05)

PREVIOUS EDITIONS OBSOLETE

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FINAL 536-CY16 Combined 2016.xls

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December, 2016	

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	0
b. Other local imposts:		b. Traffic Fines & Penalties	726,969
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	2,505,058	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	5,100	f. Charges for Services	2,480,165
5. Specific Ownership &/or Other	1,379,133	g. Other Misc. Receipts	5,497
6. Total (1. through 5.)	3,889,291	h. Other Opticom	18,500
c. Total (a. + b.)	3,889,291	i. Total (a. through h.)	3,231,131
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,342,176	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	1,630
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	281,612	d. Federal Transit Admin	
d. Other (Specify) - Grants	33,841	e. U.S. Corps of Engineers	
e. Other (Specify) - St Hwy Maint	131,791	f. Other Federal	882,740
f. Total (a. through e.)	447,244	g. Total (a. through f.)	884,370
4. Total (1. + 2. + 3.f)	2,789,420	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		2,943	2,943
b. Engineering Costs	164,636	342,328	506,964
c. Construction:			
(1). New Facilities	150,000	2,001,407	2,151,407
(2). Capacity Improvements			0
(3). System Preservation	8,888	5,001,302	5,010,190
(4). System Enhancement & Operation	809,208	1,087,767	1,896,975
(5). Total Construction (1) + (2) + (3) + (4)	968,096	8,090,476	9,058,572
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	1,132,732	8,435,747	9,568,479
			(Carry forward to page 1)
Notes and Comments:			