

2. **CITY MANAGER** (presenters: Rod Wensing & Sharon Citino)
COMCAST FRANCHISE AGREEMENT EXTENSION
A Motion to Approve and Order Published on Second Reading an Ordinance Amending the Cable Franchise Agreement Between the City of Loveland, Colorado and Comcast of Colorado II, LLC to Extend the Term of the Franchise Agreement
 This is an administrative action. This second reading ordinance moves the expiration of the current cable franchise from June 30, 2014 to December 31, 2014. This will be the third extension since April 30, 2013. The ordinance was approved unanimously on first reading by Council at the May 20, 2014 regular meeting. Existing operational requirements and City revenue from the existing cable franchise agreement stay intact.
3. **DEVELOPMENT SERVICES** (presenter: Noreen Smyth)
PUBLIC HEARING
CYNTHIA COURT EASEMENT VACATION
A Motion to Approve and Order Published on First Reading an Ordinance Vacating a Utility and Drainage Easement across Lot 22, Block 1, Mariana Village Second Addition, City of Loveland, County of Larimer, State of Colorado
 This is a legislative action to consider adoption of a first reading ordinance vacating a drainage and utility easement. The easement is on a lot occupied by a single family dwelling located at 1119 Cynthia Court, southwest of the intersection of Cynthia Court and Camellia Place. The applicant is James Zack with Adroit Building Services, Inc., on behalf of the property owners.
4. **DEVELOPMENT SERVICES** (presenter: Alison Hade)
GRANT FUNDING RECOMMENDATIONS
A Motion to Adopt Resolution #R-37-2014 Approving the 2014 Grant Funding Recommendations of the Loveland Human Service Commission and the Affordable Housing Commission
 This is an administrative action. The Human Services Commission and Affordable Housing Commission considered 51 grant requests totaling \$1.2 million, and recommended funding 40 with allocations of \$563,916 for human services and \$196,342 to affordable housing. The attached staff report describes how the commissions made their decisions. The resolution authorizes the allocation of the 2014 Human Services Grant and Community Development Block Grant that were appropriated in the 2014 City Budget.
5. **CITY MANAGER** (presenter: Alan Krcmarik)
PUBLIC HEARING
MULTIFAMILY HOUSING REVENUE BONDS
A Motion to Adopt Resolution #R-38-2014 Approving the Issuance of Multifamily Housing Revenue Bonds by the Housing Authority of the City of Loveland for the Sole Purpose of Qualifying the Interest Payable on the Bonds for Exclusion from the Gross Income of the Owner or Owners of the Bonds for Federal Income Tax Purposes Under the Applicable Provisions of the Internal Revenue Code of 1986; and Related Matters
 This is an administrative action approving tax-exempt financing of not more than \$30M by the Housing Authority of the City of Loveland for a loan to finance a portion of the cost of constructing and equipping a 224-unit affordable housing project to be known as Ashley Estates. The City is not liable for the payment of the bonds.

6. **FINANCE** (presenter: Brent Worthington)
FINANCIAL REPORT FOR APRIL 2014
 This is an information only item. The Snapshot Report includes the City's preliminary revenue and expenditures including detailed reports on tax revenue and health claims year to date, ending April 30, 2014.

7. **CITY MANAGER** (presenter: Alan Krcmarik)
INVESTMENT REPORT FOR APRIL 2014
 This is an information only item. The 2014 budget projection for investment earnings for 2014 is \$2,025,920, requiring an annual interest rate of approximately 0.94%. For April, the amount posted to the investment account is \$82,018. For the year-to-date, the amount posted is \$545,718. Actual earnings are now below the year-to-date budget projection by \$139,228. Based on the monthly statement, the estimated annualized 1.02% yield on the securities held by US Bank is exactly the same as last month's reading. Due to the demands for draws from the fund balances to pay for the cost of flood response and project repair, the portfolio has a significantly lower fund balance than it would otherwise.

END OF CONSENT AGENDA

CITY CLERK READS TITLES OF ORDINANCES ON THE CONSENT AGENDA

PUBLIC COMMENT *Anyone who wishes to speak to an item NOT on the Agenda may address the Council at this time.*

1) Rocky Mountain National Park Annual Update- Spring 2014 (presenter: Vaughn Baker and Kyle Patterson)

PROCEDURAL INFORMATION

Anyone in the audience will be given time to speak to any item on the Regular Agenda before the Council acts upon it. The Mayor will call for public comment following the staff report. All public hearings are conducted in accordance with Council Policy. When Council is considering adoption of an ordinance on first reading, Loveland's Charter only requires that a majority of the Council quorum present vote in favor of the ordinance for it to be adopted on first reading. However, when an ordinance is being considered on second or final reading, at least five of the nine members of Council must vote in favor of the ordinance for it to become law.

REGULAR AGENDA

CONSIDERATION OF ITEMS REMOVED FROM CONSENT AGENDA

8. **FINANCE** (presenter: Brent Worthington)
2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND AUDIT REPORT
 This is an information only item. The Comprehensive Annual Financial Report for the year ending December 31, 2013, received an unqualified opinion from the external auditors. This indicates that, in all material respects, the report fairly presents the financial position of the City and is in conformity with generally accepted accounting principles.

BUSINESS FROM CITY COUNCIL *This is an opportunity for Council Members to report on recent activities or introduce new business for discussion at this time or on a future City Council agenda.*

CITY MANAGER REPORT

CITY ATTORNEY REPORT

ADJOURN



CITY COUNCIL

Civic Center • 500 East Third Street, Suite 330 • Loveland, CO 80537
 (970) 962-2303 • Fax (970) 962-2900 • TDD (970) 962-2620
www.cityofloveland.org

PROCLAMATION

WHEREAS, the City of Loveland is dedicated to providing safe and alternative modes of transportation; and

WHEREAS, the benefits of bicycling are numerous, both to the individual and to the community as a whole; and

WHEREAS, the City of Loveland received a Bicycle Friendly Community Honorable Mention recognition from the League of American Bicyclists in 2010.

WHEREAS, the City of Loveland adopted a comprehensive Bicycle and Pedestrian Master Plan on May 1, 2012.

WHEREAS, our fair city maintains nearly 140 miles of bicycle routes, lanes and trails; and

WHEREAS, persons of all ages and abilities are encouraged to use helmets for their protection; and

WHEREAS, the month of June has been declared as Bike Month to recognize and encourage bicycling as a viable source of transportation and recreation.

NOW, THEREFORE, we, the City Council of the City of Loveland, do hereby proclaim the week of June 23 through June 27, 2014 as

BIKE WEEK

in Loveland and encourage citizens to try bicycling as an alternative transportation method and to participate in Bike-to-Work Day on Wednesday, June 25.

Signed this 3rd day of June, 2014.

Cecil A. Gutierrez, Mayor



MINUTES
LOVELAND CITY COUNCIL
STUDY SESSION
TUESDAY, MAY 13, 2014
CITY COUNCIL CHAMBERS
500 EAST THIRD STREET
LOVELAND, COLORADO

6:30 P.M. STUDY SESSION - City Council Chambers

STUDY SESSION AGENDA

ROLL CALL

Councilors present: Gutierrez, Clark, Trenary, Krenning, Taylor, McKean, Shaffer, Farley and Fogle. City Manager, Bill Cahill was also present.

1. PARKS & RECREATION (presenter: Gary Havener and Cindy Mendoza, 60 min)
PARKS & RECREATION MASTER PLAN

Parks and Recreation Director Gary Havener presented this item to Council. Parks and Recreation Master Plan consultant, Cindy Mendoza from MIG, reviewed the findings, recommendations and implementation strategies. The plan was last updated in 2001 and will become an element of the City Comprehensive Plan, also in the process of undergoing an update. Staff members, Kevin Aggers and Marilyn Hilgenberg were also present to address Council and answer questions. The draft 10 year plan includes 30 new miles of trail, about 1,000 acres of accessible open lands, a new community park and a new multi-purpose recreation center. Council discussion ensued regarding use of Capital Expansion Fees (CEF) and plans for building the financial structure to support future projects. Council thanked staff for the presentation and directed the department to move forward in the process toward consideration of the final draft at a regular Council meeting in July.

2. FINANCE (presenters: John Hartman, 60 min)
PRIORITY BASED BUDGETING- PRESENTATION OF MODEL

City Manager, Bill Cahill and Budget Manager, John Hartman introduced this item to Council. Jon Johnson and Chris Fabian from The Center for Priority Based Budgeting (PBB) presented the final "Resource Alignment Diagnostic Tool" developed for the City based on its implementation of the Priority Based Budgeting process. This model reflects the completed scoring and costing data for each of the City's programs. The model can sort the 800 programs provided by the City for both Community and Governing results into quartiles, showing which are most relevant towards achieving the goals based on the scoring process and the amount of funding that goes towards these highly relevant programs. City staff is learning how to use the tool to see things differently and ask the questions necessary for analysis and funding in starting the 2015 budget period and future budgets. Discussion ensued. Mr. Cahill asked Council to email him with questions during the upcoming budget period where the model can be used to help with the analysis. Council thanked the PBB team for the presentation.

ADJOURNMENT

Having no further business to come before Council, the May 13, 2014 Study Session was adjourned at 10:27 p.m.

Respectfully Submitted,

Jeannie M. Weaver, Deputy City Clerk

Cecil A. Gutierrez, Mayor

This is an administrative action to approve the City Council meeting minutes for the May 6, 2014 Regular Meeting.

2. **DEVELOPMENT SERVICES** (presenter: Noreen Smyth)
LOCH MOUNT UTILITY EASEMENT VACATION
A Motion to Approve and Order Published on Second Reading Ordinance #5865 Vacating a Portion of a Utility Easement Across Lot 3, Block 3, Loch Mount Addition, City of Loveland, County of Larimer, State of Colorado was approved.
 This is a legislative action to adopt an ordinance on second reading vacating a portion of a utility easement. The easement is within a single family residential property located at 1101 Loch Mount Drive, west of the intersection of Loch Mount Drive and West Eisenhower Boulevard. The applicants are Kelly and Anne Kramer. This ordinance was approved unanimously on first reading by Council at the May 6, 2014 regular meeting.

3. **DEVELOPMENT SERVICES** (presenter: Alison Hade)
CDBG REALLOCATION
A Motion to Adopt Resolution #R-35-2014 Approving the Grant Funding Recommendation of the Loveland Affordable Housing Commission for the Reallocation of Certain Community Development Block Grant Funds was approved.
 The Affordable Housing Commission reallocated \$74,970 to the House of Neighborly Service for the rehabilitation of new office space. The original funding was returned to HUD by the Loveland Housing Authority when it was determined that the funding was used for an ineligible project. Funds were allocated by the U.S. Department of Housing and Urban Development (HUD) and were initially appropriated in the 2006 City Budget.

4. **CITY MANAGER** (presenters: Rod Wensing & Sharon Citino)
COMCAST FRANCHISE AGREEMENT EXTENSION
 This item was moved to the Regular Agenda.

END OF CONSENT AGENDA

CITY CLERK READS TITLES OF ORDINANCES ON THE CONSENT AGENDA

PUBLIC COMMENT *Anyone who wishes to speak to an item NOT on the Agenda may address the Council at this time.*

1) **Chamber of Commerce President & CEO, Mindy McCloughan gave an update on the Business Flood Assistance Program to Council.** Ms. McCloughan presented to the City a plaque of appreciation for their contributions to the flood relief efforts for local business. 33 businesses were assisted in this effort.

Stan Barthlama, from Stan's Auto, thanked the City of Loveland and the Chamber of Commerce. Jay Kelzer, from Westside Feed, thanked the City of Loveland and the Chamber of Commerce. Dan Branton, with Custom Chainsaw, thanked the City of Loveland and the Chamber of Commerce. Metric Motors sent in a letter of thanks read by Mindy McCloughan.

PROCEDURAL INFORMATION

Anyone in the audience will be given time to speak to any item on the Regular Agenda before the Council acts upon it. The Mayor will call for public comment following the staff report. All public hearings are conducted in accordance with Council Policy. When Council is considering adoption of an ordinance on first reading, Loveland's Charter only requires that a majority of the Council quorum present vote in favor of the ordinance for it to be adopted on first reading. However, when an ordinance is being considered on second or final reading, at least five of the nine members of Council must vote in favor of the ordinance for it to become law.

**REGULAR AGENDA
CONSIDERATION OF ITEMS REMOVED FROM CONSENT AGENDA**

4. **CITY MANAGER** (presenters: Rod Wensing & Sharon Citino)
COMCAST FRANCHISE AGREEMENT EXTENSION
Assistant City Manager, Rod Wensing introduced this item to Council. Assistance City Attorney, Sharon Citino spoke also. This is an administrative action. The ordinance moves the expiration of the current cable franchise from June 30, 2014 to December 31, 2014. This will be the third extension since April 30, 2013. Existing operational requirements and City revenue from the existing cable franchise agreement stay intact. Councilor Shaffer recused herself. Mayor Gutierrez opened the public hearing at 7:17 p.m. and with no further public comment the public hearing was closed at 7:17 p.m. **Councilor Clark moved to Approve and Order Published on First Reading an Ordinance Amending the Cable Franchise Agreement Between the City of Loveland, Colorado and Comcast of Colorado II, LLC to Extend the Term of the Franchise Agreement. Councilor Taylor seconded the motion which carried unanimously with all councilors present voting in favor thereof.**
5. **DEVELOPMENT SERVICES** (presenter: Bethany Clark)
HISTORIC LANDMARK FOR HOWARD'S SINCLAIR SERVICE STATION
Planning Technician, Bethany Clark introduced this item to Council. Development Services Director, Greg George also spoke. This is a legislative action. The Owner of the Art Deco historic gasoline station at First Street and Lincoln Avenue is requesting Loveland Historic Landmark designation to recognize the building's significance to Loveland's community character. The Historic Preservation Commission acknowledges the building's significance and recommends that City Council designate the building to the Loveland Historic Register. Gene Stires, Owner and Applicant spoke. Jim Cox, from the Historic Preservation Commission spoke. Mayor Gutierrez opened the public hearing at 9:32 p.m. Ian Jennings, 4069 Delcon spoke in favor of the Historic Designation. Craig Lorenzen spoke in favor. Richard Crooks spoke in favor. With no further public comment the public hearing was closed at 9:38 p.m. **Councilor Shaffer moved to Approve and Order Published on First Reading an Ordinance Designating as a Historic Landmark the Howard's Sinclair Service Station Located at 123 North Lincoln Avenue in Loveland, Colorado. Councilor Clark seconded the motion. The motion failed with three councilors voting in favor, including abstentions from Trenary and Taylor and Councilors Krenning, Shaffer, Fogle, Clark, Gutierrez and Farley voted against.**
6. **CITY ATTORNEY** (presenter: Judy Schmidt)
RESOLUTION OPPOSING THE BALLOT QUESTION
Acting City Attorney, Judy Schmidt introduced this item to Council. This is a legislative action to consider a resolution opposing Ballot Question No. 1, a citizen-initiated ordinance enacting a two-year moratorium on the use of hydraulic fracturing within the City to study the impacts on property values and human health. If the Initiative passes, the costs to the City are unknown, but may including the potential costs of completing studies called for by the Initiative and for litigation arising from various sources such as mineral rights owners, oil and gas developers, and the State of Colorado, which governs oil and gas drilling under the auspices of the Colorado Oil & Gas Conservation Commission. Mayor Gutierrez opened the public hearing at 10:22 p.m. Mindy McCloughan spoke in support of the resolution. Kay Fissenger, Longmont resident, opposed the resolution. Andy Peterson, 1805 Morning Drive from Loveland Energy Action Project (LEAP) spoke in favor of the resolution. Linda Sandall, S Garfield Avenue,

spoke against the resolution. With no further public comment the public hearing was closed at 10:41 p.m. **Councilor Shaffer moved to Approve Resolution #R-36-2014 Opposing Question No. 1: Citizen-Initiated Ordinance To Place A Two-Year Moratorium On The Use Of Hydraulic Fracturing Within The City Of Loveland To Fully Study The Impacts Of Hydraulic Fracturing On Property Values And Human Health, Which Is On The Ballot For The June 24, 2014 City Of Loveland Special Election. Councilor McKean seconded the motion which carried with five councilors voting in favor and Councilors Farley, Shaffer, Trenary, and Gutierrez voting against.**

BUSINESS FROM CITY COUNCIL *This is an opportunity for Council Members to report on recent activities or introduce new business for discussion at this time or on a future City Council agenda.*

McKean: Announced a situation where a letter had been sent by the Mayor to the Governor using "we" without all of Council's input concerning legislation. Mayor apologized.

Shaffer: Announced Colorado Department of Transportation (CDOT) town hall meeting on May 22, 2014 from 7-9 p.m via phone.

Clark: Announced Downtown Loveland Association is not dead and on upswing.

Farley: Announced Equinox sculpture contract has been approved by CDOT and will be placed this fall. Attended the annual ball for the Community Foundation.

Krenning: Announced the Chamber of Commerce would be returning \$50,000 of funds dedicated to the flood relief effort to be reallocated.

Gutierrez: Announced the success of Public Works Day.

CITY MANAGER REPORT:

Announced Director of Parks & Recreation, Gary Havener will be retiring.

CITY ATTORNEY REPORT: None

ADJOURNMENT

Having no further business to come before Council, the May 20, 2014, Regular Meeting was adjourned at 11:54 p.m.

Respectfully Submitted,

Teresa G. Andrews, City Clerk

Cecil A. Gutierrez, Mayor



CITY OF LOVELAND
CITY MANAGER'S OFFICE

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2303 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 2
MEETING DATE: 6/3/2014
TO: Mayor and City Council
PRESENTERS: Rod Wensing, Assistant City Manager
 Sharon Citino, Assistant City Attorney

TITLE:

An Ordinance on Second Reading Amending the Cable Television Franchise Agreement Between the City of Loveland, Colorado and Comcast of Colorado II, LLC, to Extend the Term of the Existing Franchise

RECOMMENDED CITY COUNCIL ACTION:

Approve the attached ordinance on second reading.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

SUMMARY:

This is an administrative action. This second reading ordinance moves the expiration of the current cable franchise from June 30, 2014 to December 31, 2014. This will be the third extension since April 30, 2013. The ordinance was approved unanimously on first reading by Council at the May 20, 2014 regular meeting.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

Existing operational requirements and City revenue from the existing cable franchise agreement stay intact.

BACKGROUND:

As the Council is aware, on November 19, 2013, the City Council considered and unanimously rejected a proposed new cable franchise agreement and directed City staff not to finalize

negotiations until Comcast has identified either a temporary or permanent customer service office within the corporate limits of Loveland. Comcast was close to leasing a temporary site within the City a couple of months ago, but unfortunately those efforts got derailed when the landlord leased the building to another tenant.

Per the attached letter, Comcast has no concerns if the City moves to extending the current franchise expiration of June 30, 2014 to December 31, 2014.

As before, City staff believes that consenting to this franchise extension request is reasonable and will not negatively impact our negotiations going forward. In addition, Comcast will continue its efforts to site a local customer service office within Loveland, as well as operate under and comply with the terms of the current franchise, until such time a cable franchise renewal agreement can be reached. We have also invited Comcast representatives to be in attendance to answer any questions from City Council on this topic.

Please also note that the City's current and past franchise agreements have always been non-exclusive and do not limit the ability of other cable operators or other TV / communication companies to serve the Loveland market and receive equal access to City owned right-of-way and associated facilities.

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

1. Ordinance
2. Exhibit A to the Ordinance; Third Amendment to the Cable Franchise Agreement
3. Letter from Comcast Cable consenting to the extension of the current cable franchise

FIRST READING May 20, 2014

SECOND READING June 3, 2014

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE CABLE FRANCHISE AGREEMENT BETWEEN THE CITY OF LOVELAND, COLORADO AND COMCAST OF COLORADO II, LLC TO EXTEND THE TERM OF THE FRANCHISE AGREEMENT

WHEREAS, on April 3, 2007, the Loveland City Council adopted Ordinance No. 5178 approving the grant of a nonexclusive franchise to Comcast of Colorado II, LLC (“Comcast”) for its construction and operation of a cable television system within the City; and

WHEREAS, pursuant to Ordinance No. 5178, the City and Comcast entered into a Cable Franchise Agreement (“Franchise Agreement”) effective May 1, 2007 through April 30, 2013; and

WHEREAS, Comcast desires to renew the franchise and preserved its right of renewal by timely filing a request with the City to activate the formal process for renewing the franchise pursuant to the provisions of the Cable Communications Policy Act of 1984; and

WHEREAS, pursuant to Ordinance No. 5746, the City and Comcast entered into a First Amendment to the Cable Franchise Agreement dated March 25, 2013 to extend the term of the Franchise Agreement to December 31, 2013 in order to allow time for negotiations; and

WHEREAS, on November 19, 2013, the City Council considered but did not approve a proposed new franchise agreement with Comcast, and directed City staff to bring forward a request to extend the Franchise Agreement a second time in order to allow time for additional negotiations; and

WHEREAS, pursuant to Emergency Ordinance No. 5833, the City and Comcast entered into a Second Amendment to the Cable Franchise Agreement dated December 3, 2013 to extend the term of the Franchise Agreement to June 30, 2014 in order to allow time for additional negotiations; and

WHEREAS, negotiations have not been concluded, and the City desires to extend the term of the Franchise Agreement to December 31, 2014.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the “Third Amendment to the Cable Franchise Agreement,” attached hereto as Exhibit A and incorporated herein by reference (“Third Amendment”), is hereby approved.

Section 2. That the Mayor is hereby authorized, following consultation with the City Manager and the City Attorney, to modify the Third Amendment in form or substance as deemed necessary to effectuate the purposes of this Ordinance or to protect the interests of the City.

Section 3. That the Mayor and the City Clerk are hereby authorized and directed to execute the Third Amendment on behalf of the City.

Section 4. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

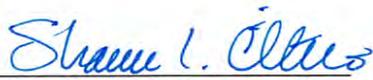
ADOPTED this 3rd day of June, 2014.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



Assistant City Attorney

Exhibit A**THIRD AMENDMENT
TO THE CABLE FRANCHISE AGREEMENT**

This Third Amendment to the Cable Franchise Agreement (“Third Amendment”) is made and entered into as of this _____ day of June, 2014, by and between the **City of Loveland**, a Colorado municipal corporation (“**City**”), and **Comcast of Colorado II, LLC (“Comcast”)**.

Whereas, on April 3, 2007, the Loveland City Council adopted Ordinance No. 5178 approving the grant of a nonexclusive franchise to Comcast of Colorado II, LLC (“**Comcast**”) for its construction and operation of a cable television system within the City; and

Whereas, pursuant to Ordinance No. 5178, the City and Comcast entered into a Cable Franchise Agreement (“**Franchise Agreement**”) effective May 1, 2007 through April 30, 2013; and

Whereas, Comcast desires to renew the franchise and preserved its right of renewal by timely filing a request with the City to activate the formal process for renewing the franchise pursuant to the provisions of the Cable Communications Policy Act of 1984 (“**Cable Act**”); and

Whereas, pursuant to Ordinance No. 5746, the City and Comcast entered into a First Amendment to the Cable Franchise Agreement dated March 25, 2013 to extend the term of the Franchise Agreement to December 31, 2013 in order to allow time for negotiations; and

Whereas, on November 19, 2013, the City Council considered but did not approve a proposed new franchise agreement and directed City staff to bring forward a request to extend the Franchise Agreement a second time in order to allow time for additional negotiations; and

Whereas, pursuant to Emergency Ordinance No. 5833, the City and Comcast entered into a Second Amendment to the Cable Franchise Agreement dated December 2, 2013 to extend the term of the Franchise Agreement to June 30, 2014 in order to allow time for additional negotiations; and

Whereas, negotiations have not been concluded, and the City and Comcast desire to extend the term of the Franchise Agreement to December 31, 2014.

Now, therefore, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

- 1.** The term of the Franchise Agreement shall be extended to December 31, 2014.
- 2.** Except as specifically modified hereby, the Franchise Agreement shall remain in full force and effect.

3. Neither party waives any right it may have under law by execution of this Third Amendment, and Comcast shall not be required to file any additional request or document in order to preserve its right of renewal under Section 626 of the Cable Act.

In Witness Whereof, the parties have executed this Third Amendment as of the day and year first written above.

City of Loveland

By: _____
Cecil Gutierrez, Mayor

Attest:

City Clerk

Approved as to Form:

Assistant City Attorney

Comcast of Colorado II, LLC

By: _____

Title: _____



8000 E. Iliff Ave.
Denver, CO 80231

May 13, 2014

The Honorable Cecil Gutierrez
Mayor
City of Loveland
500 E. Third Street
Loveland, CO 80537

Dear Mayor Gutierrez:

As you know, we continue to communicate and coordinate with the City of Loveland's ("City") staff and consultants on the process to renew the cable franchise agreement we have with the City. The current extension of our existing franchise is due to expire at the end of the June.

We are hopeful that the renewal process will soon come to a conclusion, and believe we will be able to successfully conclude our franchise renewal in the City in the near future. However, City staff has requested an additional extension of our franchise, through the end of 2014, in order to ensure that we have sufficient time to finalize the franchise renewal.

This letter is to inform the City that Comcast has no concerns with the implementation of another franchise extension, through the end of 2014. Regardless of whether we enact an additional franchise extension or not, it is Comcast's position that, without waiving any rights we have under state or federal law, our existing franchise remains in effect during the informal negotiation process, in order to allow us to complete the negotiation process. Please be assured that we will continue to operate under and comply with the terms of the franchise until such time as a renewal agreement is reached.

Thank you for your continued attention to our franchise renewal process with the City. We hope to conclude it soon.

With best wishes, and

Sincerely,

A handwritten signature in blue ink that reads "Jeff Dolan".

Jeff Dolan
Vice President of Regulatory and Government Affairs



CITY OF LOVELAND
 DEVELOPMENT SERVICES DEPARTMENT
 Civic Center • 500 East 3rd Street • Loveland, Colorado 80537
 (970) 962-2346 • FAX (970) 962-2945 • TDD (970) 962-2620

AGENDA ITEM: 3
MEETING DATE: 6/3/2013
TO: City Council
FROM: Greg George, Development Services
PRESENTER: Noreen Smyth, Current Planning

TITLE:

An Ordinance on First Reading Vacating a Utility and Drainage Easement across Lot 22, Block 1, Mariana Village Second Addition, City of Loveland, County of Larimer, State of Colorado

RECOMMENDED CITY COUNCIL ACTION:

Conduct a public hearing and adopt the ordinance on first reading as presented.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adoption a motion continuing the item to a future Council meeting

SUMMARY:

This is a legislative action to consider adoption of a first reading ordinance vacating a drainage and utility easement. The easement is on a lot occupied by a single family dwelling located at 1119 Cynthia Court, southwest of the intersection of Cynthia Court and Camellia Place. The applicant is James Zack with Adroit Building Services, Inc., on behalf of the property owners.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

BACKGROUND:

The easement proposed for vacation is a drainage and utility easement that is approximately 20-feet wide by 50-feet long (1,009 square feet). The easement runs along the rear lot line of the subject property, which is zoned R3-Established High Density Residential. The applicant is proposing to construct an attached garage on the property, which currently has no garage. Part of the garage would extend into the easement. There is currently paved surface parking with

driveway access in the location where the garage is proposed and there is no practicable way to locate a garage elsewhere on the lot.

The subject easement was dedicated to the City of Loveland in 1972 with the approval and recordation of the Mariana Village Second Addition, which established the 20-foot easement along the rear lot line of all lots in the subdivision. No utilities are located in the easement and there is no need to maintain the easement in the future for either utility or drainage.

The Zoning Board of Adjustment is scheduled to hear an associated application for a rear setback variance on May 28, 2014. If the Zoning Board approves the setback variance and Council approves the easement vacation, the applicant can proceed to submit a building permit application for approval of the proposed garage.

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

- 1. Ordinance
- 2. Staff Memorandum

FIRST READING June 3, 2014

SECOND READING _____

ORDINANCE NO. _____

AN ORDINANCE VACATING A UTILITY AND DRAINAGE EASEMENT ACROSS LOT 22, BLOCK 1, MARIANA VILLAGE SECOND ADDITION, CITY OF LOVELAND, COUNTY OF LARIMER, STATE OF COLORADO

WHEREAS, the City Council, at a regularly scheduled meeting, considered the vacation of the utility and drainage easement described below (the “Easement”) and located across **Lot 22, Block 1, Mariana Village Second Addition, City of Loveland, County of Larimer, State of Colorado**; and

WHEREAS, the City Council finds and determines that no land adjoining the Easement to be vacated is left without an established public or private easement connecting said land with another established public or private easement; and

WHEREAS, the City Council further finds and determines that the Easement to be vacated is no longer necessary for the public use and convenience; and

WHEREAS, the City Council further finds and determines that the application filed with the City’s Current Planning Division was signed by the owners of more than fifty percent of the property abutting the Easement to be vacated.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the City Council hereby adopts and makes the findings set forth above.

Section 2. That based on the City Council’s findings set forth above, the following Easement be and the same is hereby vacated:

That portion of Lot 22, Block 1, MARIANA VILLAGE SECOND ADDITION, situate in the Southwest Quarter of Section 22, Township 5 North, range 69 West of the 6th P.M., to the City of Loveland, County of Larimer, State of Colorado being more particularly described as follows:

That certain Twenty (20) Foot Easement “For Use Of Property Owners Located Within Said Addition, Utilities, And Drainage Purposes” as platted and depicted on the Final Plat of said MARIANA VILLAGE SECOND ADDITION being the Westerly Twenty (20) Feet of said Lot 22, Block 1, MARIANA VILLAGE SECOND ADDITION;

EXCEPTING THEREFROM: The Northerly Ten (10) Foot Easement “For Utilities, Street Purposes, & Sidewalks” as platted and depicted on the Final Plat of said MARIANA VILLAGE SECOND ADDITION;

AND FURTHER EXCEPTING THEREFROM: That portion of said Lot 22, Block 1, MARIANA VILLAGE SECOND ADDITION being more particularly described as follows:

Considering the Westerly line of said Lot 22, Block 1, MARIANA VILLAGE SECOND ADDITION as bearing North 29°01’01” West and with all bearings contained herein relative thereto:

BEGINNING at the Southwest corner of said Lot 22, Block 1, MARIANA VILLAGE SECOND ADDITION; thence along said Westerly line of said Lot 22, Block 1, MARIANA VILLAGE SECOND ADDITION North 29°01’01” West 5.10 feet; thence departing said Westerly line of said Lot 22, Block 1, MARIANA VILLAGE SECOND ADDITION North 49°23’38” East 5.10 feet; thence South 29°01’01” East 5.10 feet, more or less, to a point on the Southerly line of said Lot 22, Block 1, MARIANA VILLAGE SECOND ADDITION; thence along said Southerly line of said Lot 22, Block 1, MARIANA VILLAGE SECOND ADDITION South 49°23’38” West 5.10 feet to the Southwest corner of said Lot 22, Block 1, MARIANA VILLAGE SECOND ADDITION and the POINT OF BEGINNING.

The above-described area for Easement vacation purposes contains 1,009.4 square feet, more or less, and is subject to all existing easements now existing or of record.

A depiction of the above-described Easement vacation is attached hereto as Exhibit A and incorporated herein by reference.

Section 3. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect ten days after its final publication, as provided in City Charter Section 4-8(b).

Section 4. That the City Clerk is hereby directed to record this Ordinance with the Larimer County Clerk and Recorder after its effective date in accordance with State Statutes.

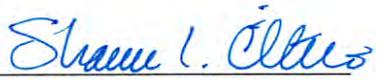
ADOPTED this ___ day of July, 2014.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:


Assistant City Attorney

EASEMENT VACATION EXHIBIT MAP

FOR A PORTION OF LOT 22, BLOCK 1 MARIANA VILLAGE 2ND ADDITION, SITUATE IN THE SOUTHWEST QUARTER OF SECTION 22, TOWNSHIP 5 NORTH, RANGE 69 WEST OF THE 6TH P.M., CITY OF LOVELAND, COUNTY OF LARIMER, STATE OF COLORADO

NOTE: THIS DRAWING DOES NOT REPRESENT A MONUMENTED FIELD SURVEY OF THE SUBJECT PROPERTY. IT IS INTENDED TO DEPICT THE ATTACHED EASEMENT DESCRIPTION FOR THE SUBJECT PROPERTY.

CYNTHIA COURT

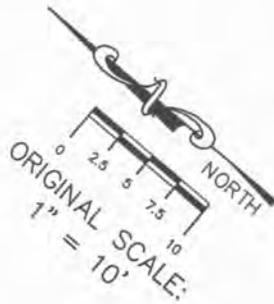
Existing 10' Easement "For Utilities, Street Purposes, & Sidewalks" (Per Mariana Village 2nd Add.) TO REMAIN.

LINE TABLE		
LINE	BEARING	LENGTH
L1	N29°01'01"W	5.10'
L2	N49°23'38"E	5.10'
L3	S29°01'01"E	5.10'
L4	S49°23'38"W	5.10'

LOT 22 - BLOCK 1
MARIANA VILLAGE SECOND
ADDITION

CAMELLIA PLACE

Existing 10' Easement "For Utilities, Street Purposes, & Sidewalks" (Per Mariana Village 2nd Add.) TO REMAIN.



LOT 23 - BLOCK 1, MARIANA VILLAGE 2ND ADDITION

Southerly Line Of Lot 22

10'

20' Easement "For Use Of Property Owners Located Within Said Addition, Utilities, And Drainage Purposes". TO BE VACATED (±1,009.4 S.F.)

LOT 21 - BLOCK 1, MARIANA VILLAGE 2ND ADDITION

Westerly Line Of Lot 22

L1
L2
L3
L4

Existing Easement "For Use Of Property Owners Located Within Said Addition, Utilities, And Drainage Purposes" (Per Mariana Village 2nd Add.) TO REMAIN IN PLACE.

Southwest Corner Lot 22
Point Of Beginning

Prepared By And On Behalf Of:
INTERMILL LAND SURVEYING, INC.
1301 North Cleveland Avenue
Loveland, Colorado 80537
(970) 669-0516
Project No.: P-13-7474
Date: 04/04/2014
Drawn: JEB



Robert George Persichitte
PLS 34174

\\Hart\Prj\P-7474-Adroit\Draw\PLS.dwg



**Development Services
Current Planning**

500 East Third Street, Suite 310 • Loveland, CO 80537
(970) 962-2523 • Fax (970) 962-2945 • TDD (970) 962-2620
www.cityofloveland.org

M E M O R A N D U M

TO: City Council
FROM: Noreen Smyth, Senior Planner, Current Planning Division
DATE: June 3, 2014
SUBJECT: 1119 Cynthia Court - Utility Easement Vacation
PZ-14-41

I. EXHIBITS

- A. Vicinity Map
- B. Site Plan
- C. Mariana Village Second Addition
- D. Vacation Request Letter
- E. ZBA Variance Report
- F. Slide presentation

II. KEY ISSUES

Staff believes that all key issues regarding the easement vacation have been resolved through the staff review process. The item has been placed on the Council’s consent agenda.

III. PUBLIC HEARING & NOTICE

The City Council review of the vacation request is a public hearing. An affidavit was received from the applicant’s representative certifying that the required notice of the hearing for the vacation was conducted at least 15 days prior to the date of the hearing. Staff has not received any comments or inquiries on the application.

III. BACKGROUND

This application concerns a request to vacate an easement that runs along the rear lot line of a single family residential lot at 1119 Cynthia Court. The 0.21-acre lot contains a house and a shed. The easement was established in 1972 with the annexation and platting of the Mariana Village Second Addition. All 57 of the lots on the plat have a 20 foot easement along the rear of the lot “for use of property owners located within said addition, utilities, and drainage purposes”.

In 1974, a building permit was issued by the city for the subject property allowing a shed to be situated in the easement. Staff is uncertain why a permit was issued for a structure situated as such; likely, there was not a designated staff member at that time reviewing such permits for setback compliance. The current property owners recently researched the possibility of constructing a garage on the property, which has off-street surface parking but no garage. In their research, it was discovered that both part of the area proposed for the new garage and the entire shed were located within the 20 foot rear easement. The existing shed and the proposed garage also encroach into the minimum building setback from the same lot line along which the easement is located. On consulting with staff, the applicant submitted a utility vacation application to remove the easement from the area of the existing shed and the area of the proposed garage. The applicant also submitted a setback variance request for both structures, which is scheduled to be heard by the Zoning Board of Adjustment on May 28, 2014. In the event the setback variance is not approved by the Zoning Board of Adjustment, the vacation will be pulled from the Council agenda to allow the applicant to adjust the site plan as appropriate.

Staff is uncertain of the intent behind the phrase “for use of property owners located within said addition” that was included in the easement language on the plat. It may have been intended to be an access easement to allow residents of the subdivision to walk along the rear yards of all lots in the subdivision. Since that time, most lots have come to have fences along the rear and side property lines, so if that was the intention of that phrase, it can no longer be realized. If it was intended to be an access easement of that nature, it would be classified as a private, rather than public, access easement, and private access easements do not require City Council approval to be vacated.

According to the Water and Power Department, no city utility lines are located within the easement, and according to the City Stormwater Engineer, the easement is not needed for drainage purposes. No outside agencies have indicated an objection to the proposed easement vacation on being noticed by the city of the application.

IV. STAFF REVIEW

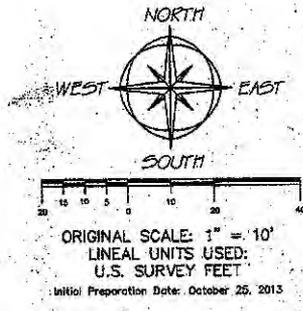
Because the easement area proposed to be vacated serves no public benefit, and because it will not be needed in the future for utility or drainage purposes, staff is supportive of the vacation. Staff is also supportive of the setback variance that is to be heard by the Zoning Board of Adjustment a week before the vacation hearing by the City Council.

RECOMMENDATION

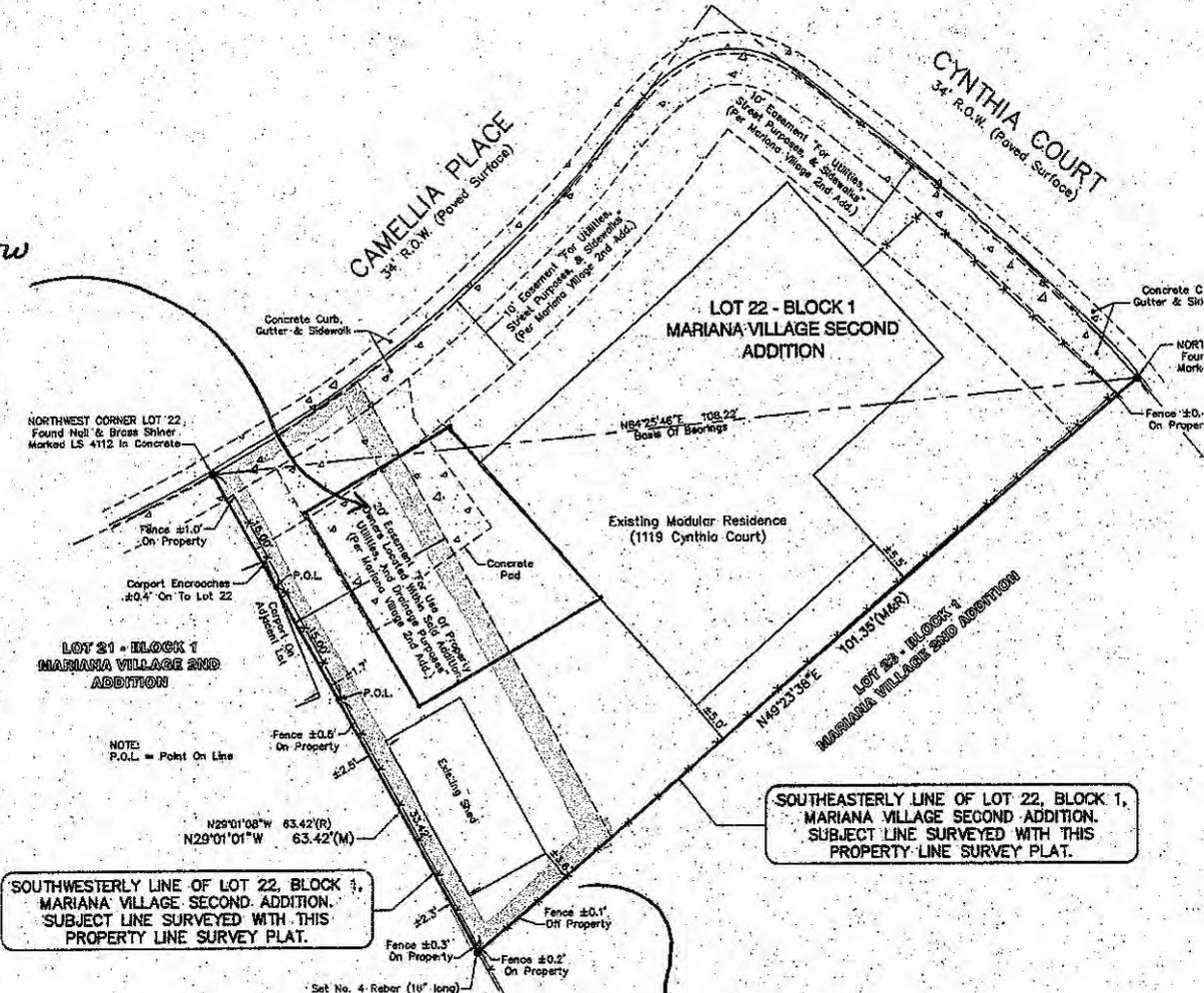
Staff recommends, subject to any further information that may be presented at the public hearing, that City Council adopt the ordinance on first reading.

PROPERTY LINE SURVEY

FOR THE SOUTHEASTERLY AND SOUTHWESTERLY LINES OF LOT 22, BLOCK 1, MARIANA VILLAGE SECOND ADDITION, TO THE CITY OF LOVELAND, COUNTY OF CLATSOP



PROPOSED NEW GARAGE



PROPOSED EASEMENT TO BE VACATED

MARIANA VILLAGE SECOND ADDITION TO THE CITY OF LOVELAND, COLORADO

KNOWN ALL MEN BY THESE PRESENTS that the undersigned, being the owners of the following described property located in Section 21 and 22 all in Township 5 North, Range 69 West of the 6th Principal Meridian in the County of Larimer, State of Colorado more particularly described as follows:

Considering the South line of said Section 22 as bearing South 88°53'10" East and with all bearing contained herein relative thereto:

Beginning at the Southwest Corner of said Section 22; thence along the West line of said Section 22 North 0°31'30" East 584.49 feet to the North line of Mariana Village First Addition to the City of Loveland, Colorado and the TRUE POINT OF BEGINNING; thence along the North, Northwesterly, West, East, Northeasterly and Northerly lines of said Mariana Village First Addition the following 7 courses and distances: South 89°28'30" East 260.00 feet; North 35°00'00" East 115.00 feet; North 70.00 feet; North 84°37'50" East 231.16 feet; South 70.00 feet; South 45°00'00" East 110.00 feet; North 79°19'20" East 260.25 feet to the Westerly line of that certain parcel of land described in deed recorded in Book 1041, Page 143 records of said County; thence along the Westerly line of said land recorded in said Book the following 4 courses and distances: North 10°10'40" West 240.64 feet; North 27°17'10" West 228.01 feet; North 63°31'10" West 336.94 feet; North 15°37'10" West 476.83 feet; thence South 74°22'50" West 10.07 feet to the approximate centerline of an existing irrigation ditch; thence along said approximate centerline the following 5 courses and distances: South 01°18'20" West 47.86 feet; South 35°00'20" West 44.29 feet; South 76°55'40" West 87.49 feet; South 14°06'50" West 113.67 feet; South 60°29'40" West 22.42 feet to a point which bears South 89°28'30" East 50.00 feet from said West line of said Section 22; thence North 89°28'30" West 100.00 feet to a line which is parallel with said West line of said Section 22; thence along said West line South 00°31'30" West 856.08 feet to said North line of said Mariana Village First Addition; thence along said North line South 89°28'30" East 50.00 feet to the TRUE POINT OF BEGINNING.

do hereby subdivide the same into lots and blocks as shown on this map, together with the streets, utility and other easements as shown on this map which are hereby dedicated to public use, and do hereby designate the same as "Mariana Village Second Addition" to the City of Loveland, Colorado and will bear all expenses involving necessary improvements for a water system, a sanitary sewer system, gas service, grading, storm sewer system, curbs and gutters, street improvements and sidewalks.

OWNERS:

MARIANA FARMS, INC.
A COLORADO CORPORATION

By Cecil Swanda William L. Bray
Cecil Swanda, President William L. Bray, Secretary

BOARD OF COUNTY COMMISSIONERS OF LARIMER COUNTY

By William L. Bray
Chairman

STATE OF COLORADO)
COUNTY OF LARIMER) ss

The foregoing instrument was acknowledged before me this 29th day of June, 1972, by William M. Mavor, William L. Bray & Cecil Swanda

Witness my hand and official seal,
My commission expires May 22, 1975

Glendora Kruback
Notary Public

STATE OF COLORADO)
COUNTY OF LARIMER) ss

The foregoing instrument was acknowledged before me this ___ day of ___, 1972, by

Witness my hand and official seal,
My commission expires

Notary Public

SURVEYOR'S CERTIFICATE

Neil M. Kruback, being first duly sworn on his oath, deposes and says: that he is a registered land surveyor under the laws of the State of Colorado; that the survey of Mariana Village Second Addition to the City of Loveland, Colorado was made by him and under his supervision; that the survey is accurately represented on this map also the statements contained hereon were read by him and the same are true of his knowledge.

Neil M. Kruback
Registered Land Surveyor.

STATE OF COLORADO)
COUNTY OF LARIMER) ss

The foregoing instrument was subscribed and sworn to before me this 26th day of June, 1972, by Neil M. Kruback.

Witness my hand and official seal,
My commission expires May 22, 1975

Glendora Kruback
Notary Public

Approved this 13th day of November, 1972 by the City Engineer of the City of Loveland, Colorado.

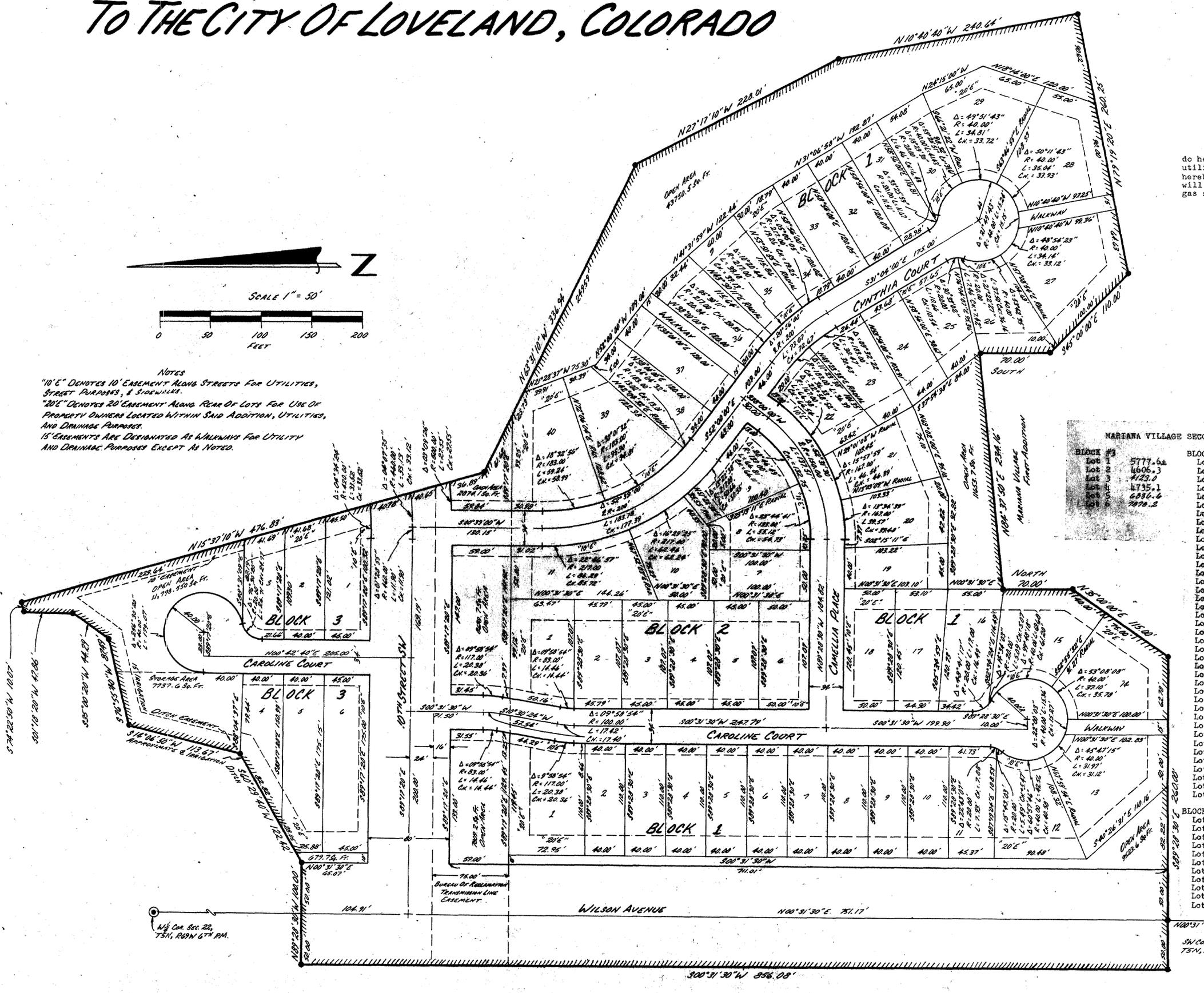
G. C. Sallemann
City Engineer

Approved this 25th day of July, 1972 by the City Planning Commission of the City of Loveland, Colorado.

Ronald R. Pearson
Chairman

Approved by the City Council of the City of Loveland, Colorado this 7th day of November, 1972.

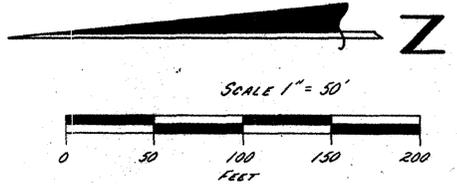
Richard J. Jupp
City Clerk



MARIANA VILLAGE SECOND ADDITION

BLOCK #	Area
BLOCK #1	5777.64
Lot 1	4606.3
Lot 2	4123.0
Lot 3	4735.1
Lot 4	6892.4
Lot 5	7078.2

BLOCK #1	Area
Lot 6	8261.5+
Lot 7	4400.0
Lot 8	4400.0
Lot 9	4400.0
Lot 10	4400.0
Lot 11	4400.0
Lot 12	4400.0
Lot 13	4400.0
Lot 14	4400.0
Lot 15	4400.0
Lot 16	4400.0
Lot 17	4400.0
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Lot 31	4400.0
Lot 32	4400.0
Lot 33	4400.0
Lot 34	4400.0
Lot 35	4400.0
Lot 36	4400.0
Lot 37	4400.0
Lot 38	4400.0
Lot 39	4400.0
Lot 40	4400.0



NOTES
"10' E" DENOTES 10' EASEMENT ALONG STREETS FOR UTILITIES, STREET PURPOSES, & SIDEWALKS.
"20' E" DENOTES 20' EASEMENT ALONG REAR OF LOTS FOR USE OF PROPERTY OWNERS LOCATED WITHIN SAID ADDITION, UTILITIES, AND DRAINAGE PURPOSES.
15' EASEMENTS ARE DESIGNATED AS WALKWAYS FOR UTILITY AND DRAINAGE PURPOSES EXCEPT AS NOTED.

Project Narrative: New Attached Garage**Project Address:****1119 Cynthia Ct****Loveland, CO 80537****Prepared by James W Zack, Contractor****Adroit Building Services Inc.****1151 Eagle Dr Suite 165****Loveland, CO 80537**

We are proposing to build a new attached garage, approximately 460 square feet, on the rear of the lot at the home of Steve and Deb Weishapl. The new garage will add much needed covered parking space as well as storage space and better access to the home during cold, wet weather. The existing home has already been retro fitted with handicap accessible ramps at all exterior doors, and we intend to build another ramp inside the garage to allow handicap access from the garage to the house as well. The current homeowners moved their mobile home to this location with the intention of retiring at this location and aging in place. In addition the homeowners have a handicap grandchild who, due to a medical condition, is in a wheelchair. When their grandchild comes to visit during inclement weather they have no choice but to move his wheelchair through the wet or snow covered lawn in order to access the home. The addition of this new garage will greatly increase the homeowners ability to stay in their home, care for their grandchild, increase their property value, and encourage others in the neighborhood to build with the necessary permits and processes.

The neighborhood where the house is located is littered with unpermitted structures, encroaching into easements and public spaces and it seems to have become the norm for homeowners and tenants alike to build without regard to current building ordinances. The homeowner, Steve Weishapl, is the current president of the homeowners association and as such, has the opportunity to share information with other homeowners about how to go through the necessary steps to properly construct new projects, increasing the property values of the entire neighborhood and serving the better good of the city. In order to build the proposed garage we need to have the 20' easement at the back of the lot vacated, this easement is bordered by a fence at the side of the lot, the neighbors carport to the rear of the lot and the existing house to the front of the lot. It has no access to other easements and is not currently occupied by any public utilities.

The proposed project will not affect any neighboring properties in any negative way, the only impact it will have is to improve the value of the property and help improve the overall value of the entire

neighborhood. The existing structure will remain and the only changes that will be made to it are the siding where the new garage will be attached and the roof line where the new roof will tie into the existing roof. The new garage will be built with conventional concrete foundation and wood framing techniques, the necessary engineering has already been done by a certified public engineer to ensure the stability of the new and existing structure.

According to public records this neighborhood was platted in 1972 and for the past 41 years no public utilities have been installed in the proposed dig area, the area has not been used for drainage or access to any other easements, and due to the construction of fences and other neighboring structures no future access is probable. The contractor and homeowner are both willing to go through the necessary process and expense required to have the easement vacated and the plat corrected as needed to accomplish this project. Without the addition of this new garage the homeowners will most likely not be able to stay in this location and age in place the way they have planned.

We thank you for your time and attention to this matter and respectfully ask that you grant us vacation we have submitted.



**Development Services
Current Planning**

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www.cityofloveland.org

Zoning Board of Adjustment Staff Report

May 28, 2014

Agenda #: Regular Agenda - 1

Title: 1119 Cynthia Court Variance

Applicant: James Zack, Adroit Building Services, Inc.

Request: **Setback Variance**

Location: Southwest of Cynthia Court and Camellia Place

Existing Zoning: R3; Developing High-Density Residential and Special Review #334 for a Mobile Home Community

Use: Existing single family residential and shed, proposed addition of an attached garage

Staff Planner: Noreen Smyth

Staff Recommendation

Subject to additional evidence presented at the public hearing, City staff recommends the following motion:

Recommended Motions:

Move to make the findings listed in Section VIII of the Zoning Board of Adjustment staff report dated May 28, 2014 and, based on those findings, approve the requested variance to setback, as amended on the record.

Summary of Analysis

This is a public hearing to consider a variance for a reduced rear yard setback for an existing shed and for construction of an attached garage on a single family lot. The subject property is zoned R3 and is a part of Special Review #334, but is subject to the setback standards of Chapter 18.43 Mobile Home Parks and Communities. While the yard in which the garage is proposed to be situated is technically the rear yard of the lot, it functions as a side yard due to the front door of the house being located along the corner side lot line instead of the front lot line. The new garage is proposed to be situated over an existing surface parking area and utilize an existing driveway off of Camellia Place. The existing shed was issued a building permit for its current location many years ago at a time when the city was not as careful about enforcing setbacks for such structures.

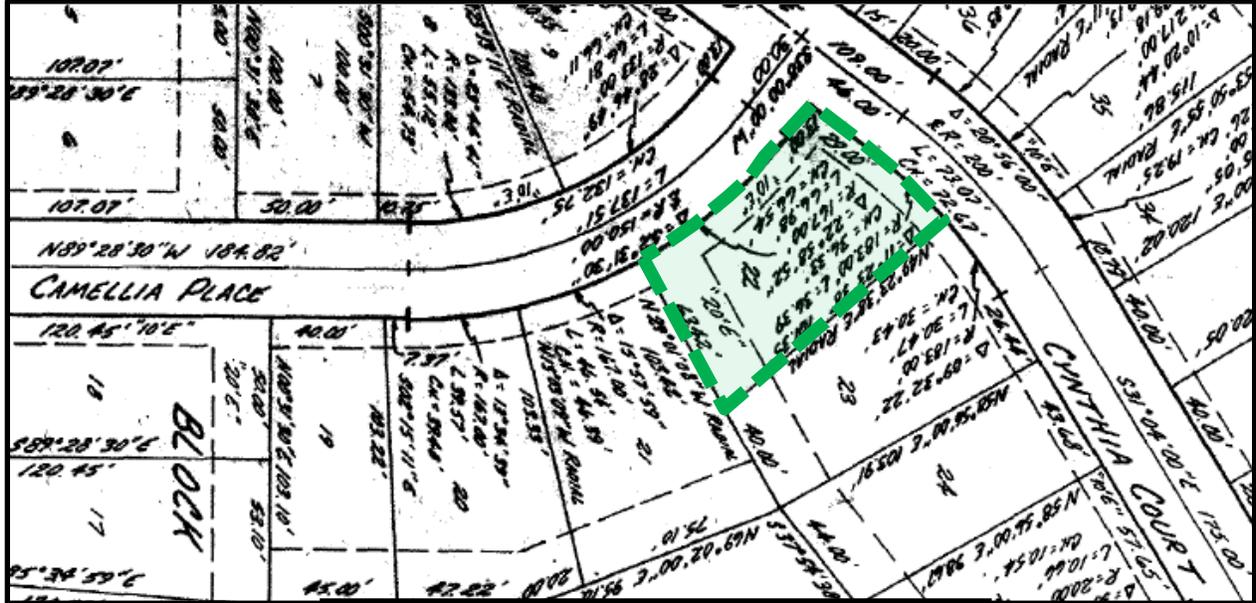
An application for a building permit will need to be submitted for staff review and approval before the new garage can be constructed. It is anticipated that all building code requirements can be met.

Staff believes the existing shed causes no problems in its current location and that construction of an attached garage encroaching into the same setback will fit with the character of that area of the lot.

I. SUMMARY

Subject Property

The subject property is a corner lot with a single-family house located southwest of the intersection of Cynthia Court and Camellia Place in Mariana Village. It is zoned R3 High-Density Residential and the subdivision has a Special Review (SR #334) for a mobile home community.

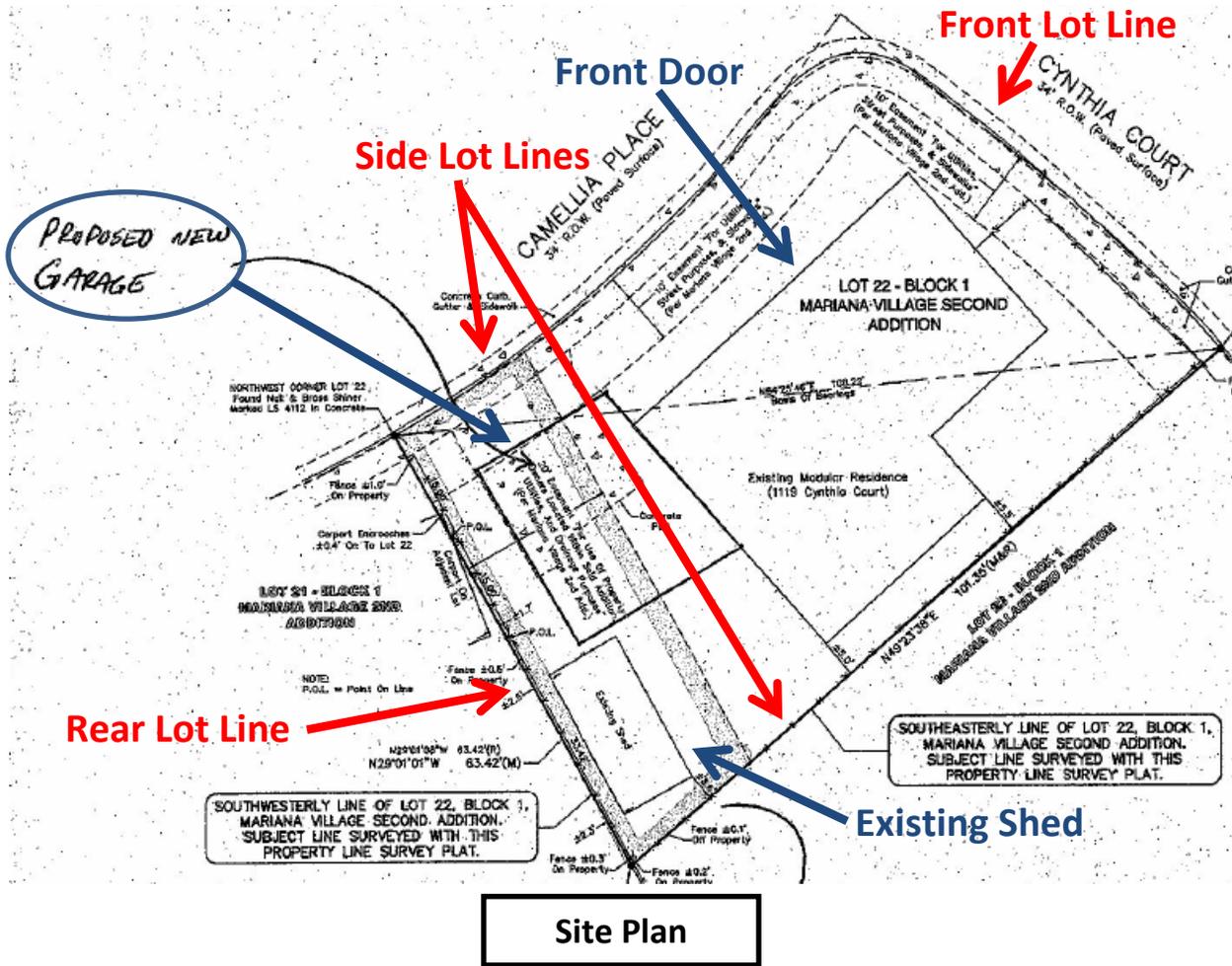


From Mariana Village Second Addition

The 57-lot Mariana Village Second Addition was annexed into the City of Loveland and platted in 1972. Over the years, a number of sheds and home additions have been situated within required setbacks within the development, which is a somewhat common situation in smaller lot subdivisions like this one. Some of the sheds and building additions that are situated within required setbacks received proper building permits from the city, including an existing shed on the subject property, which was permitted in 1974. Staff is uncertain why permits were issued for structures and additions situated as such; likely, there was not a designated staff member at that time reviewing such permits for setback compliance.

Proposal

The subject property does not currently have a garage but does have a paved off-street parking area able to accommodate two automobiles. The applicant is interested in constructing an approximate 500 sq ft attached garage to the west of their house. It would be situated roughly where the existing parking area is located and would utilize the existing driveway access off of Camellia Place. The existing house and shed would not change. The garage addition is proposed to be of a similar architectural style, materials and color as the house.



Variance-Garage

While the subject property is in the R3 district, the minimum lot standards, including minimum setbacks, are set by Mobile Home Parks and Communities chapter of the Zoning Code (Chapter 18.43), and are as follows:

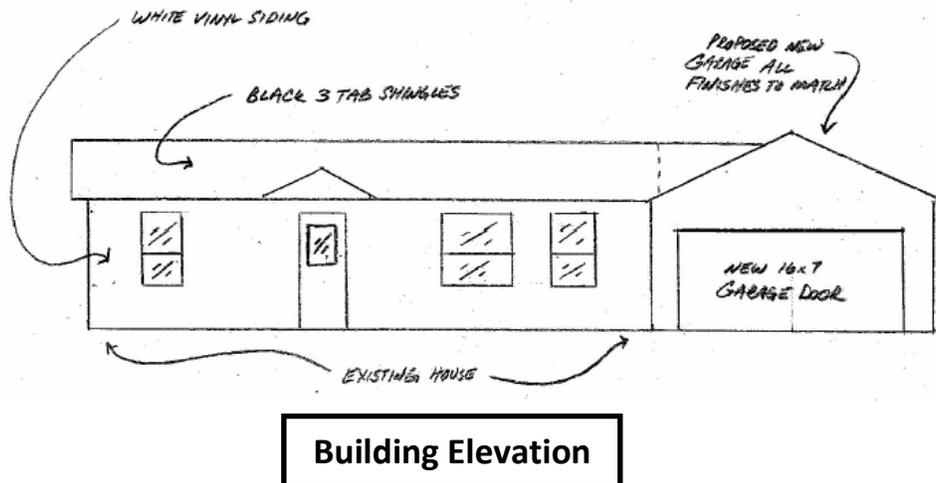
- Front: 10 ft
- Side: 5 ft
- Rear: 20 ft

Although the front door of the house faces Camellia Place, the subject property is addressed off of Cynthia Court, and the Cynthia Court side (east/northeast side) is considered the lot’s front lot line. Per the Zoning Code, the designated rear lot line on any given lot is the property line opposite the front lot line. Thus, the rear lot line is the west boundary of the subject property. With the new garage proposed to face the same direction as the front door (towards Camellia Place), the yard to the side of the new garage will have the appearance of a side yard, even though it is technically the rear yard.

The existing house meets the Cynthia Court 10 ft minimum front setback and the 5 ft interior side setback. At 15 ft from the Camellia Place side lot line, it exceeds that minimum setback. The new attached garage would extend closer to Camellia Place than the rest of the house, but with a 10 ft setback, will still exceed the minimum setback from that lot line.

However, the new garage would be situated approximately 7 ft from the rear (west) lot line, which is a 13 ft encroachment into the minimum 20 ft rear setback. It would be situated in roughly the same location as the existing paved surface parking area on the lot, which is not subject to the setback standard. The existing shed is situated 2.3 ft from that same lot line.

Because of the direction that the front door of the house faces, the yard into which the garage encroaches functions as, as visually appears to be, a side yard rather than a rear yard. Therefore, it could be reasoned that the side setback is more appropriately applied at that location. The new garage would exceed the 5 foot side setback standard were a side setback applied to the west lot line. Further, the presence of a number of other structures within required yards in Mariana Village makes the proposed encroachment less obstructive to the existing character of the neighborhood. It also noted that at 20 feet, the rear setback requirement for mobile home communities is stricter than that of the underlying R3 district, which is 15 feet for a principal building and 5 feet for accessory buildings.



Variance-Shed

The rear setback variance request also concerns the existing shed that encroaches into the rear setback. As described above, for reasons that are unclear, the shed received a building permit from the city to be situated in its current location. Although the shed has been enlarged since, the encroachment of the shed is not caused by the current owner or applicant, and staff is supportive of the granting of the shed setback variance.

Other Code Requirements

The attached garage will be reviewed for all building code requirements at the time a building permit application is submitted. An increased fire rating will be required in the garage construction because of its proximity to the existing shed, but all other standard code requirements are anticipated to be met with the proposal.

Easement Vacation

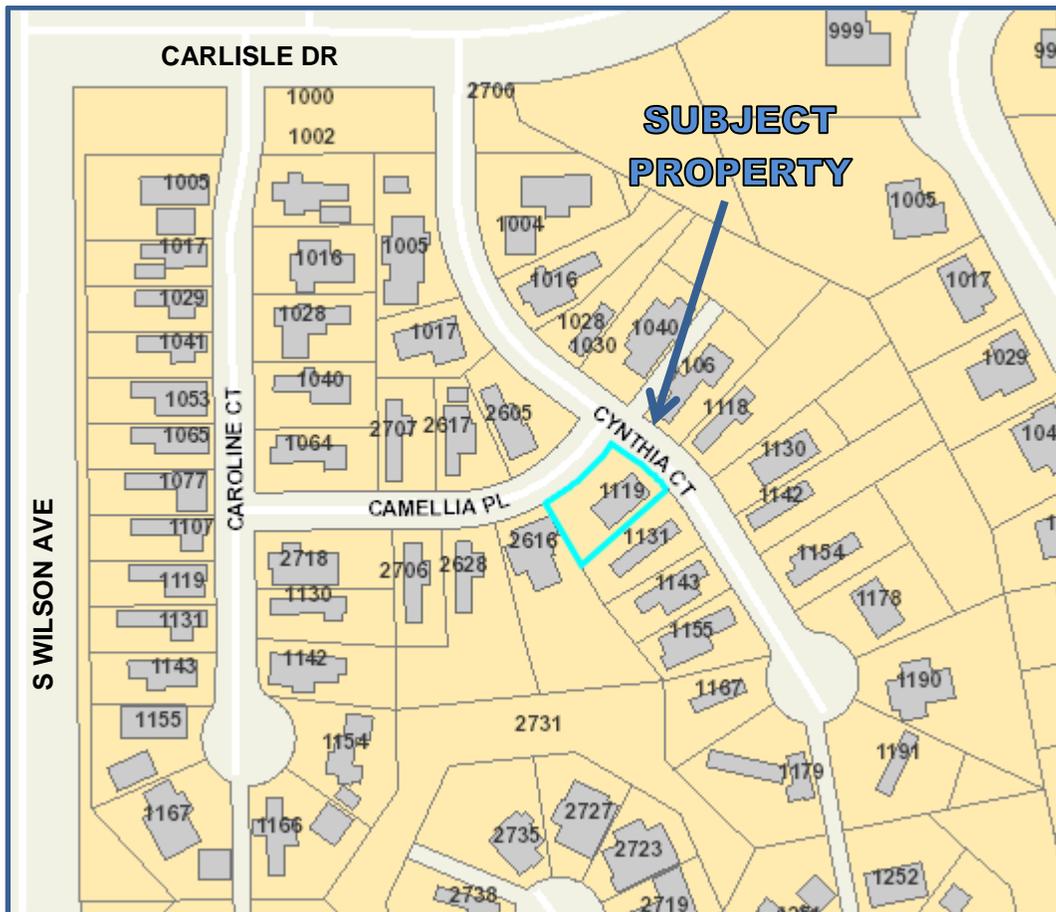
While not directly relevant to the setback variance request, approval of an easement vacation will be needed in advance of the issuance of a building permit because the proposed garage and the shed are situated on an unused 20 foot easement. The easement was created along the rear lot line of all lots within the Mariana Village Second Addition “for use of property owners located within said addition, utilities and drainage purposes”. Vacation requests are heard by the City Council rather than the Zoning Board of

Adjustment, so it is not described in detail in this report. However, staff is supportive of the easement vacation because the area proposed to be vacated is not needed for its originally intended purpose. The vacation will not be heard by the City Council unless and until the variance is approved by the ZBA. The vacation hearing is tentatively scheduled for the June 3 City Council meeting. Like other vacation requests that receive staff support, it is anticipated that the item will be on the Council's consent agenda.

II. ATTACHMENTS

- 1. Variance application, including applicant's justification
- 2. Site plan
- 3. Photos of existing house
- 4. Mariana Village Second Addition

III. VICINITY MAP



IV. SITE DATA

ACREAGE OF SITE:	0.21 ACRE
PROPERTY ZONING / USE.....	R3 & SR 334/ SINGLE FAMILY
EXISTING ZONING / USE - NORTH.....	R3 & SR 334/ SINGLE FAMILY
EXISTING ZONING / USE - SOUTH	R3 & SR 334/ SINGLE FAMILY
EXISTING ZONING / USE - EAST	R3 & SR 334/ SINGLE FAMILY
EXISTING ZONING / USE - WEST	R3 & SR 334/ SINGLE FAMILY

V. KEY ISSUES

The requested setback variance for the existing shed will address an encroachment that was permitted by the city. The requested setback variance for the proposed attached garage would allow it to encroach into the same rear setback as the shed, but to a lesser degree. The setback in which the new garage is proposed to be situated has characteristics of a side yard rather than a rear yard, and the minimum side yard setback would be more than met if a side setback could be applied at this location.

Staff considers the approval of the rear setback variance to be appropriate given that 1) it will address a shed encroachment for a building that was city approved, and 2) it will be inconsequential to allow another encroachment into the same setback, but to a lesser degree, for a yard that functions as a side yard instead of a rear yard. There are no recommended conditions of approval for the variance.

VI. BACKGROUND

The subject property was annexed into the City of Loveland in 1972 as Lot 22 of Block 1 of the Mariana Village Second Addition. The adjacent lots were all created and annexed as part of the same addition. The Mariana Village Second Addition plat also functions as the Special Review #334 site plan, which approved a mobile home community for the subdivision.

The Land Use Map of the Comprehensive Plan designates the area of the subject property *Low Density Residential*.

VII. STAFF, APPLICANT, AND NEIGHBORHOOD INTERACTION

A. Notification: Written notice was mailed to all property owners within 200 feet of the property on May 13, 2014 and notice was posted in prominent locations on the perimeter of the site on May 13, 2014. In addition, a notice was published in the Reporter Herald on May 10, 2014.

B. Neighborhood Response: At the time this staff report was prepared, city staff has not received any inquiries from nearby property owners or other members of the public on the variance request.

VIII. FINDINGS AND ANALYSIS

Section 18.60.030

1. *There are unique circumstances or conditions that are particular to or related to the land or structure for which the variance is requested. The circumstances may include, but are not limited to, exceptional topographic conditions, the shape or dimensions of the property, or the existence of mature landscaping or natural features that impact the property;*

Staff believes that this finding has been met. The existing shed received a building permit from the City of Loveland in 1974 approving it to be situated with the minimum rear yard setback. It is unclear why the city approved the shed as such at that time. The granting of the variance will address this circumstance. The region of the lot proposed for the new garage already functions as a side yard instead of a rear yard as a result of the location of the house's front door, parking area and driveway, and a setback equivalent to that for a side yard is fitting along this lot line.

2. *The special circumstances are not the result of actions or inactions by the applicant or current owner;*

Staff believes that this finding has been met. The setback encroachment for the shed is a result of actions by both a previous owner and the city. While the current owner is proposing to construct the new garage, it is proposed to be located over an existing parking area and accessed by an existing driveway. The location of these was a result of the action of a previous owner.

3. *The strict interpretation and enforcement of the provisions of the code would cause an unnecessary or undue hardship;*

Staff believes that this finding has been met. Without the granting of a rear setback variance, a garage could not be constructed on the property unless significant alterations were made to the existing house to accommodate the garage at another location on the lot.

As regards the shed, because it received a building permit to be situated in its current location, if the setback variance is not granted, the shed can still remain as a legal nonconformity.

4. *Granting the variance is the minimum action needed to accommodate or alleviate the difficulty or hardship involved;*

Staff believes that this finding has been met. The applicant is not seeking to situate the garage any closer to the lot line than the existing surface parking area, and farther from the lot line than the existing shed.

As regards the shed, the applicant is not seeking to expand or otherwise alter the shed, so the variance will be the minimum action needed to accommodate it in its current location.

5. *The variance would not substantially impact the reasonable use and enjoyment or development of other property in the vicinity of the subject land or structure;*

Staff believes that this finding has been met. The only other property that might be significantly impacted by the existing shed and the proposed new garage is the property immediately to the west. That lot has a carport that extends to the lot line that is shared with the applicant, and even encroaches modestly onto the subject property at its northern end. It is unlikely to be impacted by a garage situated approximately 7 ft from the lot line at which its carport is located. Staff has not received any complaints about the existing setback encroachment of the shed.

6. *The variance would not authorize any use in a zoning district other than a use specifically permitted in such zoning district; and*

Staff believes that this finding has been met. The associated variance would authorize an attached garage and a shed, which are allowed uses in the R3 district, Chapter 18.43 (Mobile Home Communities), and SR #334.

7. *The variance would not waive or modify the requirements of any use approved by special review.*

Staff believes that this finding has been met. The Special Review associated with the subject property does not include any requirements for sheds or attached garages beyond that of the standard code requirements.



CITY OF LOVELAND

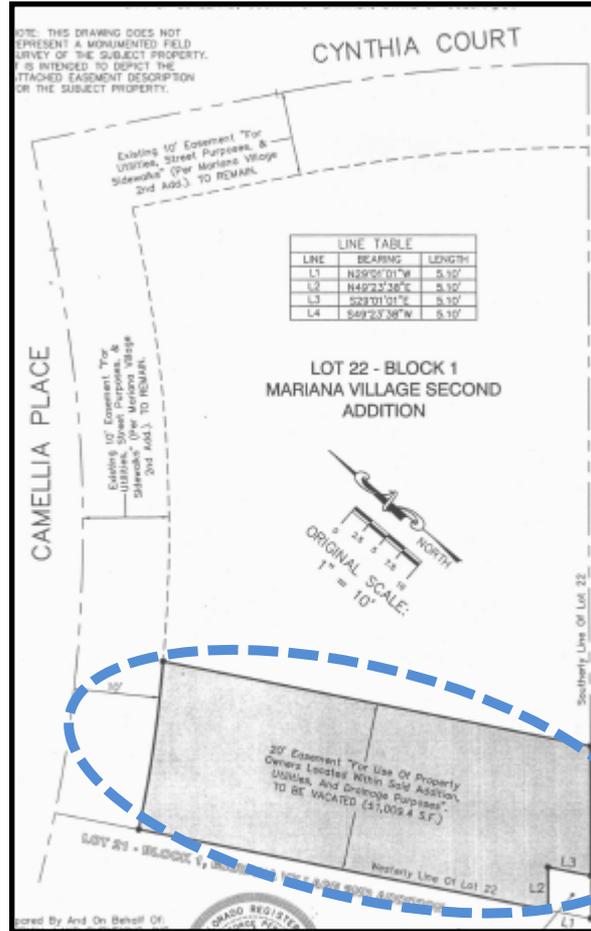


Exhibit F



CITY OF LOVELAND
COMMUNITY PARTNERSHIP OFFICE
 Civic Center • 500 East Third Street • Loveland, Colorado 80537
 (970) 962-2517 • FAX (970) 962-9745 • TDD (970) 962-2620

AGENDA ITEM: 4
MEETING DATE: 6/3/2014
TO: City Council
FROM: Greg George, Development Services
PRESENTER: Alison Hade, Community Partnership Office

TITLE:

A Resolution Approving the 2014 Grant Funding Recommendations of the Loveland Human Service Commission and the Affordable Housing Commission

RECOMMENDED CITY COUNCIL ACTION:

Adopt the resolution as recommended.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

SUMMARY:

This is an administrative action. The Human Services Commission and Affordable Housing Commission considered 51 grant requests totaling \$1.2 million, and recommended funding 40 with allocations of \$563,916 for human services and \$196,342 to affordable housing. The attached staff report describes how the commissions made their decisions.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

The resolution authorizes the allocation of the 2014 Human Services Grant and Community Development Block Grant that were appropriated in the 2014 City Budget.

BACKGROUND:

Human Services commissioners base their recommendations on proposal scores and agency presentations. The 10 lowest-ranking applications were not funded.

Affordable Housing commissioners based their recommendations for Community Development Block Grant funds on the extent to which agency proposals aligned with the City's Consolidated Plan. The plan addresses housing needs during the five years between 2010 and 2015.

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

- 1. Resolution
- 2. Staff Report (Attachment A)

RESOLUTION #R-37-2014**A RESOLUTION APPROVING THE 2014 GRANT FUNDING RECOMMENDATIONS OF THE LOVELAND HUMAN SERVICES COMMISSION AND THE LOVELAND AFFORDABLE HOUSING COMMISSION**

WHEREAS, the City of Loveland, Colorado recognizes the valuable services provided by human services agencies in the Loveland community; and

WHEREAS, the City Council of the City of Loveland recognizes the need to provide opportunities for the well-being of less fortunate citizens; and

WHEREAS, the City has established the Human Services Grant Program to provide financial assistance to agencies meeting the human services needs in the community; and

WHEREAS, the City has budgeted \$500,000 in the 2014 City of Loveland budget for the Human Services Grant Program; and

WHEREAS, in addition to said funds, the City has received \$18,699 in Human Services Grant Program funds that were allocated in 2013, but were unspent and returned to the City, resulting in a combined total of \$518,699 in 2014 Human Services Grant Program funds; and

WHEREAS, the City receives federal Community Development Block Grant (“CDBG”) Program funds through the U.S. Department of Housing and Urban Development (“HUD”) to assist in meeting the housing needs of Loveland citizens with low incomes; and

WHEREAS, the City anticipates receiving \$301,648 in CDBG Program funds for the 2014-2015 federal fiscal year; and

WHEREAS, in addition to said funds, the City has \$270 in CDBG Program funds that were not allocated in 2013, resulting in a combined total of \$301,918 in 2014-2015 CDBG Program funds; and

WHEREAS, the City Council has charged the Human Services Commission with the task of reviewing all grant applications made to the City for Human Services Grant Program funds and for CDBG Program funds, except for “bricks and mortar” applications that are housing related, and making a funding recommendation to the City Council regarding such grant funds distribution; and

WHEREAS, the City Council has charged the Affordable Housing Commission with the task of reviewing all “bricks and mortar” grant applications made to the City for CDBG Program funds related to housing and making a recommendation to the City Council regarding such grant funds distribution; and

WHEREAS, the Human Services Commission and the Affordable Housing Commission have reviewed all grant applications made to the City for Human Services Grant Program funds and CDBG Program funds, and have made a recommendation to the City Council regarding distribution of said funds; and

WHEREAS, the City Council desires to approve the grant funding recommendations of the Human Services Commission and the Affordable Housing Commission.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That the 2014 grant funding recommendations of the Human Services Commission regarding the distribution of Human Services Grant Program funds are hereby approved in the following amounts to the following agencies, subject to execution of a recipient contract with the City of Loveland by the agency on or before August 31, 2014:

Agency	Total Grant Amount
Alternatives to Violence	\$7,685
Audio Information Network	\$1,400
Boys & Girls Club	\$33,250
Care-A-Van/Senior Alternatives in Transportation	\$7,600
Center for Adult Learning	\$26,154
Center for Family Outreach	\$5,200
Community Kitchen	\$6,000
Court Appointed Special Advocates – CASA Program	\$14,025
Court Appointed Special Advocates – Harmony House	\$11,375
Disabled Resource Services	\$14,450
Easter Seals Colorado/WINGS	\$9,750
Elderhaus – Transportation	\$10,384
Elderhaus – Mindset Program	\$14,723
Food Bank for Larimer County – Food Share	\$29,750
Food Bank for Larimer County – Kids Café	\$7,830
GoodHealthwill	\$9,600
Hearts & Horses	\$6,075
House of Neighborly Service – Food Program	\$26,250
House of Neighborly Service – Basic Needs Program	\$24,500
Larimer County Child Advocacy Program	\$22,400
Loveland Youth Gardeners	\$2,450
Matthews House	\$18,346
McKee Medical Center Foundation/Stepping Stones	\$16,250
Meals on Wheels	\$33,250
Neighbor to Neighbor	\$22,500
Partners Mentoring Youth	\$6,500

Project Self-Sufficiency	\$20,400
Rehab and Visiting Nurses Association	\$18,750
Respite Care	\$11,050
Thompson Valley Preschool	\$9,375
Touchstone Health Partners	\$28,000
Turning Point Center	\$20,000
United Day Care Center/Teaching Tree	\$16,397
Volunteers of America	\$7,000
Total Grant Amount	<u>\$518,669</u>

Section 2. That the 2014 grant funding recommendations of the Human Services Commission and the Affordable Housing Commission regarding the distribution of CDBG Program funds are hereby approved in the following amounts to the following agencies, subject to: (a) the approval of HUD and the allocation to and receipt of CDBG funds by the City of Loveland in 2014; (b) City Council budget and appropriation of such allocated federal funding; and (c) execution of a subrecipient contract with the City of Loveland by the agency or project owner on or before December 31, 2014:

Agency	Total Grant Amount
Alternatives to Violence	\$15,065
Alternatives to Violence - Safehouse	\$100,000
Colorado Health Network/No. Colorado AIDS Project	\$7,432
Crossroads Safehouse	\$22,750
Habitat for Humanity	\$75,000
Loveland Housing Authority	\$16,342
Volunteers of America	\$5,000
City of Loveland Program Administration	\$60,329
Total Grant Amount	<u>\$301,918</u>

Section 3. That this Resolution shall take effect as of the date of its adoption.

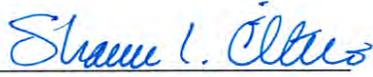
ADOPTED this 3rd day of June, 2014.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:


Assistant City Attorney



**Community Partnership Office
2014 Grant Funding Recommendations
Human Services Commission
Affordable Housing Commission**

**June 3, 2014
Staff Report (ATTACHMENT A)**

GRANT PROGRAM BACKGROUND & SUMMARY..... 2

GRANT PROGRAM GOALS 3

FUNDING DISTRIBUTION PROCESS..... 3

HUMAN SERVICES COMMISSION SCORING SUMMARY & SYSTEM 4

HUMAN SERVICES GRANT RANKING & RECOMMENDATIONS 5

DISTRIBUTION OF HSG FUNDING - GRANT APPLICANTS & FUNDING RECOMMENDATIONS 7

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NEXT STEPS..... 13



Grant Program Background:

The City of Loveland invests in housing and human services via the Human Services Grant (HSG) and Community Development Block Grant (CDBG) programs. The City received 46 grant applications for HSG funds and five applications for CDBG “bricks & mortar” funds. The two commissions reviewed and scored applications, heard presentations from each applicant, and formulated funding recommendations totaling **\$760,258** in the amounts shown starting on pages 7 and 12 of this report.

Decisions are made for **HSG funding** by the Human Services Commission (HSC) through a blind allocation process based on the overall score of the proposal and the presentation. The commission funded proposals that received 70% or higher of the total score possible.

Proposal consideration for **CDBG funding** by the Affordable Housing Commission (AHC) involved prioritizing funding requests based on the City’s Consolidated Plan, which a 5-year proposal to the U.S. Department of Housing and Urban Development (HUD) that addresses housing and social service needs in Loveland.

2014 Summary

Grant Program	Revenue Source	2014 Funds Available for Grants	Funds Requested	# Requests	# Grants Recommended
Human Services Grant	City general fund, CDBG Public Svc funds, other money not spent	\$563,916	\$915,113	46	36
Community Development Block Grant	HUD Bricks & Mortar Funds	\$196,342	\$289,800	5	4
Totals		\$760,258	\$1,204,913	51	40

Funding for the two programs came from the following sources:

- **HUMAN SERVICES GRANT PROGRAM:** **\$500,000** from the City of Loveland, **\$45,247** from HUD for public services (15% of HUD allocation), **\$18,669** not spent during 2013-2014 grant year.
- **COMMUNITY DEVELOPMENT BLOCK GRANT:** **\$196,072** from HUD for Bricks/Mortar projects (65% of HUD allocation), **\$270** not spent during the 2013-2014 grant year.
- The remaining 20%, (**\$60,329**) of the HUD allocation is used to administer the program. This amount is not shown as part of the allocations listed.

The above numbers list the allocated amounts by the Commissions making the funding decisions. The **RESOLUTION** lists the same grants listed by funding source instead of by commission decision. On the Resolution, the HSC allocation is shown to be \$518,669 because it does not include the HUD funding of \$45,247. The CDBG allocation includes the \$45,247 allocated by the HSC, \$196,341 allocated by the AHC, and the administration dollars for a total of \$301,918.



Human Services Grant Program Goals

HSG funds are used to assist in meeting the needs of Loveland citizens through projects and services that enhance stability, provide crisis intervention and prevention, and lead to self-sufficiency.

Objectives:

1. Financially support services that value diversity, foster self-reliance, treat people with dignity, build self-respect, address issues of safety, and allow people to live free of fear through the provision of food, shelter, physical and mental health care as well as services that prevent crises and assist in sustaining independent living.
2. Limit the amount of grant funds to a maximum of \$35,000 for any one request.
3. Allocate up to \$10,000 to a Model Partnership among two or more organizations.
4. Grant recipients must be an IRS-determined non-profit agency.

Affordable Housing Grant Program Goals

The City of Loveland's goals for use of CDBG funds, as defined in the 2010–2015 Consolidated Plan, are to:

1. Provide new housing opportunities to homeless or near homeless persons in Loveland through shelter, transitional, or permanent housing, with priority for permanent supportive housing projects for long term homeless individuals.
2. Provide new housing opportunities for veterans and persons with special needs.
3. Create new housing opportunities or rehabilitate existing housing for households with low to moderate income, giving funding priority to projects that serve households earning 50% or less of the area median income.
4. Decrease poverty in the community by financially supporting services and facilities that meet basic needs and provide self-sufficiency opportunities, with a priority for low and very low income households, which is households earning 50% or less of the area median income.

Funding Distribution Process

Human Services and Affordable Housing Commission members receive training on the grant and allocation processes each year. In 2014, training included reviewing the grant guides that were distributed to non-profits, discussing how information is presented in an application, how score sheets correspond to the questions asked on proposals, and how scores are submitted and compiled for the allocation process.

Scoring criteria and summaries can be found starting on page 4 for HSG and page 12 for CDBG. Ranking and funding recommendations for each grant applicant are shown on subsequent pages and are followed by a brief history of HSG and CDBG funding. The amount of HSG funding requested and recommended by category is also illustrated on page 7. The HSG process takes far longer than the CDBG process given the greater number of proposals received. Therefore, additional information showing the HSG process is presented.

There were no proposals for the HSG Model Partnership in 2014.

Human Services Commission – 2014 Grant Applicant Scoring Summary

Human Services Grant				
Total Amount Requested:	\$915,113	Total Amount Available:	\$563,916 HSG & 15% CDBG	
# of Requests Received	46 requests	Recommended # Grants	36 grants	
Total # of Points Possible	315 points	Average Score	233 points	
Highest Score	276 points	Lowest Score	196 points	
Average Grant Amount	\$15,664	Median Score	234 points	
Lowest Grant Amount	\$1,400	Highest Grant Amount	\$33,250	
Scoring Range (Standard Grant Applications)	Low 196-216	Low-Mid 217-236	Mid-High 237-256	High 256-276
# applicants in range	9	17	16	4

Human Services Commission Scoring System

Each commissioner completes a score sheet for each applicant. Commissioners score on the following 18 items using a 1-5 scale with adjusted weights for each item.

	Scoring Criteria	1	3	5	Weight	Max pts
1	How well does the program meet HSG or CDBG goals	Inadequately meets goals	Partially meets goals	Meets goals	3	15
2	Explanation of need in Loveland for service(s)	Inadequate	Adequate	Thorough	4	20
3	Agency objective for the program	No objective	Adequate objective	Clear objective	5	25
4	Agency documentation for the program	Poorly documented	Adequately documented	Well documented	5	25
5	Results of the objectives	Minimal	Adequate	Exceeded objective	3	15
6	Program benefit to Loveland residents	Minimally beneficial	Somewhat beneficial	Highly beneficial	5	25
7	Level of duplication of services	Others provide same service to same population	Others provide service to different population	Program is only provider	2	10
8	Agency provides accessible and accommodating services	Not accessible or accommodating	Moderate	Extensive	2	10
9	Coordination of services with other agencies	None	Moderate	Excellent	3	15
10	Provision of tools for self-reliance	None	Adequate	Excellent	3	15



11	Program’s use of volunteers	Inappropriate system or explanation	Appropriate	Excellent	2	10
12	Client-generated revenue system	Inappropriate	Appropriate	Excellent	2	10
13	Funding and program sustainability	Questionable	Evidence of sustainability	Highly sustainable	5	25
14	Percentage of Loveland program budget requested from HSG	26% - 30%	16% - 20%	10% or less	4	20
15	Loveland Program budget narrative	Inadequate info	Adequate	Thorough	3	15
16	Impact of service relative to other applicants	Low impact	Equal	Very high	3	15
17	Clarity and quality of proposal	Inadequate	Average	Excellent	5	25
18	Clarity and quality of presentation	Inadequate	Average	Excellent	4	20
Total points possible						315

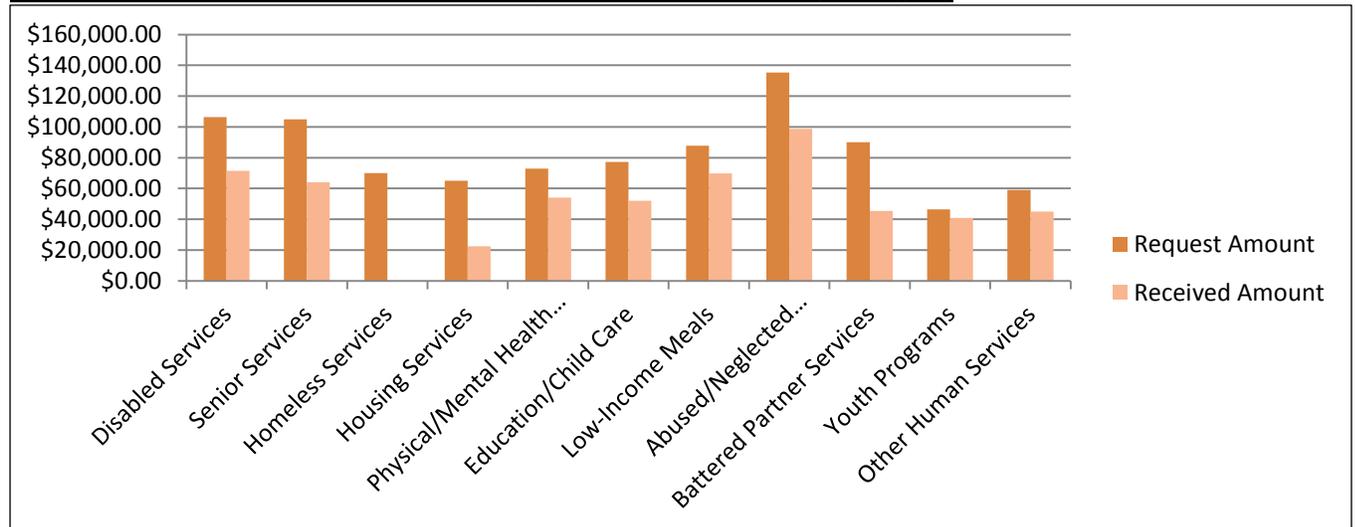
Human Services Grant Applicants – Ranking & Funding Recommendations

Applicant	Request	Score	Rank	% of Request Recommended	Grant Amount Recommended
Center for Adult Learning	\$27,000	276	1	97%	\$26,154
Meals on Wheels	\$35,000	269	2	95%	\$33,250
SAINT	\$8,000	267	3	95%	\$7,600
Boys & Girls Club	\$35,000	265	4	95%	\$33,250
Project Self Sufficiency	\$24,000	252	5	85%	\$20,400
Respite Care	\$13,000	252	5	85%	\$11,050
Food Bank - Food Share	\$35,000	250	7	85%	\$29,750
CASA - Special Advocates	\$16,500	250	7	85%	\$14,025
GoodHealthwill	\$12,000	248	9	80%	\$9,600
Turning Point	\$25,000	248	9	80%	\$20,000
Food Bank - Kids Café	\$9,788	247	11	80%	\$7,830
Northern Colorado AIDS Project	\$9,290	247	11	80%	\$7,432
Touchstone - Safety Net	\$35,000	246	13	80%	\$28,000
Community Kitchen	\$8,000	245	14	75%	\$6,000
N2N - Rent Counseling	\$30,000	244	15	75%	\$22,500
Rehabilitation & Visiting Nurses	\$25,000	242	16	75%	\$18,750
HNS - Food	\$35,000	241	17	75%	\$26,250
Thompson Valley Preschool	\$12,500	241	17	75%	\$9,375
Hearts & Horses	\$8,100	240	19	75%	\$6,075
Disabled Resource Center	\$19,267	240	19	75%	\$14,450
HNS - Basic Needs	\$35,000	236	21	70%	\$24,500



Applicant	Request	Score	Rank	% of Request Recommended	Grant Amount Recommended
Matthews House	\$26,208	236	21	70%	\$18,346
Teaching Tree	\$23,425	234	23	70%	\$16,398
Audio Information Network	\$2,000	233	24	70%	\$1,400
Loveland Youth Gardners	\$3,500	233	24	70%	\$2,450
Larimer Cty Child Advocacy Ctr	\$32,000	232	26	70%	\$22,400
Volunteers of America	\$10,000	230	27	70%	\$7,000
Crossroads Safehouse	\$35,000	226	28	65%	\$22,750
Center for Family Outreach	\$8,000	225	29	65%	\$5,200
ATV - Victim Services Program	\$35,000	225	29	65%	\$22,750
McKee - Stepping Stones	\$25,000	225	29	65%	\$16,250
Elderhaus - Mindset	\$22,650	225	29	65%	\$14,723
CASA - Harmony House	\$17,500	224	33	65%	\$11,375
Easter Seals - WINGS	\$15,000	224	33	65%	\$9,750
Elderhaus - Transportation	\$15,975	223	35	65%	\$10,384
Partners Mentoring Youth	\$10,000	221	36	65%	\$6,500
Enight Skill Center	\$6,500	219	37		\$0
CCLC - Senior Program	\$15,000	214	38		\$0
Touchstone - Grandfamily Prog.	\$12,000	211	39		\$0
N2N - Home Ownership	\$35,000	208	40		\$0
Alliance for Suicide Prevention	\$3,700	208	40		\$0
CCLC - Mission	\$15,000	206	42		\$0
HNS - Angel House	\$25,000	205	43		\$0
HNS - 137 Connection	\$30,000	201	44		\$0
TEF - First Steps	\$14,210	199	45		\$0
ATV - Transitional Living Center	\$20,000	196	46		\$0
Total Requested:	\$915,113			Total Allocated:	\$563,916

2014 Human Services Commission – Requested & Received by Category



2014 Human Services Commission – Grant Applicants & Funding Recommendations

The following information includes each applicant’s request, a brief description of the program, and the funding recommendation of the Human Services Commission for \$518,669 in HSG funds and \$45,247 of CDBG available for public services, for a combined total of \$563,916.

Grant Applicant	Category: Program / Request Description	Amount of Request	Grant \$ Recommended
Alliance for Suicide Prevention	Physical/Mental Health: Suicide Prevention Reduce suicide by raising awareness, specifically among young people and men, who are high risk.	\$3,700	\$0
Alternatives to Violence	Battered Partners: Transitional Living Center 2-year housing and case management for victims of domestic violence.	\$20,000	\$0
Alternatives to Violence	Battered Partners: Victim Services Program Counseling and emergency services for victims of domestic violence.	\$35,000	\$22,750
Audio Information Network	Disabled Services: Services for the Visually Impaired Broadcasts of news, community information, and books for persons who are blind or visually impaired.	\$2,000	\$1,400
Boys & Girls Club	Youth Programs: The Key to GREAT Futures After school and summer programs for children 6-18.	\$35,000	\$33,250
Care-A-Van/ SAINT	Senior Services: Transportation Rides for seniors and people with disabilities who cannot drive.	\$8,000	\$7,600
Catholic Charities	Homeless Services: Homeless Shelter Shelter for homeless individuals and families.	\$15,000	\$0
Catholic Charities	Senior Services: Senior Outreach Program Outreach and support to home-bound seniors.	\$15,000	\$0
Center for Adult Learning	Education: Adult Education Education in reading, writing, math, computer technology, GED and ESL for adults.	\$28,000	\$26,154
Center for Family Outreach	Youth Programs: Youth Scholarships Assistance to youth and families to achieve and sustain long-term positive changes and healthy relationships.	\$8,000	\$5,200
Colorado Health Network/ NCAP	Physical/Mental Health: Crisis Prevention Assistance with rent, food, and medical needs to persons who are HIV-positive or who have AIDS.	\$9,290	\$7,432
Community Kitchen	Low-Income Meals: Meal Program Daily meal program.	\$8,000	\$6,000
Court Appointed Special Adv.	Abused/Neglected Children: CASA Program Training and supervision of volunteer advocates for children in dependency and neglect legal cases.	\$16,500	\$14,025
Court	Abused/Neglected Children: Harmony House	\$17,500	\$11,375



Appointed Special Adv.	Supervised visitation center for abused children and children transitioning between divorced parents.		
Crossroads Safehouse	Battered Partners: Victim Services Program Shelter and emergency services for victims of domestic violence.	\$35,000	\$22,750
Disabled Resource Services	Disabled Services: Services for Disabled Persons Independent living skills, equipment, job skills, housing access, and counseling for persons with disabilities.	\$19,267	\$14,450
Easter Seals Colorado – WINGS	Disabled Services: Services for Developmentally Disabled Supportive living services for adults with developmental disabilities.	\$15,000	\$9,750
Elderhaus	Disabled Services: Transportation to Care Access to adult day care, counseling, case management for adults with developmental and other disabilities.	\$15,975	\$10,384
Elderhaus	Disabled Services: Care for Adults Care and support for adults unable to be home alone during the day.	\$22,650	\$14,723
Ensign Skills Center	Disabled Services: Services for the Visually Impaired Education and services for people with visual disabilities.	\$6,500	\$0
Food Bank for Larimer County	Low-Income Meals: Loveland Food Share Operation of local food bank program.	\$35,000	\$29,750
Food Bank for Larimer County	Low-Income Meals: Kids Café Free meals and snacks to children ages 3-18 who are at risk of hunger.	\$9,788	\$7,830
Good Healthwill	Disabled Services: Medical Gear for Loveland Medical equipment and supplies at low or no cost to qualifying Loveland residents.	\$12,000	\$9,600
Hearts & Horses	Abused/Neglected Children: Changing Leads Program. Therapeutic equine program for youth at risk.	\$8,100	\$6,075
House of Neighborly Service	Homeless Services: Homeless Shelter Shelter and case management for homeless adults through 137 Connection.	\$30,000	\$0
House of Neighborly Service	Other Human Services: Emergency Services Clothing, medical and prescription assistance, utility assistance, school supplies, and other needs.	\$35,000	\$24,500
House of Neighborly Service	Low Income Meals: Food Assistance Monthly food baskets.	\$35,000	\$26,250
House of Neighborly	Homeless Services: Homeless Shelter Shelter and case management for homeless families	\$25,000	\$0



Service	through the Angel House.		
Larimer County Child Advocacy Ctr	Abused/Neglected Children: Victim Services Program. Forensic interviewing of young and disabled crime victims.	\$32,000	\$22,400
Loveland Youth Gardeners	Youth Program: Youth Education Vocational and skill-building for at-risk and special needs teens.	\$3,500	\$2,450
Matthews House	Abused/Neglected Children: Transition Program Life skills and support for youth coming out of foster care or the juvenile justice system.	\$26,208	\$18,346
McKee Medical Ctr Foundation	Senior Services: Care for Adults Care and support for adults unable to be home alone during the day.	\$25,000	\$16,250
Meals on Wheels	Low Income Meals: Meal Program Daily meal delivery to homebound persons.	\$35,000	\$33,250
Neighbor to Neighbor	Housing Services: Home Ownership Program Client counseling and assistance to prevent foreclosure.	\$35,000	\$0
Neighbor to Neighbor	Housing Services: Housing Counseling Counseling and financial assistance to retain housing and prevent homelessness.	\$30,000	\$22,500
Partners Mentoring Youth	Youth Programs: Community Based Mentoring Create and support mentoring between positive adult role models and youth at risk.	\$10,000	\$6,500
Project Self-Sufficiency	Other Human Services: Case Management Case management, housing assistance, parenting skills and counseling for single parent families.	\$24,000	\$20,400
Respite Care	Disabled Services: Care for Children with Disabilities Care for children with developmental and physical disabilities.	\$13,000	\$11,050
Rehab and Visiting Nurses Assoc	Physical/Mental Health: Home Care Services Skilled nursing and personal care services for low income individuals who are unable to pay.	\$25,000	\$18,750
Teaching Tree	Education/Child Care: Early Childhood Center Tuition assistance for child care and education for low income toddlers and preschoolers.	\$23,425	\$16,397
Thompson Education Foundation	Education/Child Care: Early Childhood Center Tuition assistance for child care and education for low income toddlers and preschoolers.	\$14,210	\$0
Touchstone Health Partners	Physical/Mental Health: Mental Health and Substance Abuse Treatment Therapy for low income individuals who are unable to pay.	\$35,000	\$28,000
Touchstone Health Partners	Senior Services: Grandfamily Assistance Resources and support for grandparents raising their grandchildren.	\$12,000	\$0



Turning Point Center	Physical/Mental Health: Mental Health and Substance Abuse Treatment Residential and out-patient treatment services for youth.	\$25,000	\$20,000
Thompson Valley Preschool	Education/Child Care: Early Childhood Center Tuition assistance for child care and education for low income toddlers and preschoolers.	\$12,500	\$9,375
Volunteers of America	Senior Services: Meal Program Lunch and socialization for seniors.	\$10,000	\$7,000
Total		\$916,113	\$563,916

Human Services Grant Program History							
Comparison Facts	2014	2013	2012	2011	2010	2009	2008
# of Applications	46	44	48	46	48	48	50
Total Requested	\$915,113	\$883,207	\$933,081	\$866,471	\$888,428	\$905,659	\$888,759
HSG Funds Available	\$518,669	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
CDBG Funds Available	\$45,247	\$43,754	\$43,235	\$41,276	\$49,000	\$45,500	\$44,110
Total Funds Available	\$563,915	\$493,754	\$493,235	\$491,276	\$499,000	\$495,500	\$494,110
# Requests Funded	36	42	33	38	35	36	43
% Requests Funded	78%	95%	69%	83%	73%	75%	86%

Affordable Housing Commission – 2014 Grant Applicant Scoring Summary

Community Development Block Grant			
Total Amount Requested:	\$289,800	Total Amount Available:	\$196,342
# of Requests Received	5 requests	Recommended # Grants	4 grants
Total # of Points Possible	30 points	Average Score	22.64 points
Highest Score	25.78 points	Lowest Score	16.56 points
Average Grant Amount	\$49,086	Highest Grant Amount	\$100,000
Lowest Grant Amount	\$5,000		

Consolidated Plan – 2010 to 2015

The City of Loveland Five-Year Consolidated Plan, available in the Community Partnership Office, covers the period from October 1, 2010 through September 30, 2015. It provides that all CDBG funds will be invested to meet needs of Loveland residents. While recipients must live within the city limits, no specific geographic zones have been identified as priority areas. Services and housing will be provided on a needs and income basis throughout Loveland.

Through the development of the 2010-2015 Consolidated Plan, three priority areas have been identified:

- Affordable Housing
- Supportive Services
- Public Facilities

The priorities were determined by input received from citizens and public and private agencies providing housing, services to homeless, transportation, services to children and seniors and persons with HIV/AIDS. City commissions, the City Council, drafters of Larimer County’s Housing Needs Assessment and other interested parties also contributed.

The Consolidated Plan includes strategies in the following five areas:

- Affordable Housing
- Homelessness
- Supportive Services
- Anti-Poverty
- Community Development and Public Facilities

Goals outlined in the Consolidated Plan are measured every two years and reported to HUD. The degree to which the goals have been met are key to funding decisions made by the Affordable Housing Commission

Affordable Housing 2014 Commission Scoring System

Each commissioner completes a score sheet for each applicant. Commissioners score on the following 10 items using a 1-3 scale (1 – Does not meet criteria, 2 – Meets criteria, 3 – Exceeds criteria).

	Scoring Criteria	Rating
1	Conformity to CDBG goals	1-3
2	Experience	1-3
3	Marketing efforts	1-3
4	Experience managing a CDBG project	1-3
5	Capacity to manage and complete project	1-3
6	Timeline	1-3
7	Future/Other funding	1-3
8	Overall cost to create housing units	1-3
9	Project development and operating costs	1-3
10	Application and presentation	1-3

2014 Affordable Housing Commission – Grant Applicants & Funding Recommendations

The information below includes each applicant’s request, a brief description of the program, and the funding recommendation of the Affordable Housing Commission for \$196,342 in CDBG funds.

Grant Applicant	Program / Request Description	Amount of Request	Grant \$ Recommended
Housing Authority	Larimer Home Improvement Emergency Funds: One-time grant of \$1,000 for home emergencies for people living at 50% of the area median income.	\$35,000	\$16,342
Alternatives to Violence	Safehouse: Purchase of home to be used for safe housing victims of domestic violence.	\$100,000	100,000
GRID Alternatives	Solar Panels: Reducing the cost of utilities for low income residents.	\$37,500	\$0
Habitat for Humanity	Willow Park: Land purchase to build a triplex.	\$100,000	\$75,000
Volunteers of America	Handyman Program: Minor home repairs and rehabilitation for seniors and people with disabilities.	\$17,300	\$5,000
Totals		\$289,800	\$196,342

Community Development Block Grant Program History							
Comparison Facts	2014	2013	2012	2011	2010	2009	2008
# of Applications	5	6	7	11	10	9	10
Total Requested	\$289,800	\$306,300	\$190,380	\$380,875	\$305,807	\$321,776	\$644,335
CDBG Funds Available	\$196,342	\$207,540	\$187,357	\$189,915	\$215,000	\$277,318	\$236,949
# Requests Funded	4	6	7	8	8	8	9
% of Requests Funded	80%	100%	100%	73%	80%	89%	90%

Next Steps

Upon City Council approval of the allocation of funds, the Community Partnership Office will draft a contract agreement between each grant recipient and the City. Additionally, and as required by HUD, staff will complete the 2014-2015 Annual Action Plan providing detailed information regarding the City's plans for expending CDBG funds. The plan will be presented to the City Council for approval prior to August, 2014. The approved plan will then be submitted to HUD for release of 2014-2015 CDBG funding.



CITY OF LOVELAND
CITY MANAGER'S OFFICE

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2303 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 5
MEETING DATE: 6/3/2014
TO: City Council
FROM: Alan Krcmarik, Executive Fiscal Advisor
PRESENTER: Alan Krcmarik, Executive Fiscal Advisor

TITLE:

A Resolution Approving the Issuance of Multifamily Housing Revenue Bonds by the Housing Authority of the City of Loveland for the Sole Purpose of Qualifying the Interest Payable on the Bonds for Exclusion from the Gross Income of the Owner or Owners of the Bonds for Federal Income Tax Purposes Under the Applicable Provisions of the Internal Revenue Code of 1986; and Related Matters

RECOMMENDED CITY COUNCIL ACTION:

Conduct a public hearing and approve the resolution.

OPTIONS:

1. Adopt the action as recommended
2. Deny the action
3. Adopt a modified action (specify in the motion)
4. Refer back to staff for further development and consideration
5. Adopt a motion continuing the item to a future Council meeting

SUMMARY:

This is an administrative action approving tax-exempt financing of not more than \$30M by the Housing Authority of the City of Loveland for a loan to finance a portion of the cost of constructing and equipping a 224-unit affordable housing project to be known as Ashley Estates.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

BACKGROUND:

The City has been advised by the Loveland Housing Authority (the "Authority") that it proposes to issue revenue bonds in the principal amount of not to exceed \$30,000,000 (the "Bonds"), and

to loan the proceeds to Pedcor Investments-2013-CXXV, L.P., an Indiana limited partnership (the "Borrower") to finance a portion of the cost of the construction and equipping of a 224-unit rental housing project to be known as Ashley Estates (the "Project") located at 657 W. 64th Street, in Loveland, Colorado, to be owned and operated by the Borrower. The Project is designated as an affordable housing development.

This Resolution is a formality required under Internal Revenue Code Section 147(f) so that interest earned on the Bonds qualifies as non-taxable income for federal income tax purposes. For this to occur, the Internal Revenue Code requires that an "elected legislative body" must adopt this Resolution. This is why it is not sufficient for just the Authority's unelected board to adopt this Resolution. It is important to note that the Council's adoption of this Resolution does not create any liability for the City for the payment of the Bonds, which liability will remain solely with the Authority.

Also, as required by the Internal Revenue Code, the Authority has conducted a public hearing on May 27, 2014, after giving the required notice for that hearing. Attached as Exhibit "A" to the resolution is the Authority's report on that public hearing, and attached as Exhibit "B" to the Resolution is an affidavit of publication of the notice for the hearing.

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

1. Resolution with Exhibits A & B

RESOLUTION NO. R-38-2014

A RESOLUTION APPROVING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS BY THE HOUSING AUTHORITY OF THE CITY OF LOVELAND FOR THE SOLE PURPOSE OF QUALIFYING THE INTEREST PAYABLE ON THE BONDS FOR EXCLUSION FROM THE GROSS INCOME OF THE OWNER OR OWNERS OF THE BONDS FOR FEDERAL INCOME TAX PURPOSES UNDER THE APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986; AND RELATED MATTERS

WHEREAS, the City Council for the City of Loveland, Colorado (the “City Council”) has been advised by the Housing Authority of the City of Loveland (the “Authority”) that the Authority proposes to issue its Multifamily Housing Revenue Bonds (Ashley Estates Project), Series 2014 in the principal amount of not to exceed \$30,000,000 (the “Bonds”), and to loan the proceeds therefrom to Pedcor Investments-2013-CXXV, L.P., an Indiana limited partnership (the “Borrower”) to provide funds to finance a portion of the cost of the construction and equipping of a 224-unit rental housing project to be known as Ashley Estates located at 657 W. 64th Street, in Loveland, Colorado, to be owned and operated by the Borrower, all in accordance with the Authority’s powers as set forth in Part 2, Article 4, Title 29 of Colorado Revised Statutes, and contingent upon the adoption of this Resolution; and

WHEREAS, it is the intent of the Authority that interest on the Bonds qualify for exclusion from the gross income of the owners thereof for federal income tax purposes pursuant to the applicable provisions of the Internal Revenue Code of 1986, as amended (the “Tax Code”); and

WHEREAS, under the provisions of Section 147(f) of the Tax Code, interest on the Bonds would not be so excludable unless the issue is approved by the City Council after a public hearing to consider the issuance of the Bonds following reasonable public notice; and

WHEREAS, the City Council has been advised that a public hearing was held by the Authority on May 27, 2014, after reasonable public notice; and

WHEREAS, the Authority’s Report of the Public Hearing is attached to this resolution as **Exhibit A** and attached as **Exhibit B** is the affidavit of publication for the May 27, 2014 hearing.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF LOVELAND, AS FOLLOWS:

Section 1. The City Council, for the sole purpose of qualifying the interest payable on the Bonds for exclusion from the gross income of the owners thereof for federal income tax purposes pursuant to the applicable provisions of the Tax Code, does hereby approve the issuance by the Authority of the Bonds, provided that: (i) the aggregate principal amount of the Bonds shall not exceed \$30,000,000, and (ii) in no event shall the City or any other political subdivision of the State of Colorado (other than the Authority) be liable for the Bonds nor shall

the Bonds constitute a debt of the State of Colorado, the City of Loveland or any other such political subdivision (other than the Authority).

Section 2. All resolutions, orders or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby superseded.

Section 3. This Resolution shall be in full force and effect from and after its passage and approval, in accordance with law.

ADOPTED this 3rd day of June, 2014.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

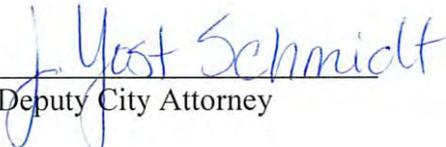

Deputy City Attorney

EXHIBIT A
REPORT OF PUBLIC HEARING

EXHIBIT B
AFFIDAVIT OF PUBLICATION

STATE OF COLORADO)
)
 COUNTY OF LARIMER) SS.
)
 CITY OF LOVELAND)

I, the undersigned duly appointed City Clerk of the City of Loveland (the "City"), do hereby certify that the foregoing pages 1 through 4, inclusive, are a true, correct and complete copy of the record of proceedings of the City Council, insofar as such proceedings relate to the resolution contained therein, had and taken at a lawful, public meeting of the City Council held at the City Council's Chambers, 500 E. Third Street in Loveland, Colorado, on June 3, 2014, commencing at the hour of 6:30 p.m., as recorded in the regular official book of the proceedings of the City Council kept in my office; that said proceedings were duly had and taken as therein shown; that the meeting therein shown was duly held and was open to the public at all times; and that the persons therein were present at said meeting in person or by telephone as therein shown.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the City of Loveland this June 3, 2014.

 City Clerk, City of Loveland

(SEAL)

EXHIBIT A

**REPORT ON PUBLIC HEARING WITH RESPECT TO PROPOSED ISSUANCE OF
HOUSING AUTHORITY OF THE CITY OF LOVELAND
MULTIFAMILY HOUSING REVENUE BONDS
(ASHLEY ESTATES PROJECT) SERIES 2014**

May 27, 2014

TO: City Council, City of Loveland, Colorado
FROM: Executive Director, Housing Authority of the City of Loveland

I. Summary of proposed issuance of not to exceed \$30,000,000 Housing Authority of the City of Loveland Multifamily Housing Revenue Bonds (Ashley Estates Project) Series 2014 (the "Bonds").

Purpose: Housing Authority of the City of Loveland (the "Authority") proposes to use the proceeds of the Bonds to finance the construction and equipping of a 224-unit rental housing facility to be known as Ashley Estates (the "Project"), in the City of Loveland, Colorado.

Bonds: The Bonds will be special, limited obligations of the Authority. The Bonds are not otherwise an obligation or liability of the State of Colorado or any political subdivision thereof, including the City of Loveland.

State Volume
Cap Allocation: The Authority is using its 2011 carryforward volume cap, together with 2014 volume cap assigned to it from the City of Loveland and from Larimer County, and 2011 carryforward volume cap from the Colorado Housing and Finance Authority, with respect to the Bonds.

Principal Amount: Not to exceed \$30,000,000

Bond Counsel: Sherman & Howard, L.L.C., Denver, Colorado

Placement Agent:: Citigroup Global Markets Inc.

II. Report on Public Hearing

The public hearing was convened by Sharlet Lee, Director of Operations, at 9:00 a.m., May 27, 2014, at the offices of the Authority, 375 W. 37th St., Suite 200, in Loveland, Colorado. No persons appeared and no comments were received with respect to the issuance of the Bonds or the financing of the Project. The hearing was closed at approximately 9:20 a.m.

AFFIDAVIT OF PUBLICATION REPORTER-HERALD

State of Colorado
County of Larimer

I, the undersigned agent, do solemnly swear that the LOVELAND REPORTER-HERALD is a daily newspaper printed, in whole or in part, and published in the City of Loveland, County of Larimer, State of Colorado, and which has general circulation therein and in parts of Larimer and Weld counties; that said newspaper has been continuously and uninterruptedly published for a period of more than six months next prior to the first publication of the annexed legal notice of advertisement, that said newspaper has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879, or any, amendments thereof, and that said newspaper is a daily newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado; that a copy of each number of said newspaper, in which said notice of advertisement was published, was transmitted by mail or carrier to each of the subscribers of said newspaper, according to the accustomed mode of business in this office.

The annexed legal notice or advertisement was published in the regular and entire edition of said daily newspaper once; and that one publication of said notice was in the issue of said newspaper dated May 13, 2014.

Rebra K. Rypawy
Agent

Subscribed and sworn to before me this 15th day of May, 2014, in the County of Larimer, State of Colorado.

[Signature]
Notary Public

Account #104124
Ad #5618096
Fee \$39.47

RACHEL E. MUDLOFF
NOTARY PUBLIC
STATE OF COLORADO

My Commission Expires 04-12-2016

NOTICE OF PUBLIC HEARING
HOUSING AUTHORITY OF THE
CITY OF LOVELAND, COLORADO
MULTIFAMILY HOUSING REVENUE BONDS
(ASHLEY ESTATES PROJECT) SERIES 2014

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Tax Code") will be held by the Housing Authority of the City of Loveland, Colorado, (the "Authority") on Tuesday, May 27, 2014, commencing at 9:00 a.m., at the Authority's offices, 375 W. 37th St., Suite 200, in Loveland, Colorado, for the purpose of providing a reasonable opportunity for interested individuals to express their views, either orally or in writing, on the issuance by the Authority of the above-captioned bonds (the "Bonds") and the Project described below.

The Authority has been requested to make available proceeds of the Bonds to be issued in an aggregate principal amount not exceeding \$30,000,000 to finance a portion of the cost of the construction and equipping of a 224-unit rental housing project (the "Project") to be owned and operated by Pedcor Investments-2013-CXXV, L.P., an Indiana partnership. The Project will consist of 64 one-bedroom units, 112 two-bedroom units and 48 three-bedroom units, in 14 two-story buildings, and a clubhouse. The Project will be located at 6403 Eden Garden Drive, in Loveland, Colorado.

THE BONDS SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY. THE AUTHORITY WILL NOT BE OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON, EXCEPT FROM THE ASSETS OR REVENUES PLEDGED THEREFOR. IN NO EVENT SHALL THE STATE OF COLORADO, THE CITY OF LOVELAND OR ANY OTHER POLITICAL SUBDIVISION THEREOF (OTHER THAN THE AUTHORITY) BE LIABLE FOR THE BONDS, AND THE BONDS SHALL NOT CONSTITUTE A DEBT OF THE STATE OF COLORADO, THE CITY OF LOVELAND OR ANY OTHER SUCH POLITICAL SUBDIVISION. THE AUTHORITY DOES NOT HAVE THE POWER TO PLEDGE THE GENERAL CREDIT OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY HAS NO TAXING POWER.

It is intended that the interest payable on the Bonds be excludable from the gross income of the owners thereof for federal income tax purposes pursuant to the applicable provisions of the Tax Code. The Authority will, at the above time and place, receive any written comments from and hear all persons with views in favor of or opposed to the proposed issuance of the Bonds and the use of the proceeds thereof to finance the Project.

Dated May 13, 2014.
HOUSING AUTHORITY OF THE
CITY OF LOVELAND, COLORADO
Published in the Loveland Reporter-Herald
on May 13, 2014. Ad #5618096

**CITY OF LOVELAND**
FINANCE DEPARTMENT

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2695 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 6
MEETING DATE: 6/3/2014
TO: City Council
FROM: Brent Worthington, Finance
PRESENTER: Brent Worthington, Finance Director

TITLE:

April 2014 Financial Report

RECOMMENDED CITY COUNCIL ACTION:

This is an information only item.

SUMMARY:

The Snapshot Report includes the City's preliminary revenue and expenditures including detailed reports on tax revenue and health claims year to date, ending April 30, 2014.

BUDGET IMPACT:

- Positive
 - Negative
 - Neutral or negligible
-

BACKGROUND:

The Snapshot Report is submitted for Council review and includes the reporting of the City's revenue and expenditures, including detailed reports on tax revenue and health claims as of April 30, 2014. Citywide Revenue (excluding internal transfers) of \$76,900,578 is 99.4% of year to date (YTD) budget or \$428,264 under the budget. Sales Tax collections are 102.2% of the YTD budget or \$290,307 over budget. Building Material Use Tax is 97.1% of YTD budget, or \$16,881 under budget. Sales and Use Tax collections combined were 103.6% of YTD budget or \$502,752 over budget. When the combined sales and use tax for the current year are compared to 2013 for the same period last year, they are higher by 5.7% or \$1,189,372.

Citywide total expenditures of \$70,758,925 (excluding internal transfers) are 67.5% of the YTD budget or \$34,041,414 under the budget.

REVIEWED BY CITY MANAGER:

William D. Cahill

LIST OF ATTACHMENTS:

1. April Snapshot Presentation
2. Snapshot report for April 2014



Snapshot

April
2014

Brent Worthington
Finance Director

Presented
June 3, 2014

April 2014 Snapshot

➤ Citywide Revenue

- \$76.9 million, excluding transfers
- .6% below budget projections (the negative revenue variance is due to timing of URA property tax receipts. This variance will resolve over the next 2-3 months)

➤ Citywide Expenditures

- \$70.8 million, excluding transfers
- 32.5% below budget projections

- Citywide revenues exceed expenditures by \$6.1 million.

April 2014 Snapshot

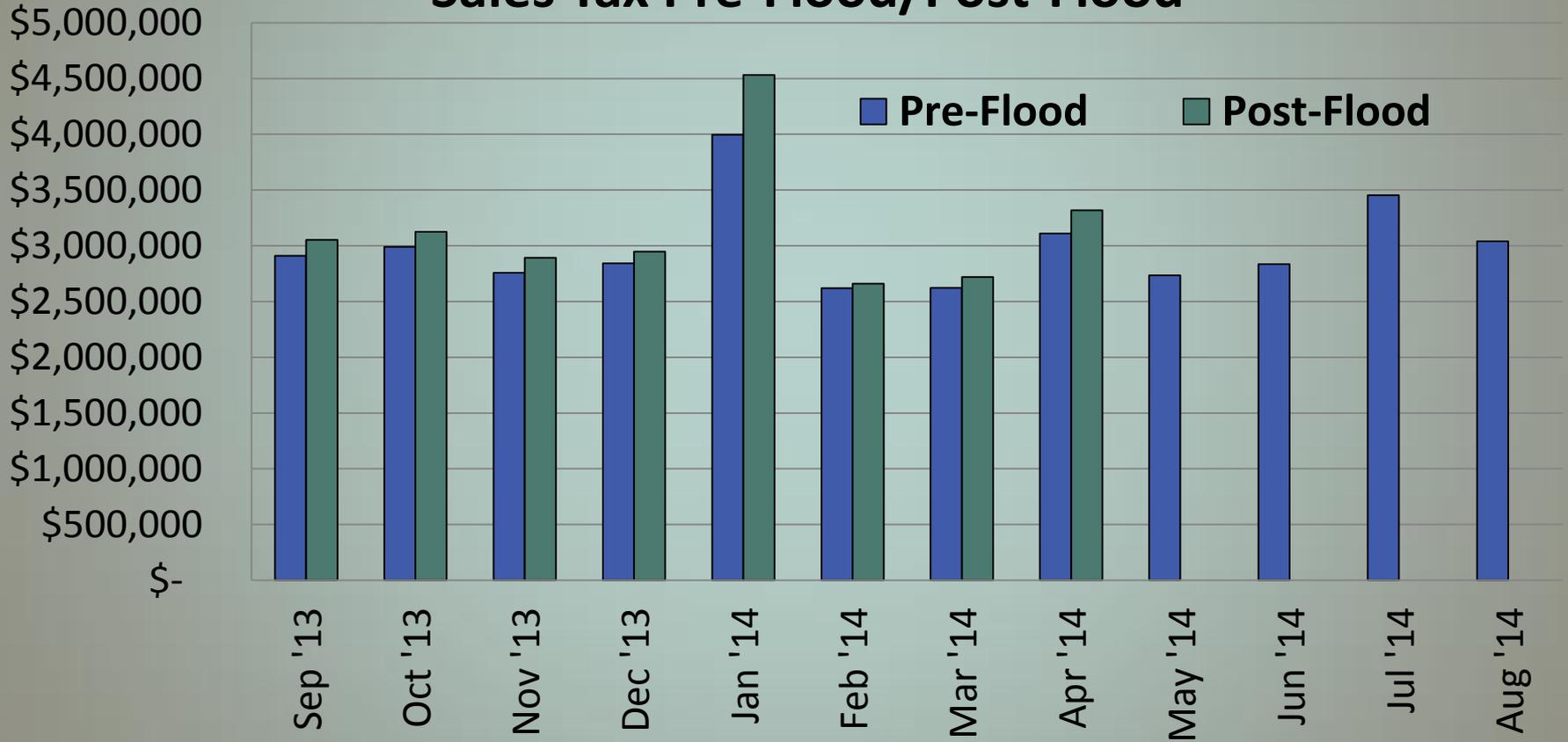
- General Fund Revenue
 - \$28.8 million YTD, excluding transfers
 - 8.9% above YTD Budget
 - 51.8% above same period last year

- Sales and Use Tax Revenue
 - \$14.6 million YTD
 - 3.6% above budget projections
 - 7.0% above same period as last year

- Sales Tax only
 - \$13.2 million YTD
 - 2.2% above budget projections
 - 7.1% above same period last year

April 2014 Snapshot

Sales Tax Pre-Flood/Post-Flood



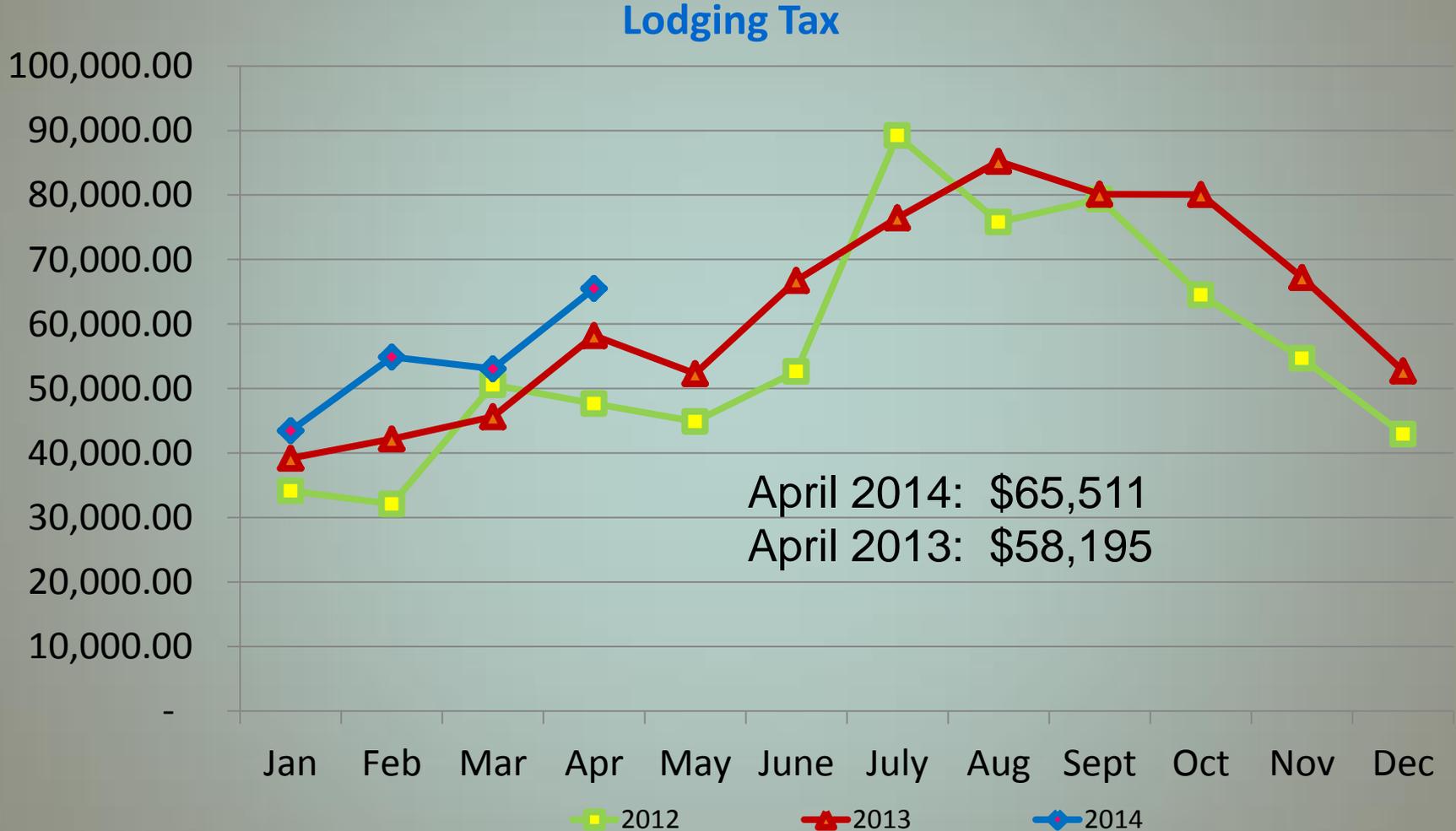
April 2014 Snapshot

- General Fund Expenditures
 - \$21.3 million YTD, excluding transfers
 - 8.2% below budget projections

- General Fund Revenues Exceed Expenditures by \$6.3 million

- Health Claims
 - April Claims \$1.1 mil
 - 2014 YTD increased from \$2.7 mil to \$4.0 mil from same time as last year (47.8%)

Lodging Tax Comparison



➤ Lodging tax YTD is \$216,974 (17.2% higher than 2013 YTD).



Flood Report

Cost Estimates

Operational	\$2,780,000
Business Assistance	1,200,000
Capital	26,530,000
Total	\$30,510,000

Actual Expenditures

	<u>April</u>	<u>To Date</u>
Total	896,767	9,310,593

Reimbursements Applied For

	<u>April</u>	<u>To Date</u>
FEMA	90,521	2,378,574
CIRSA	333,231	4,672,407
Other	-	247,471
Total	\$ 423,752	\$ 7,298,452

Reimbursements Received

	<u>April</u>	<u>To Date</u>
FEMA	90,521	90,521
CIRSA	465,091	4,339,176
Other	-	247,471
Total	\$ 555,612	\$ 4,677,168



April 2014 Snapshot

Questions?

Brent Worthington
Finance Director

Presented
June 3, 2014

April

Snapshot

Monthly Financial Report

2014

A Snapshot In Time

Citywide Revenues & Expenditures	2-3
General Fund Revenues & Expenditures	4-5
Capital Projects	5
Tax Totals & Comparison	6-7
Flood Update	8-9
Geo Codes & Sales Tax SIC	10-12
Health Care Claims	13
Activity Measures	14

- ◇ Citywide Revenue, excluding transfers between funds, \$76.9 million (.6% below budget projections)
- ◇ Sales & Use Tax Collection, \$14.6 million (3.6% above budget projections)
- ◇ Citywide Expenditures, excluding transfers between funds, \$70.8 million (32.5% below budget projections)
- ◇ Citywide Year-To-Date Revenues exceed Year-To-Date Expenditures by \$6.1 million
- ◇ General Fund Revenue, excluding transfers between funds, \$28.8 million (8.9% above budget projections)
- ◇ General Fund Expenditures, excluding transfers between funds, \$21.3 million, (8.2% below budget projections)
- ◇ General Fund Revenues exceed Expenditures by \$6.3 million

The Sales / Use Tax Basics



April 2014	Sales Tax	Motor Vehicle Use Tax	Building Materials Use Tax	Combined
Budget 2014	\$ 12,937,300	\$ 617,270	\$ 586,020	\$ 14,140,590
Actual 2014	13,227,607	846,595	569,139	14,643,341
% of Budget	102.2%	137.2%	97.1%	103.6%
Actual 2013	\$ 12,347,156	\$ 820,081	\$ 515,798	\$ 13,683,035
Change from prior year	7.1%	3.2%	10.3%	7.0%

2013 Flood:

The 2013 Flood resulted in some businesses being closed during the clean-up/restoration process. In addition, reduced traffic on U.S. 34 due to the closure at the canyon may have reduced sales in businesses along the 34 Corridor. Tracking the impact of the flood on retail sales will provide important information related to the sustainability of City finances due to the flood event. Pre-flood to post flood tracking on a monthly basis began in the September 2013 Snapshot. Sales tax revenue for the eight months included is above the previous year by \$1,397,576 or 5.9%.

Combined Statement of Revenues and Expenditures April 2014				
REVENUE	Current Month	YTD Actual	YTD Revised Budget	% of Budget
General Governmental				
1 General Fund	\$ 6,793,398	\$ 28,789,765	\$ 26,448,789	108.9%
2 Special Revenue	600,436	2,245,479	2,298,614	97.7%
3 Other Entities	1,074,092	8,339,388	11,054,978	75.4% ¹
4 Internal Service	1,447,575	5,677,208	5,501,456	103.2%
5 <i>Subtotal General Govt Operations</i>	<i>9,915,501</i>	<i>45,051,840</i>	<i>45,303,837</i>	<i>99.4%</i>
6 Capital Projects	627,178	2,658,607	2,656,845	100.1%
Enterprise Fund				
7 Water & Power	5,443,760	25,028,292	24,827,280	100.8%
8 Stormwater	407,815	1,564,850	1,614,980	96.9%
9 Golf	268,297	707,761	870,450	81.3% ²
10 Solid Waste	546,898	1,889,228	2,055,450	91.9%
11 <i>Subtotal Enterprise</i>	<i>6,666,770</i>	<i>29,190,131</i>	<i>29,368,160</i>	<i>99.4%</i>
12 Total Revenue	\$ 17,209,450	\$ 76,900,578	\$ 77,328,842	99.4%
<i>Prior Year External Revenue</i>		<i>72,887,946</i>		
<i>Increase From Prior Year</i>		<i>5.5%</i>		
13 Internal Transfers	155,834	1,233,469	13,399,460	9.2%
14 Grand Total Revenues	\$ 17,365,283	\$ 78,134,047	\$ 90,728,302	86.1%
EXPENDITURES				
General Governmental				
15 General Fund	6,389,279	20,325,693	22,025,632	92.3%
16 Special Revenue	926,983	3,103,718	3,678,955	84.4%
17 Other Entities	1,172,171	6,499,585	9,336,939	69.6%
18 Internal Services	1,692,551	5,798,681	6,351,800	91.3%
19 <i>Subtotal General Gov't Operations</i>	<i>10,180,983</i>	<i>35,727,677</i>	<i>41,393,325</i>	<i>86.3%</i>
20 Capital	5,106,271	11,759,406	36,171,230	32.5%
Enterprise Fund				
21 Water & Power	3,131,868	20,133,669	23,808,949	84.6%
22 Stormwater	370,902	1,014,898	892,941	113.6% ³
23 Golf	271,777	764,718	876,756	87.2%
24 Solid Waste	474,518	1,358,555	1,657,138	82.0%
25 <i>Subtotal Enterprise</i>	<i>4,249,065</i>	<i>23,271,841</i>	<i>27,235,784</i>	<i>85.4%</i>
26 Total Expenditures	\$ 19,536,320	\$ 70,758,925	\$ 104,800,339	67.5%
<i>Prior Year External Expenditures</i>		<i>58,676,772</i>		
<i>Increase (-Decrease) From Prior Year</i>		<i>20.6%</i>		
27 Internal Transfers	155,834	1,233,469	23,979,140	5.1%
28 Grand Total Expenditures	\$ 19,692,153	\$ 71,992,393	\$ 128,779,479	55.9%

¹ Lower than anticipated revenue due to timing of property tax payments.

² Lower than projected revenue due to lower revenue generated from green fees due to weather.

³ Higher than projected expenditures due to increased repair and maintenance costs associated with flood recovery.

Special Revenue Funds: Community Development Block Grant, Cemetery, Local Improvement District, Lodging Tax, Affordable Housing, Seizure & Forfeitures, Transit, Transportation.

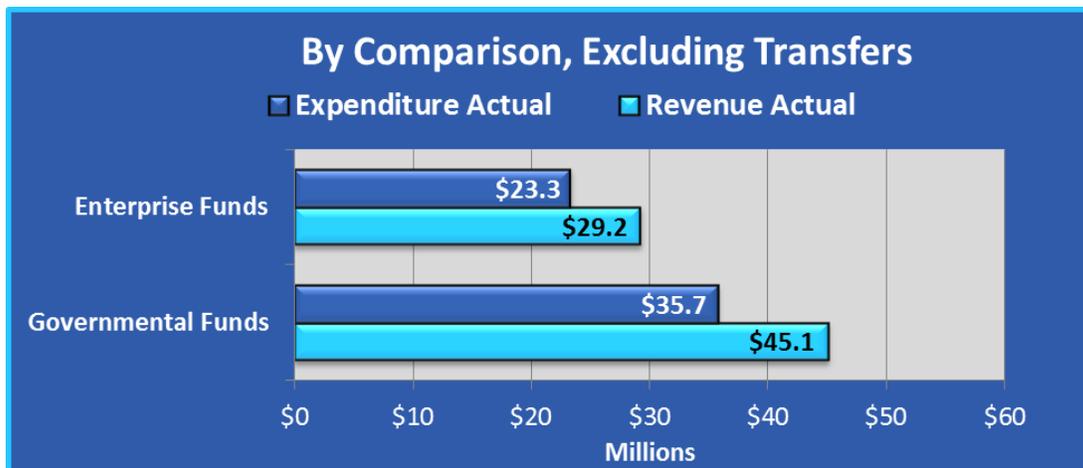
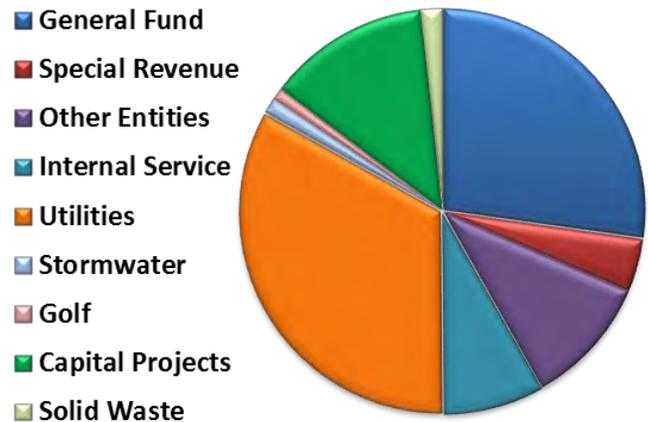
Other Entities Fund: Special Improvement District #1, Airport, General Improvement District #1, Loveland Urban Renewal Authority, Loveland/Larimer Building Authority, Loveland Fire and Rescue Authority.

Internal Service Funds: Risk/Insurance, Fleet, Employee Benefits.

YTD Operating Revenues of \$76.9 Million



YTD Operating Expenditures of \$70.8 Million



- ◆ General Fund Revenue, excluding transfers between funds, \$28.8 million (8.9% above budget projections)
 - * 51.8% above 2013 YTD
- ◆ General Fund Expenditures, excluding capital and transfers between funds, \$20.3 million (7.7% below budget projections)
 - * 76.8% above 2013 YTD
- ◆ Water & Power Revenue, excluding transfers between funds, \$25 million (0.8% above budget projections)
 - * 40.3% above 2013 YTD
- ◆ Water & Power Expenditures, excluding transfers between funds, \$20.1 million (15.4% below budget projections)
 - * 51.9% above 2013 YTD
- ◆ Other Entities Fund Revenue, excluding transfers between funds, \$8.3 million (24.6% below budget projections)
 - * 36.6% above 2013 YTD
- ◆ Other Entities Expenditures, excluding capital and transfers between funds, \$6.5 million (30.4% below budget projections)
 - * 28.5% above 2013 YTD

General Fund Revenues & Expenditures

General Fund Revenue & Expenditures April 2014					
REVENUES	Current Month	YTD Actual	YTD Revised Budget	% of Budget	
1 Taxes					
2 Property tax	\$ 658,927	\$ 3,013,111	\$ 2,734,110	110.2%	
3 Sales tax	3,317,905	13,227,607	12,937,300	102.2%	
4 Building use tax	217,134	569,139	586,020	97.1%	
5 Auto use tax	202,216	846,596	617,270	137.2%	
6 Other taxes	290,579	1,189,828	936,970	127.0%	
7 Intergovernmental	95,978	108,615	115,920	93.7%	
8 License & Permits					
9 Building Permits	180,921	495,038	604,000	82.0% ¹	
10 Other Permits	78,072	152,972	73,560	207.9% ²	
11 Charges for Services	1,184,096	5,127,782	5,145,773	99.7%	
12 Fines & Forfeitures	81,947	313,577	326,210	96.1%	
13 Interest Income	16,399	107,638	111,000	97.0%	
14 Miscellaneous	469,225	3,637,863	2,260,656	160.9%	
15 <i>Subtotal</i>	6,793,398	28,789,765	26,448,789	108.9%	
16 Interfund Transfers	6,570	51,270	52,190	98.2%	
17 Total Revenue	\$ 6,799,968	\$ 28,841,035	\$ 26,500,979	108.8%	
EXPENDITURES					
Operating Expenditures					
18 Legislative	11,729	41,584	58,382	71.2%	
19 Executive & Legal	241,298	625,779	622,622	100.5%	
20 City Clerk & Court Admin	154,392	311,611	418,756	74.4%	
21 Economic Development	117,059	757,234	1,069,767	70.8%	
22 Cultural Services	171,391	588,699	730,788	80.6%	
23 Development Services	345,183	1,028,293	1,400,120	73.4%	
24 Finance	501,535	1,399,925	1,523,944	91.9%	
25 Fire & Rescue	5,032	5,264	7,500	0.0%	
26 Human Resources	112,561	350,811	384,552	91.2%	
27 Information Technology	284,682	1,368,778	1,704,619	80.3%	
28 Library	304,644	953,895	1,108,925	86.0%	
29 Parks & Recreation	1,276,989	3,264,057	3,815,655	85.5%	
30 Police	1,934,087	5,928,674	6,225,089	95.2%	
31 Public Works	507,093	1,771,717	1,804,813	98.2%	
32 Water/ Waste Operations	-	-	100,350	0.0%	
33 Non-Departmental	782,687	2,935,816	2,270,600	129.3% ³	
34 <i>Subtotal Operating</i>	6,750,362	21,332,135	23,246,482	91.8%	
35 Internal Transfers	142,441	1,165,333	10,420,640	11.2%	
36 Total Expenditures	\$ 6,892,803	\$ 22,497,468	\$ 33,667,122	66.8%	

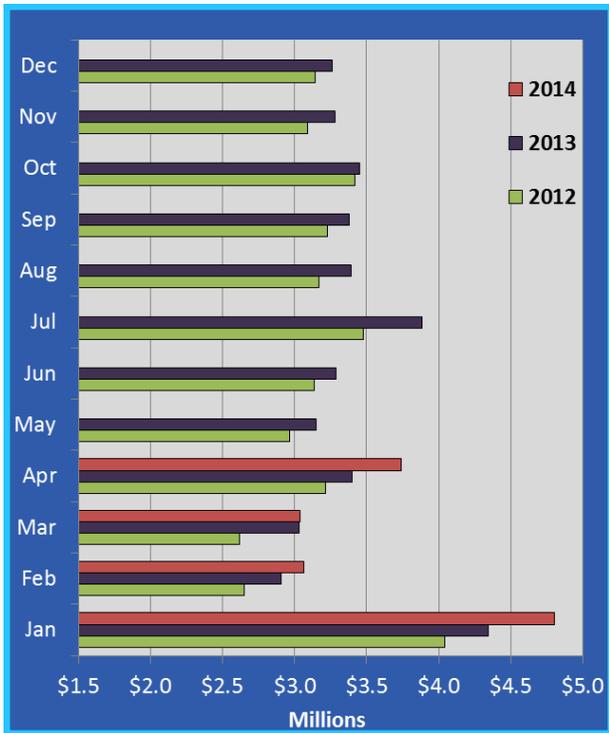
¹ Lower than projected revenue generated from multi-family construction.

² Higher than projected revenue due to timing of distribution to school district.

³ Higher than anticipated expenditures due to timing of payments.

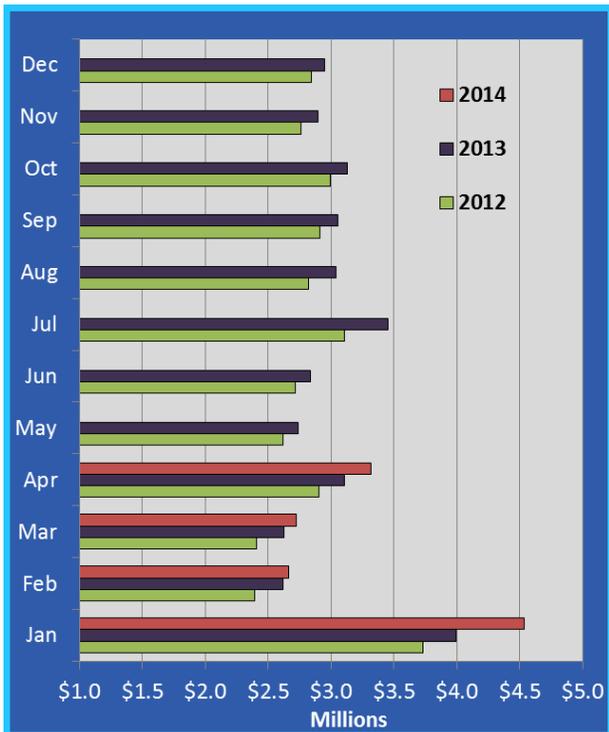
Capital Projects \$500,000+

Project Title	2014 Budget	2014 Expenditures	Remaining 2014 Budget	% of 2014 Budget (Exp/Bud)
Water Capital				
Water Treatment Plant Phase II Expansion (38 MGD)	\$ 9,587,500	\$ 467,187	\$ 9,120,313	4.87%
2014 Water Line Replacements- Phase 1	1,341,990	28,273	1,313,717	2.11%
2014 Water Line Replacements- Phase 2	800,130	-	800,130	0.00%
2013 Flood-48" Water Trans Line-WTP to Hwy 34 Capl	4,140,610	5,236,355	\$(1,095,745)	126.46%
2013 Small Diameter Waterline Replacement	973,590	834,680	138,910	85.73%
Water Line Replacements Project	860,720	610,027	250,693	70.87%
Water General Plant	504,940	155,883	\$ 349,057	30.87%
Raw Water Capital				
Windy Gap Firming Project	750,000	28,000	722,000	3.73%
Purchase CBT Water	1,120,090	-	1,120,090	0.00%
Wastewater Utility Capital				
Gas Conditioning at WWTP	1,010,000	-	1,010,000	0.00%
WWTP Digester System Improvements	3,104,790	830,286	2,274,504	26.74%
Southside Lift Station	529,000	-	529,000	0.00%
Digester Building Code Compliance	555,000	-	555,000	0.00%
2014 CIPP Sewer Rehabilitation	656,500	-	656,500	0.00%
Power Capital				
Idylwilde Dam	2,875,000	-	2,875,000	0.00%
Horseshoe Substation Replace H1 Transformer	750,000	57,866	692,134	7.72%
Colorado Renewable Energy Standard Compliance	500,000	-	500,000	0.00%
Callisto (vault 2716) East along 5th, North on Boyd Lake to railroad xing	570,000	-	570,000	0.00%
OH to UG Conversion (Circuit 314) from 42nd along Garfield to 57th	890,000	1,588	888,412	0.18%
Horseshoe Substation - purchase new transformer H4	650,000	-	650,000	0.00%
Horseshoe Substation - new switgear & transformer install H4	500,000	359,865	140,135	71.97%
Extend new feeders from Horseshoe H4 into system	1,000,000	-	1,000,000	0.00%
Stormwater Capital				
Airport Regional Detention Pond	1,300,000	-	1,300,000	0.00%
29th & Monroe Outfall (Phase II- Dry Creek)	1,000,000	-	1,000,000	0.00%
MeHaffey Park Regional Detention Pond	616,700	3,117	613,583	0.51%
Streets Transportation Program				
2014 Street Rehabilitation	5,320,000	40,048	5,279,952	0.75%
All Other				
Facilities Maintenance Capital Projects	687,500	30,873	656,627	4.49%
Open Lands Acquisition	2,371,000	-	2,371,000	0.00%
Fire Station 2 Relocation	3,797,290	-	3,797,290	0.00%
Police RMS (Communications)	3,000,000	-	3,000,000	0.00%
Barnes Park Field Lighting	4,021,160	675,783	3,345,377	16.81%
Telephone Switch Replacement	750,000	-	750,000	0.00%
Transportation Program	\$ 7,132,850	\$ 834,798	\$ 6,298,053	11.70%



Sales & Use Tax

	2012	2013	2014	2014 Budget	+ / - Budget
Jan	\$ 4,039,678	\$ 4,345,835	\$ 4,801,433	\$ 4,459,360	7.7%
Feb	2,649,229	2,906,780	3,066,965	2,973,250	3.2%
Mar	2,618,052	3,033,347	3,037,688	3,074,180	-1.2%
Apr	3,215,437	3,397,074	3,737,255	3,633,800	2.8%
May	2,966,032	3,150,201		3,298,790	
Jun	3,136,015	3,284,808		3,435,130	
Jul	3,480,123	3,882,561		3,832,510	
Aug	3,171,055	3,392,757		3,550,120	
Sep	3,225,155	3,379,303		3,576,270	
Oct	3,421,098	3,452,052		3,757,520	
Nov	3,092,095	3,280,666		3,436,030	
Dec	3,142,793	3,259,189		3,728,460	
	\$38,156,762	\$ 40,764,573	\$14,643,341	\$42,755,420	
YTD	\$12,522,396	\$ 13,683,036	\$14,643,341	\$14,140,590	3.6%

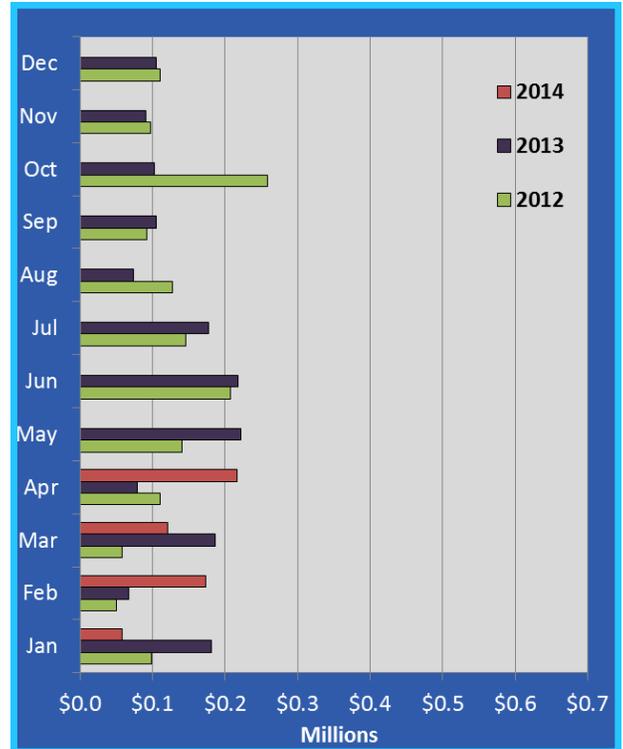


Retail Sales Tax

	2012	2013	2014	2014 Budget	+ / - Budget
Jan	\$ 3,733,309	\$ 3,995,194	\$ 4,531,650	\$ 4,192,160	8.1%
Feb	2,390,409	2,619,453	2,658,798	2,698,090	-1.5%
Mar	2,403,380	2,622,808	2,719,254	2,737,490	-0.7%
Apr	2,905,558	3,109,701	3,317,905	3,309,560	0.3%
May	2,614,500	2,733,983		2,966,740	
Jun	2,711,906	2,835,171		3,119,270	
Jul	3,105,564	3,453,149		3,492,520	
Aug	2,823,319	3,039,219		3,214,360	
Sep	2,909,008	3,051,797		3,236,980	
Oct	2,991,033	3,125,566		3,402,460	
Nov	2,757,932	2,892,986		3,123,880	
Dec	2,841,959	2,946,709		3,413,130	
	\$34,187,877	\$ 36,425,736	\$13,227,607	\$38,906,640	
YTD	\$11,432,656	\$ 12,347,156	\$13,227,607	\$12,937,300	2.2%

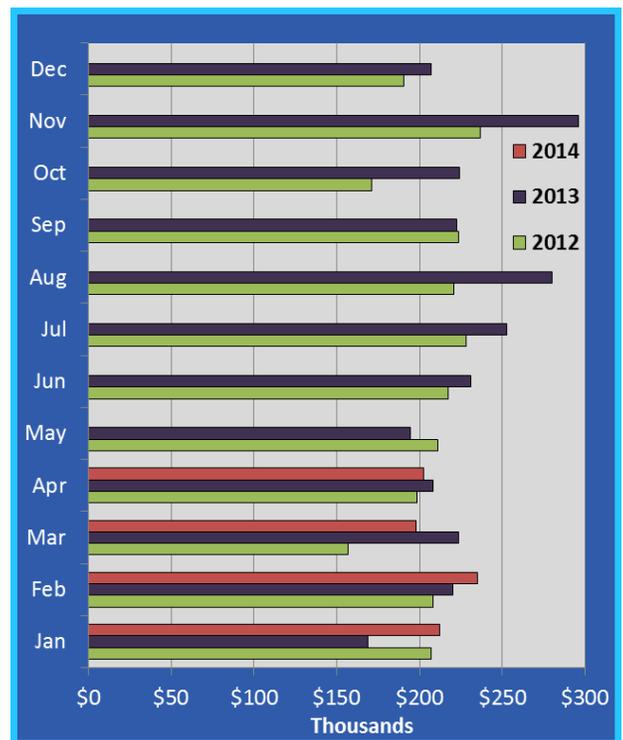
Building Materials Use Tax

	2012	2013	2014	2014 Budget	+ / - Budget
Jan	\$ 99,108	\$ 181,907	\$ 57,942	\$ 120,610	-52.0%
Feb	50,703	67,440	173,295	114,230	51.7%
Mar	57,845	187,222	120,768	192,970	-37.4%
Apr	111,197	79,229	217,134	158,210	37.2%
May	140,470	221,834		156,550	
Jun	207,024	218,722		162,080	
Jul	146,570	176,829		161,510	
Aug	127,261	73,524		153,690	
Sep	92,415	105,174		155,700	
Oct	259,279	102,584		170,910	
Nov	97,778	91,453		140,530	
Dec	110,414	105,740		161,790	
	\$1,500,063	\$1,611,658	\$ 569,139	\$1,848,780	
YTD	\$ 318,853	\$ 515,798	\$ 569,139	\$ 586,020	-2.9%

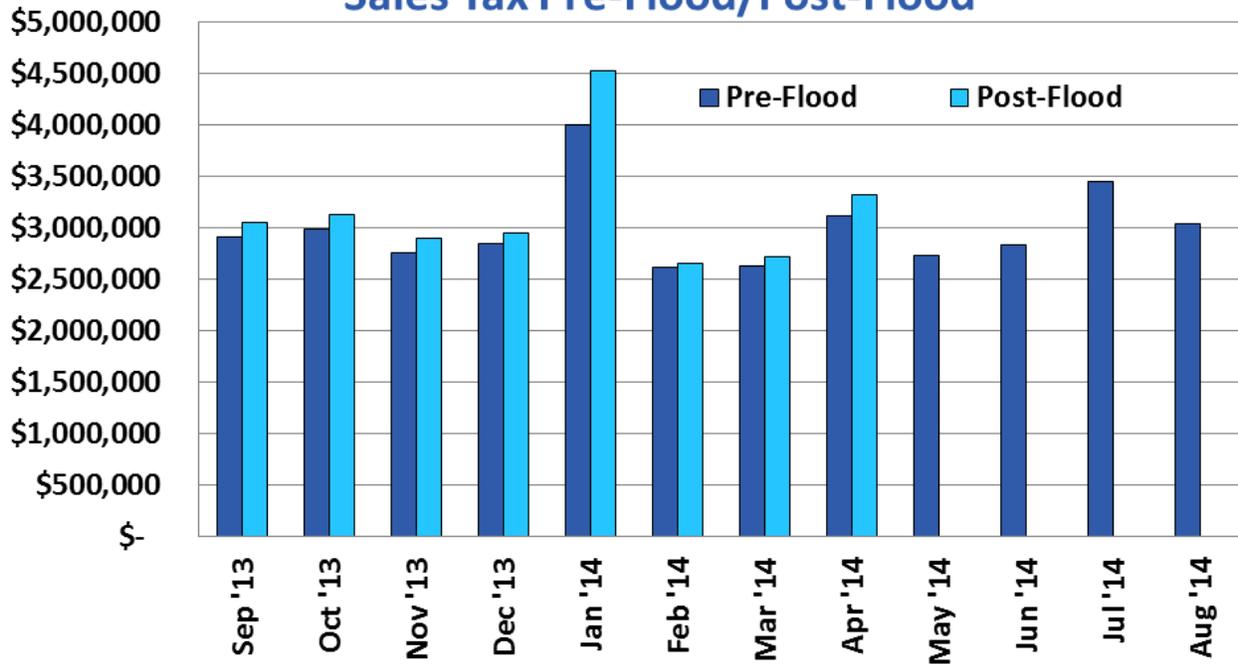


Motor Vehicle Use Tax

	2012	2013	2014	2014 Budget	+ / - Budget
Jan	\$ 207,261	\$ 168,734	\$ 211,841	\$ 146,590	44.5%
Feb	208,117	219,886	234,872	160,930	45.9%
Mar	156,828	223,317	197,666	143,720	37.5%
Apr	198,682	208,144	202,216	166,030	21.8%
May	211,062	194,384		175,500	
Jun	217,084	230,915		153,780	
Jul	227,989	252,583		178,480	
Aug	220,475	280,014		182,070	
Sep	223,732	222,332		183,590	
Oct	170,786	223,902		184,150	
Nov	236,385	296,227		171,620	
Dec	190,420	206,740		153,540	
	\$2,468,822	\$2,727,178	\$ 846,595	\$2,000,000	
YTD	\$ 770,888	\$ 820,081	\$ 846,595	\$ 617,270	37.2%



Sales Tax Pre-Flood/Post-Flood



	Pre-Flood	Post-Flood
Sep '13	\$ 2,909,008	\$ 3,051,797
Oct '13	2,991,034	3,125,566
Nov '13	2,757,932	2,892,986
Dec '13	2,841,959	2,946,709
Jan '14	3,995,194	4,531,650
Feb '14	2,619,453	2,658,798
Mar '14	2,622,808	2,719,254
Apr '14	3,109,701	3,317,905
May '14	2,733,983	
Jun '14	2,835,171	
Jul '14	3,452,149	
Aug '14	3,040,219	
YTD	\$ 35,908,611	\$ 25,244,665



CITY OF LOVELAND
CITY MANAGER'S OFFICE

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2303 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 7
MEETING DATE: 6/3/2014
TO: City Council
FROM: Alan Krcmarik, Executive Fiscal Advisor
PRESENTER: Alan Krcmarik, Executive Fiscal Advisor

TITLE:

Investment Report for April 2014

RECOMMENDED CITY COUNCIL ACTION:

This is an information only item.

SUMMARY:

The 2014 budget projection for investment earnings for 2014 is \$2,025,920, requiring an annual interest rate of approximately 0.94%. For April, the amount posted to the investment account is \$82,018. For the year-to-date, the amount posted is \$545,718. Actual earnings are now below the year-to-date budget projection by \$139,228. Based on the monthly statement, the estimated annualized 1.02% yield on the securities held by US Bank is exactly the same as last month's reading. Due to the demands for draws from the fund balances to pay for the cost of flood response and project repair, the portfolio has a significantly lower fund balance than it would otherwise.

BACKGROUND:

At the end of March the City's portfolio had an estimated market value of \$214.6 million, about \$800,000 less than a month ago. Of this amount, US Bank held (including accrued interest) \$187 million in trust accounts; other funds are held in local government investment pools, in operating accounts at First National Bank, and a few miscellaneous accounts. Interest rates trended to all-time record lows in 2012 – 2013 before rising in the second half of last year. Short-term rates are projected to rise but still remain historically low through 2014 and well into 2015. Investments are in US Treasury Notes, high-rated US Agency Bonds, highly-rated corporate bonds, money market accounts, and local government investment pools. The City's investment strategy emphasizes safety of principal, then sufficient liquidity to meet cash needs, and finally, return on investment. Each percent of earnings on the portfolio equates to about \$2.1 million annually.

REVIEWED BY CITY MANAGER:

William D. Cahill

LIST OF ATTACHMENTS:

1. Investment Focus April 2014



Loveland Municipal Building

Investment Focus

Monthly Investment Report

April 2014

What's in here?

Focal Points	1
Gain / Loss	
Rate Trends	2
Cash Statement	3
Portfolio size	4
Investment types	
Transactions /	5
Maturity	
Future Scan	6

Focal Points

- * 2014 targets for the City's portfolio: 1) the interest rate target is **0.94%**; 2) the earnings goal = **\$2,025,920**.
- * City investments are in high quality, low risk securities, in compliance with state law and the adopted investment policy.
- * Interest earnings posted for the month totaled **\$82,018**. Revenue posted to accounts YTD = **\$545,718: 79.7% of the target**.
- * Each 1% of the market value amounts to nearly **\$2.1 million**.
- * The month end market value shows the unrealized loss was smaller, estimated to be **\$1,587,942** at the end of April.

How Bad is the Job Market for the College Class of 2014?

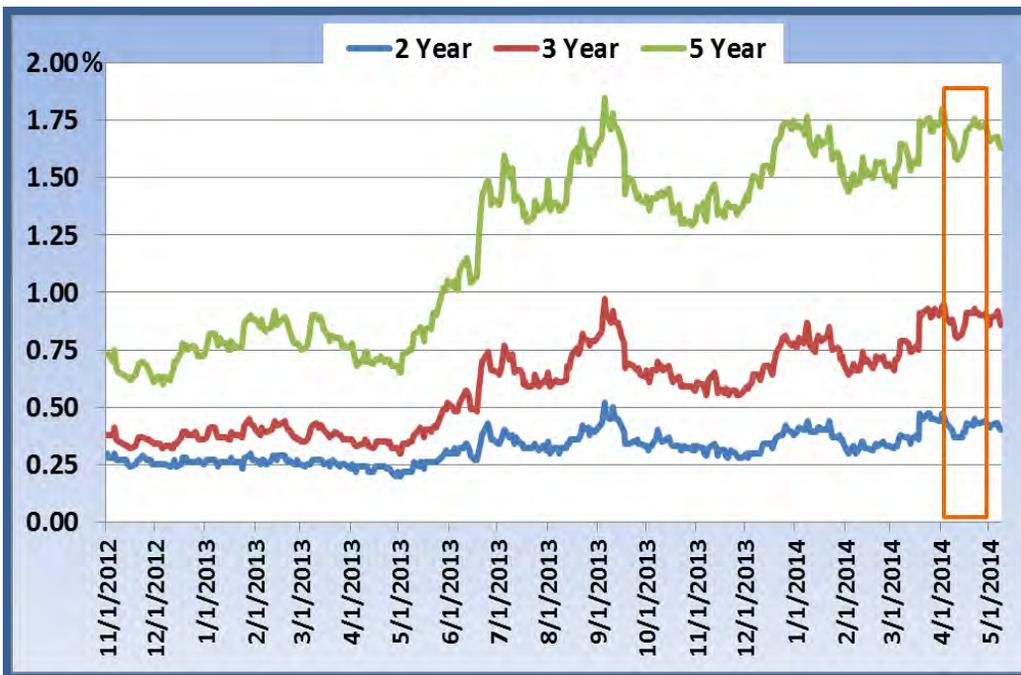
"You can spend a long, long time arguing about precisely how bad freshly minted grads have it these days and why. In broad strokes, In its recent chartbook on youth joblessness, the Economic Policy Institute reported that roughly 8.5 per-cent of college graduates between the ages of 21 and 24 were unemployed. More worrisomely, the EPI finds that a total of 16.8 percent of new grads are "underemployed," meaning they're either jobless and hunting for work; working part-time because they can't find a full-time job; or want a job, have looked within the past year, but have now given up on searching.

continued on page 2

Type of Investment	Purchase Price	Market Value	Unrealized Gain or Loss
Checking Accounts	\$ 8,680,924	\$ 8,680,924	-
Investment Pools	19,512,598	\$ 19,512,598	-
Money Markets	14,921,678	14,921,678	-
Subtotal	\$ 43,115,200	\$ 43,115,200	-
Notes, Bonds, and CDs	173,068,215	171,480,273	\$ (1,587,942)
Total Portfolio	\$ 216,183,415	\$ 214,595,473	\$ (1,587,942)
Data Sources	(Morgan Stanley)	(US Bank)	

Due to rounding, column and row totals may not add exactly.

Treasury rate trends / Job Outlook for College grads



Interest rates on U.S. Treasuries **dropped** in April. The 2-year was down 2 basis points, the 3-year was down 3, and the 5-year treasury by 4 basis points.

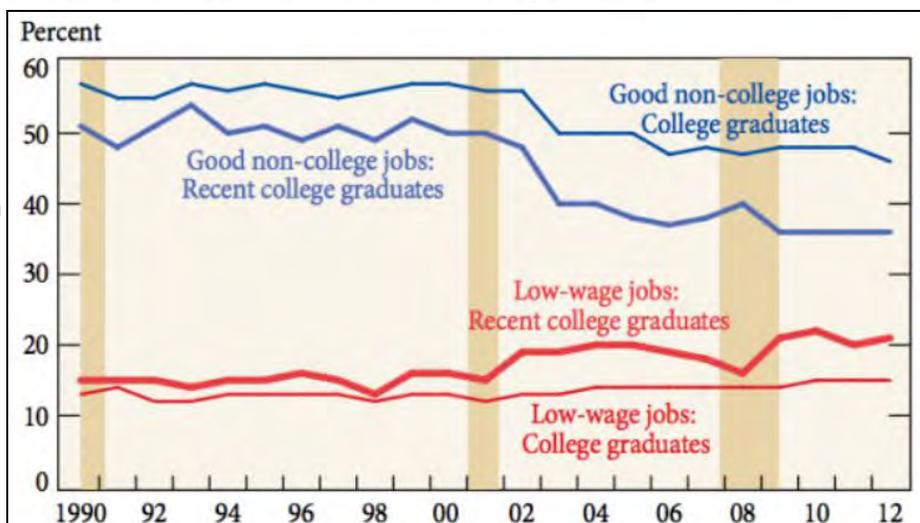
When rates fall, the price of securities held in the portfolio increases, resulting in a smaller unrealized loss at month end.

The bad news is that these recent B.A.s, working in jobs that don't require a college degree, are in occupations that pay far less than in the past. It used to be that more than half of these overeducated young workers would find themselves in "good" jobs—meaning that they'd pay at least \$45,000 in today's market. Today, less than 40 percent do. Meanwhile, more than a fifth of this group were in low-wage jobs, meaning they paid \$25,000 a year or less."

"So to sum it up: Today's crop of new B.A.s are staring at roughly 8.5 percent unemployment, 16.8 percent under-employment. Close to half of those who land work won't immediately find a job that requires their degree, and for those stuck in that situation, there are fewer "good" jobs to go around. Welcome to adulthood, class of 2014."

(Source: Jordan Weissman, Senior Business and Economics Correspondent, in *Slate*, online, May 9, 2014)

Share of Underemployed Graduates in Good Non-College and Low-Wage Jobs



Sources: U.S. Census Bureau and U.S. Bureau of Labor Statistics, Current Population Survey, March Supplement; U.S. Department of Labor, O*NET.

Federal Reserve Bank of New York

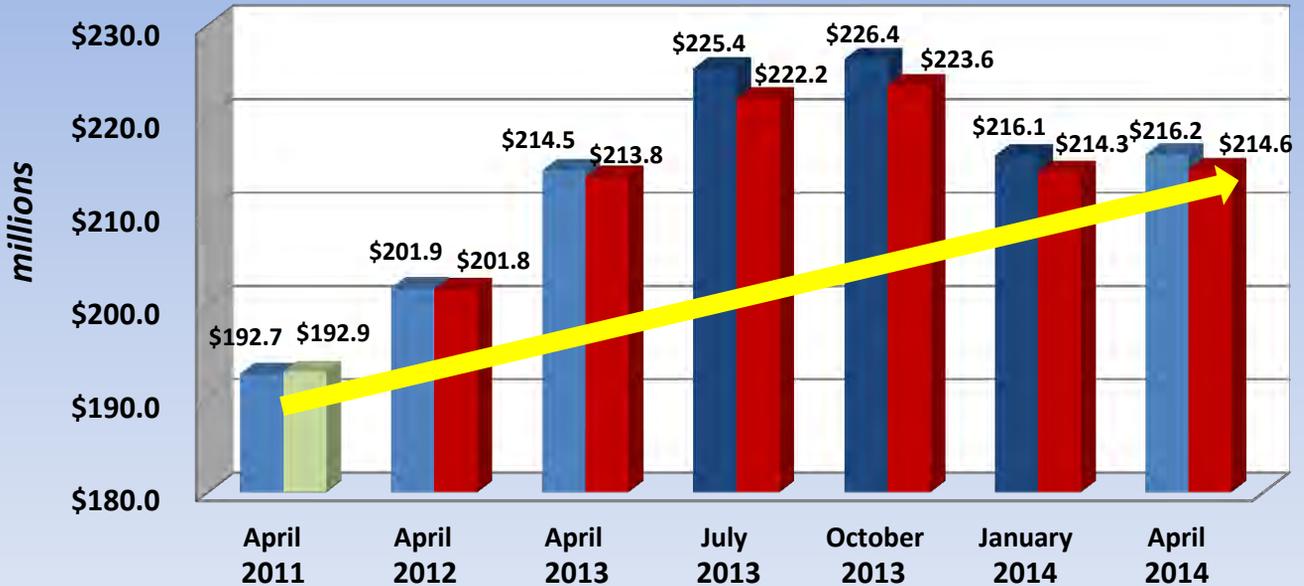
Bottom line year-to-date activity stable

		2014 Beginning	YTD Activity	Month End Total
Restricted Reserves				
1	Capital Expansion Fees	\$34,039,809	\$2,687,020	36,726,829
2	Water System Impact Fees	8,664,500	102,238	8,766,738
3	Raw Water Revenue – Windy Gap	22,950,353	(503,446)	22,446,908
4	Wastewater System Imp. Fees	5,585,617	315,397	5,901,014
5	Storm Drain System Imp. Fees	1,322,008	62,454	1,384,462
6	Power Plant Investment Fees	3,649,774	419,685	4,069,458
7	Cemetery Perpetual Care	2,717,271	21,152	2,738,423
8	Other Restricted	34,992,332	(5,753,114)	29,239,217
9	Total Restricted	\$113,921,664	-\$2,648,613	\$111,273,050
Committed/ Assigned				
10	General Fund	\$11,224,908	\$776	11,225,684
11	Enterprise Funds	5,378,529	(62,000)	5,316,529
12	Internal Service Funds	19,704,008	(737,919)	18,966,089
13	Total Reserves	\$36,307,445	-\$799,143	\$35,508,302
14	Total Restricted and Reserved	\$150,229,109	-\$3,447,757	\$146,781,352
Unassigned Balance				
15	General Fund	29,263,846	\$1,854,020	31,117,866
16	Airport	1,200,770	465,868	1,666,639
17	Internal Service – Vehicle Maint	77,200	(18,441)	58,759
18	Enterprise Funds	36,636,506	(167,670)	36,468,836
19	Total Unrestricted	\$67,178,322	\$2,133,777	\$69,312,099
20	TOTAL CASH	\$217,407,431	-\$1,313,980	\$216,093,451

Due to rounding, column and row totals may not add exactly.

Portfolio Growth Trend / Types of Investments

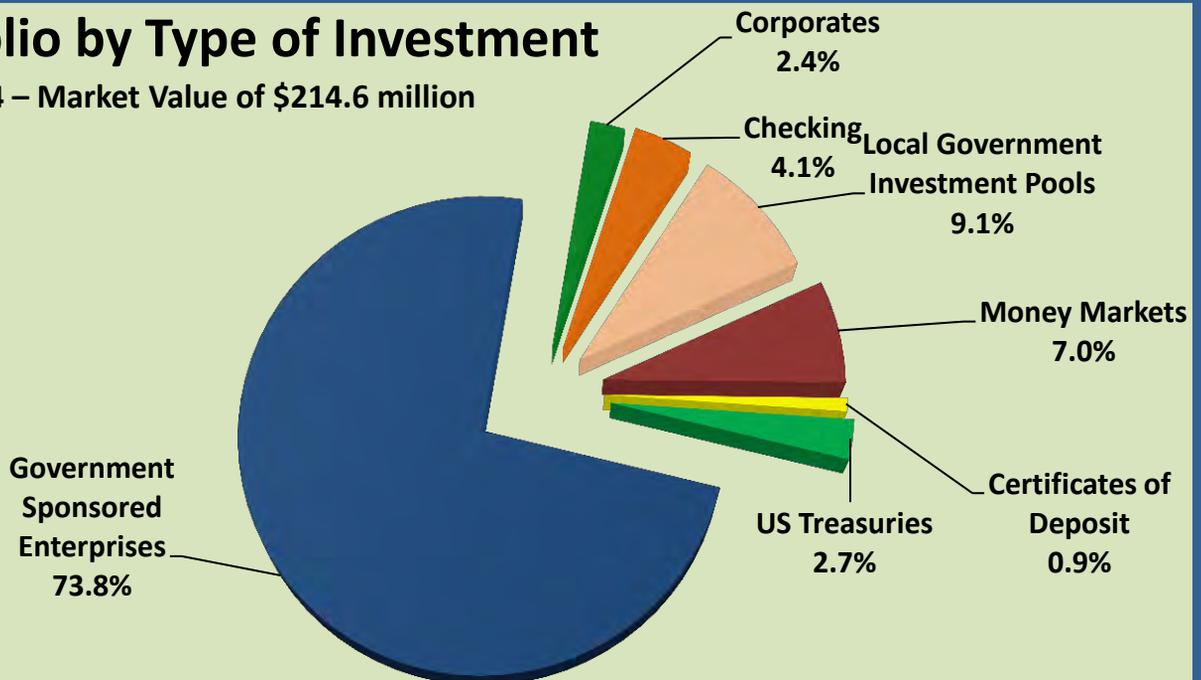
Portfolio Size since April 2011



Blue bars show Purchase value; red and green bars show Market value (red = loss and green = gain).

Portfolio by Type of Investment

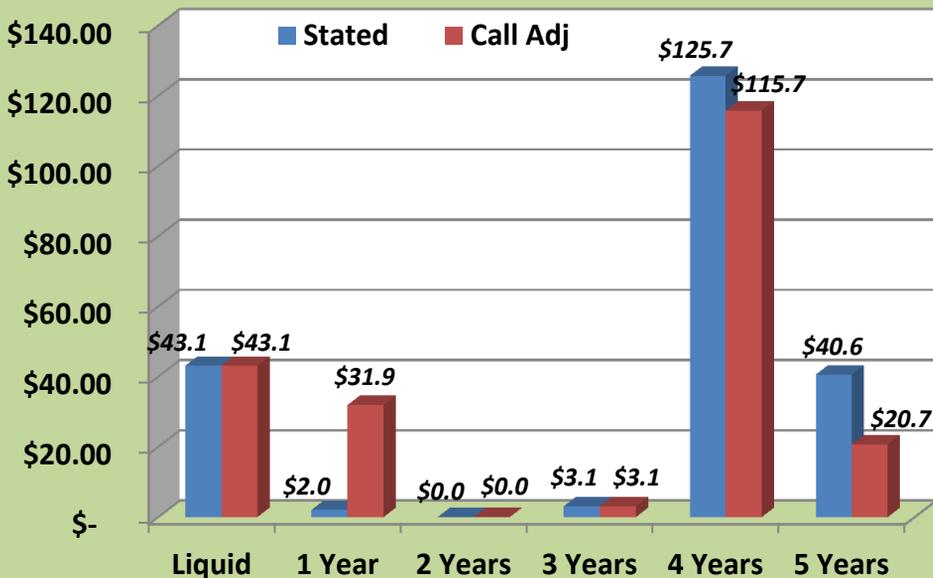
April 2014 – Market Value of \$214.6 million



Transactions / Portfolio by Maturity

	Maturity Date	Face Value	Purchase \$	Stated Rate
<u>Purchases</u>				
none this month				
<u>Matured</u>				
none this month				
<u>Called</u>			<u>Call Value \$</u>	
none this month				
<u>Sales</u>			<u>Gain \$</u>	
none this month				

Portfolio by Estimated Maturity Term
(in millions - Total = \$214.6 at the end of April)



The target interest earnings rate for 2014 is 0.94%. Rates are now up from the near record lows. For the year-to-date (one month), the portfolio proceeds are above the earnings target level for 2014.

To support earnings, or to reposition the portfolio, bonds may be sold. No sales have been completed so far.

The blue bars show the stated term; red bars show the calls. Due to the recent drop in interest rates, many of the five year bonds may be called early.



Future Scan: Markets quiet after Fed Meeting

❖ On April 30, the **Federal Open Market Committee** met and released a statement to the public.

- “The U.S. Federal Reserve wrapped up a two-day policy meeting Wednesday at 2 p.m. with little fanfare and little investor reaction. No surprises were expected Wednesday afternoon, and no surprises were delivered.”
- “As widely anticipated, the FOMC continued with the winding down of its quantitative easing bond purchases. For the fourth time in as many meetings, the committee trimmed its asset purchases by another \$10 billion to \$45 billion a month. The Fed has been buying bonds since December 2008, with a goal of stimulating a struggling U.S. economy. Yet amid signs of an improving economic landscape, the Fed started weaning the economy off this stream of money in January.”
- Several analysts speculated that Wednesday’s first read on Q1 2014 gross domestic product (GDP) might sway the Fed to change its stance and hold off on a taper this month. GDP, the broadest measure of the U.S. economy, grew at a meager 0.1% annual pace in the first quarter, data from the U.S. Bureau of Economic Analysis showed. Economists had foreseen tepid growth amid a brutal winter, but the results were much worse than expected. Consensus forecasts were for 1.2% growth.”
- “ ‘The Committee currently anticipates that, even after employment and inflation are near mandate-consistent levels, conditions may, for some time, warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run,’ the statement said.”

(Source: *What Happened at Today’s FOMC Meeting*, Diane Alter, in **MONEY MORNING**, online April 30, 2014)

❖ **Morgan Stanley Fixed Income Commentary – “Fixing a Black Hole”**

- “The US economy has dug itself a rather deep hole to begin 2014. Real GDP rose a scant +0.1% in Q1. . . it [GDP] is still undeniably weak and will require significant improvement in order to reach the Fed’s growth target.” [2.8 to 3.0% for 2014]
- “While the April jobs report was solid on the surface (+288,000 total nonfarm payroll jobs, unemployment down to 6.3%) not all aspects of the data were robust. . . The drop in the rate was the direct result of 806,000 workers leaving the labor force.”
- “In our opinion, as long as there are no signs of wage pressures, the Fed’s timetable for hiking rates should not move up. . . We continue to see the more likely timeframe being the second half of 2015.”

(Source: Morgan Stanley **Basis Points** Fixed Income Strategy, Kevin Flanagan & Jon Mackay, May 6, 2014.)

❖ **The Colorado Employment Situation April 2014** was released May 16. Colorado added 13,900 jobs since April. People are returning to the labor force. The latest data show Loveland’s unemployment rate to be 4.9%, down from 6.0% in March. The “sharp decline” applies to many other cities and counties in the region state.

(Source: Colorado Department of Labor and Employment **Colorado Employment Situation March 2014**, April 18, 2014.)

❖ **Recession Outlook:** Four indicators, Industrial Production, Nonfarm Employment, Real Personal Income, and Real Retail Sales are the basis for determining a recession. Based on March data, Industrial Production rose 0.7% and Real Retail Sales rose 0.9%. Employment continued on its bland 0.1% growth trend. Real Income was up 0.3 in March. “The overall picture of the US economy had been one of a ploddingly slow recovery from the Great Recession, and the data for December and January months documented a sharp contraction. The recovery in subsequent months appears to support the general view that severe winter weather was responsible for the contraction, and that the slippage was not the beginnings of a business cycle decline. The latest Personal Income and Employment data strengthens the argument that the Winter slump has been reversed.”

(Source: **Advisor Perspectives**, Doug Short, April 16, 2014.)

For more information regarding this report, please contact:

Alan Krcmarik, Executive Fiscal Advisor 970.962.2625 or Alan.Krcmarik@cityofloveland.org

Monthly Investment Report

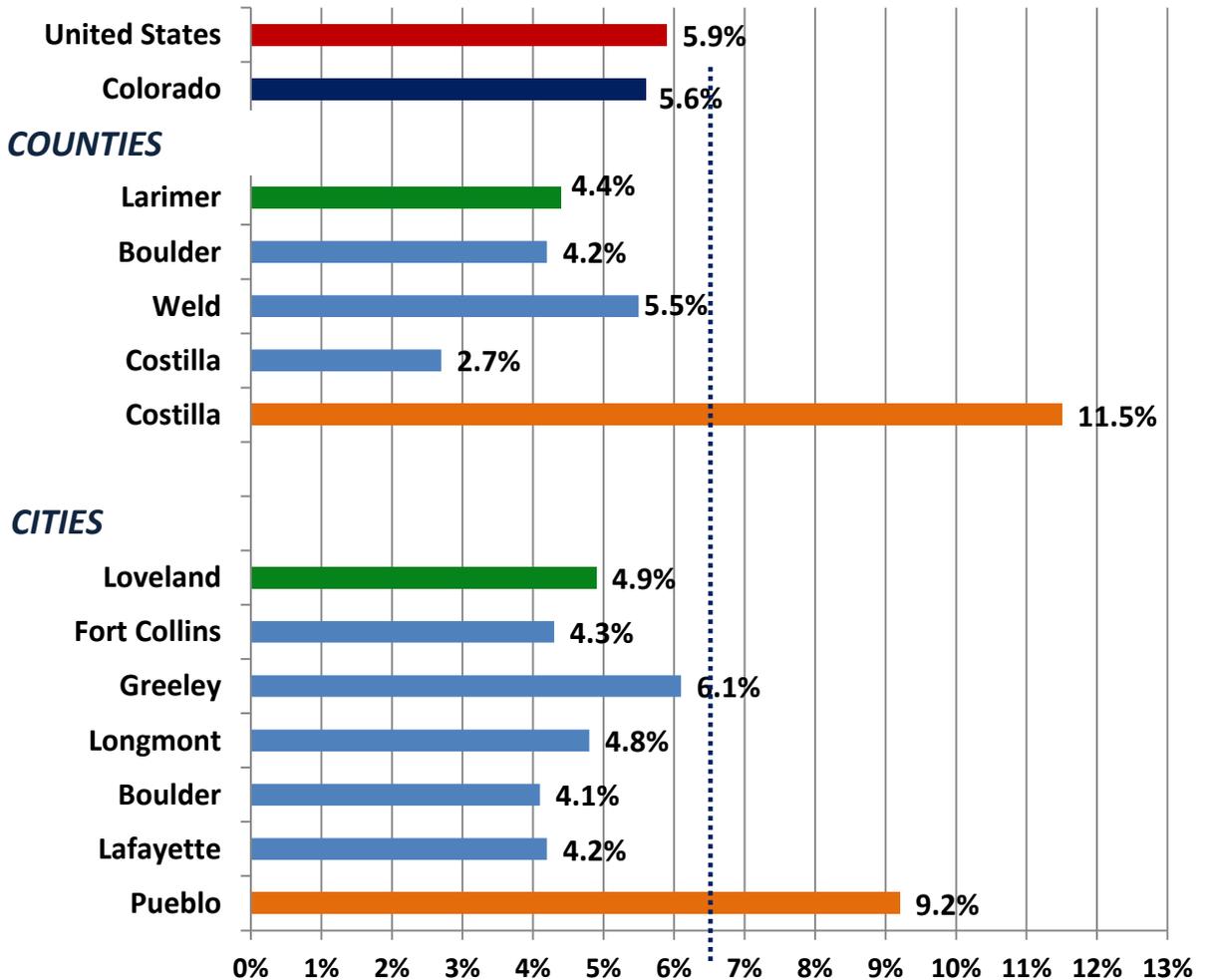
April 2014

Updated Colorado Labor Data

- ❑ Loveland’s employed workforce expanded in **April**, up 254 jobs from March.
- ❑ Compared to April of 2013, there are now 1,232 **more** jobs reported in Loveland.

Unemployment Rates

Data *not* adjusted for seasonality



Current “missing worker” estimates at a glance

Updated May 2, 2014, based on most current data available

Total missing workers, March 2014: 6,220,000	Unemployment rate if missing workers were looking for work: 9.9%	Official unemployment rate: 6.3% <i>seasonally adjusted rate</i>
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In today’s labor market, the unemployment rate drastically understates the weakness of job opportunities. This is due to the existence of a large pool of “*missing workers*” – potential workers who, because of weak job opportunities, are neither employed nor actively seeking a job. In other words, these are people who would be either working or looking for work if job opportunities were significantly stronger. Because jobless workers are only counted as unemployed if they are actively seeking work, these “missing workers” are not reflected in the unemployment rate. See website below for more information. When persons marginally attached to the labor force and those plus total employed part time for economic reasons are added to the official unemployment rate (the 6.3% above right), the rate rises to **12.3% (the U-6 number)**.

<http://www.epi.org/publication/missing-workers/>

Rocky Mountain National Park
Spring Briefing
2014

Visitation

Rocky Mountain National Park recreation visitation was 2,991,141 visitors in 2013, a 7% decrease from the recreation visitation numbers in 2012. September, typically one of the park's busiest time of year with some of the highest visitation days, and October were both greatly affected with closures in the park due to historic flooding, main access roads to the east side of the park being closed, and the government shutdown.

<u>Top 10 Days in 2013:</u>	<u>Top 10 Days in 2012:</u>
1 August 3	1 September 29
2 July 6	2 September 2
3 July 21	3 August 5
4 July 5	4 July 22
5 May 26	5 September 16
6 August 4	6 August 12
7 July 20	7 September 3
8 July 4	8 July 15
9 August 11	9 September 15
10 August 10	10 July 30

Fee Free Dates:

- Our remaining Fee Free Days this year will be:
August 25 (NPS Birthday),
September 27 (National Public Lands Day),
and November 11 (Veterans Day).

Aftermath of the 2013 Flood:

Rocky Mountain National Park received significant damages on bridges, roads and trails in the historic floods that occurred in September. However, damages in the park were relatively minor in comparison to the disastrous flooding that downstream communities east of the park experienced. The west side of the park was largely unaffected by the storm with flooding occurring only east of the Continental Divide.

The Federal Highway Administration - Central Federal Lands Division is finalizing the design for repairs on Old Fall River Road. The road will remain closed to vehicles through 2014. Once construction begins (date to be determined) to repair the road and the Alluvial Fan - the road west of the Lawn Lake Trailhead to the Alpine Visitor Center will be closed to pedestrians and bicycles as well as vehicles.

The closure will extend 200' from the center line to both sides of this road corridor. This defined closure corridor does not include the Fall River waterway and bank.

Known damage to trails and pedestrian access are mainly in the Fall River, Lumpy Ridge, Bear Lake, Northfork, Twin Sisters and Wild Basin areas. Some trails are closed to stock use. The primary focus of the 2014 field season will be to replace bridges.

Due to the flood, backcountry travelers may encounter different conditions than they have experienced in the past. Visitors may find missing foot bridges, missing trail segments, uneven trail surfaces, unstable slopes, falling trees due to soil moisture, rutted trails, damaged water bars and steps, difficult water crossings, and missing directional signs. Visitors should be prepared. Most of Rocky Mountain National Park is designated wilderness, where self-reliance, discovery and adventure are expected.

100th Anniversary Celebration:

- The start of Rocky Mountain National Park's 100th Anniversary festivities is just a few months away! The kick-off events to start the celebration happen on September 3, at Hidden Valley and September 4, 2014 at Holzwarth Historic Site. A year-long celebration will continue until the 100th Anniversary of the dedication on September 4, 2015.
- During Rocky Mountain National Park's 100th Anniversary, the park will be offering a limited number of special programs starting in September 2014. The yearlong Centennial Calendar of Events, however, will mostly reflect the creativity and initiative of community groups and organizations that wish to create events or link existing events to the commemoration and celebrate their connection with the park. These community-sponsored events will take place both inside and outside Rocky Mountain National Park. If you have an idea for a special 100th Anniversary event, find a group, organization, or business that wants to plan and put on the event, and visit our website to fill out an application. Creativity is encouraged! Or if your annual event has any connection to the "Wilderness, Wildlife, Wonder" of Rocky Mountain National Park, consider celebrating that connection during our 100th Anniversary year.
- Approved events, educational programs, and activities will be added to the park's Centennial Calendar of Events and will be promoted through newsletters, press releases, on-line resources, and other park media. The Deadline for 2015 events is September 1, 2014.
- Merchandise displaying the 100th Anniversary Logo is now on sale at various merchants in Estes Park and Grand Lake. Check the 100th Anniversary website for planning updates and rules and applications for using the logo or being park of the celebration.
- For updates, please visit: www.nps.gov/romo/planyourvisit/100th_anniversary.htm

Campgrounds:

- Glacier Basin Campground: Now that the Bear Lake Road Reconstruction has been completed the campground will re-open in 2014. All sites will be on the reservation system (Recreation.gov), including the group camp site loop. The campground will be open in 2014 starting May 22nd through September 8th.
- Longs Peak Campground: Has been closed again this winter and early spring and is projected to open by Memorial Day weekend. Winter camping opportunities have been available at Moraine Park.
- Moraine Park Campground: Moraine Park Campground has been open through the winter and will begin the reservation season on May 22nd through the end of September. All sites in the campground can be reserved except for those in the “B” loop which are available on a first-come, first-served basis.
- Timber Creek Campground: The campground will open on May 22nd for camping on a first-come, first-served basis. The campground will close for the winter on December 1st.
- Additional Solar Shower Enclosures added to Campgrounds: To complement an experimental, two-stall solar shower enclosure that proved highly successful in Moraine Park Campground, a second four-stall enclosure will be constructed this year, along with a two-stall enclosure at Aspenglen Campground. Both will be open for use during the summer of 2014. Relying on passive solar energy to heat water in commercially made solar showers, these units are another “green” visitor service that enhances sustainability.
- Bear Boxes (food storage lockers): Efforts to increase the availability of bear-proof food storage lockers in developed campgrounds continues. Nearly all sites in Aspenglen Campground will have food storage lockers. More are being added to Moraine Park and Longs Peak Campground, and new food storage lockers will be added to Glacier Basin Campground. Complementing our efforts to reduce bear conflicts; our backcountry campsites require food storage canisters and our placement of food storage lockers at trailhead parking areas to reduce bear access to human food sources. “Bear-proofing” the park continues to be an ongoing investment toward public safety, and the protection of wildlife and property.

Visitor Shuttle Operations:

Visitor Transportation System: Since the Reconstruction of Bear Lake Road has been completed, the shuttle system will return to its normal routes. The shuttle routes will interchange at the park’s Park & Ride facility. A new experimental stop has been added at the Sprague Lake/Glacier Creek livery. The park’s shuttle system will have a new look in 2014 with all new paint and graphics applied to the shuttles. The shuttle will have a mountain-scape graph along with new lettering. In addition there are two new Hybrid shuttle buses joining the fleet this year, along with current equipment that is all fitted with Diesel Particulate Filter systems and now

meet the EPA's clean diesel standard. The combination of this equipment is expected to bring at least an 11% increase in fuel efficiency along with reduced emission.

Permits and Fees:

- Entrance Fees: No Changes in 2014.
 - Annual Pass: The RMNP annual pass remains \$40.
 - Daily/7-day Pass: Remains \$20.
 - Joint Pass with Arapahoe National Recreation Area: Remains at \$50.
- Overnight Backcountry Use Permits: Remains at \$20.
- Commuter Permit: Provides for non-recreational travel through the park (Trail Ridge Road) for local area residents. Remains at \$20.

East Shore Trail:

An Environmental Assessment (EA) was prepared as part of the decision process on whether to allow bicycle use on a two-mile section of the East Shore Trail near Grand Lake. The EA was available for public review and comment for 45 days earlier this year, with a decision to follow later this year.

East Side Multiuse Trail Study:

The park received funding from the Transit in Parks Program to prepare an Environmental Assessment (EA) as part of the decision process whether to develop a multiuse trail system on the east side of the park. A 2009 study demonstrated that such a trail system is feasible, and could connect multiple front country locations in the park (visitor centers, campgrounds, trailheads, etc.) with the growing trail network in the Estes Valley. The feasibility study examined a 15.5 mile corridor that roughly parallels existing roads. If approved, such a trail system may or may not include the entire corridor. It would also be many years in the making and would be costly to build. Public scoping was conducted in February and March 2013, and the contractor who is preparing the EA completed natural and cultural resource field work in 2013. An additional opportunity for public input was provided in late summer 2013, and the EA will likely be available for public review and comment sometime in 2014, with a decision to follow.

Rocky Mountain Conservancy:

On May 1, 2014, our partner, The Rocky Mountain Nature Association changed its name to the Rocky Mountain Conservancy. Started in 1931, the Association focused its efforts on providing interpretive and educational materials through sales at park bookstores. Since then the organization has evolved and expanded its focus, responding to park needs and opportunities to better help preserve Rocky Mountain National Park. The Field Seminars program; the Next Generation Fund; the American Conservation Corps; land acquisition; and the numerous projects supported by the Sustainability Fund are just a few of the cooperative efforts between us. The name change to Rocky Mountain *Conservancy* better describes the myriad of collaborative projects and programs, and reflects a dedication to providing assistance in park stewardship.

Moraine Park Discovery Center:

Starting in June 2014, the Moraine Park Visitor Center will be called the Moraine Park *Discovery* Center. In collaboration with our partner, the Rocky Mountain Conservancy (formerly The Rocky Mountain Nature Association) the center will feature many of the park's educational programs including: the Discovery Days environmental education program, the Artist in Residence program and the Conservancy's Seminar program. The center will also be the Junior Ranger Headquarters for the 2014 summer season.

Other Projects:

- HQ West Water System: The system that provides the water to all of the facilities in the headquarters area on the west side of the park will be completely replaced in the fall of 2014. The work will include the installation of a new treatment system that will remove all of the manganese that is prevalent in the water. The project will also replace the 60+ year old water lines that serve the facilities.
- Road Projects: Routine maintenance including striping, shoulders and ditching. We will be continuing historic rock wall rehabilitation on Trail Ridge Road as well as chip sealing between Rainbow Curve to Alpine Visitor Center. The chip sealing is scheduled for mid-summer and will result in short delays when traveling over Trail Ridge Road.
- Tuxedo Park: We will be constructing a bus shelter and access trail to the picnic area at Tuxedo Park.
- Hidden Valley: Junior Ranger Headquarters will be moved to the Moraine Park Discovery Center this summer, while a solar energy system and other sustainability enhancements are completed at the ranger station.
- Harbison Picnic Area: Constructing a vault toilet.

- Clean Cities Grant: The park has received two electric vehicles and is installing two charging stations for electric vehicles for administrative use.

Mountain Pine Beetle Mitigation:

- Focus is on mitigating hazard trees and hazard fuels in visitor use areas (roadways, trailheads, campsites, buildings, etc.). Hazard tree removal projects will incorporate temporary site closures or traffic delays as needed to ensure visitor safety and efficient project completion. Work continues beyond the trailheads to mitigate hazard trees at designated campsites for backcountry/wilderness users. Pile burning from fuels reduction and hazard tree mitigation projects is completed for fiscal year 2014. For more information on project dates, possible temporary and short term travel closures for public safety, and locations of hazard tree work, please refer to the Rocky Mountain National Park website and follow the links to the forest health page (www.nps.gov/romo).
- Other Beetle Mitigation Work: The park is selectively applying an insecticide, Carbaryl, to protect up to 7,000 high value trees on both the east and west sides of the park. When sprayed on the trunk of a pine tree, Carbaryl kills beetles that might attack a tree. High value trees are in front country locations such as campgrounds, historic landscapes, picnic areas, and visitor centers. They are important for shade, visual screening, cultural significance, and outstanding visual quality. With spraying, we have observed nearly 100 percent success at protecting high value trees. These site specific treatments will continue until the bark beetle outbreak has subsided.
- Research: Research is continuing on the effects of mountain pine beetle induced tree mortality on water quality. The objectives are 1) quantify impacts by analyzing nitrogen, carbon, and phosphorus in streams and lakes relative to the timing and intensity of beetle induced tree mortality, 2) evaluate effects of management actions, and 3) use a model to predict nitrogen, carbon, and phosphorus concentrations in surface water and evaluate the importance of atmospheric nitrogen versus beetle induced nitrogen on surface water chemistry.

From recent peer-reviewed papers, researchers have found an increase in the contribution of groundwater to streams in watersheds that were impacted by mountain pine beetles. Tree mortality and a reduction in transpiration are thought to cause this increase in groundwater input. Contrary to predictions, stream water nitrate concentrations have not increased following widespread tree mortality.

Wildland Fire Management:

Scheduled downsizing of National Park Service fire management staff and fuel reduction programs received a reprieve this season; funds supporting these programs were not significantly reduced as expected. Rocky Mountain National Park (RMNP) will maintain a fire management staff that will provide for seven-day-a-week coverage for initial attack and local support. Initial

attack for RMNP as well as the adjoining national forests is further supported through agreements with the U.S. Forest Service (USFS) and local fire districts to provide initial attack coverage using closest available resources. Since 2010 RMNP has had three of its four largest fires in its nearly 100 year history.

Elk & Vegetation Management Plan:

- Over the course of the next few years expect to see a few additional exclosures and limited or no culling for population control. The following activities have taken place or are planned:
 - Elk exclosures constructed to restore aspen and willow communities:
 - Since the fall of 2008, approximately 181 acres of willow are being protected (includes 16 acres in the Kawuneeche Valley) and 44 acres of aspen are being protected (acres protected may have slightly changed because of more accurate mapping).
 - In 2014, work will focus on evaluating willow, aspen, and upland vegetation growth, productivity, and ungulate use in preparation for an adaptive management evaluation of the elk and vegetation management program.
 - The elk exclosures are temporary and will come down when restoration goals are met; effectiveness will be evaluated every 5 years.
 - CWD research (east side) – Beginning in December 2011, researchers from the NPS Biological Resources Management Division (BRMD) from Fort Collins started a new research project studying the effects of CWD on elk. This project involves capturing up to 100 female elk, collecting a series of biological samples, placing a brown colored radio collar on the animals, and releasing them. The animals will be tracked over a five year period with 2 more years remaining.
 - Limited culling of female elk for population control (east side):
 - A total of 52 elk were culled between the winters of 2008/09 and 2010/11.
 - No elk were culled during the winters of 2011/12, 2012/13, and 2013/14.
 - Meat was tested for CWD. Those testing CWD-detected were used to support the Colorado Parks and Wildlife mountain lion research project.

Grand Ditch:

Restoration Activities: During March 2012, the Draft Environmental Impact Statement (DEIS) was completed and released to the public for review and comment. Public meetings for the DEIS were held in Fort Collins and Grand Lake in April, 2012. The final EIS was completed and released to the public on May 31, 2013. Shortly thereafter the Record of Decision (ROD) was signed by the Regional Director in August 2013, which selected the NPS preferred alternative as the selected action.

Restoration will focus on restoring healthy trajectories for both hydrological function (e.g. surface and groundwater dynamics) and ecological community evolution (e.g. riparian, wetland, and upland habitat). The NPS preferred alternative includes a combination of the following actions: Allowing natural (passive) restoration to occur where appropriate; stabilizing steep, unstable slopes with an engineered solution; removing deposited sediment and redistributing it through the impacted area or elsewhere; removing dead timber from the impacted area and/or using it in the restoration process; regarding and recontouring areas to restore appropriate morphology and function; native plant restoration with appropriate, locally gathered plant materials; may require the use of motorized equipment such as chainsaws, heavy lift helicopters, and earthmoving equipment; may require temporary fencing to protect native plant restoration areas.

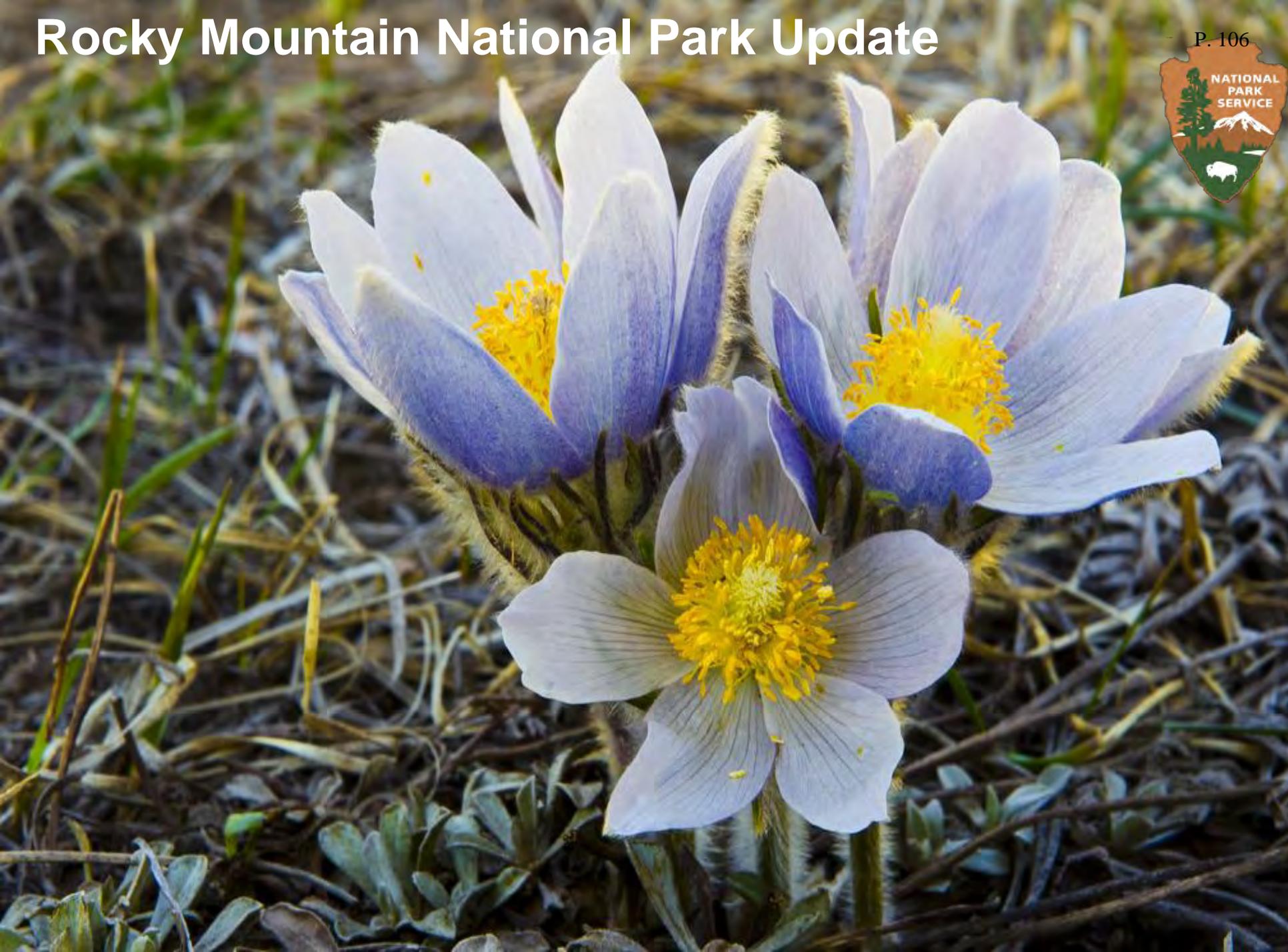
Final planning for implementation is currently underway and restoration activities could begin as soon as fall of 2015.

New Technology:

- The park continues to explore ways to utilize new technology to improve opportunities to stay connected with the park. Our website (nps.gov/romo) has nearly 2500 pages and is the most popular way for our visitors to gather park information. You may follow us on Twitter at [RMNPOfficial] or on Facebook at [Rocky Mountain National Park].

Rocky Mountain National Park Update

P. 106



What a **YEAR!**



Fern Lake Fire

Started October 9, 2012



Fern Lake Fire



Early morning December 1, 2012 photo
by Justin Calkins

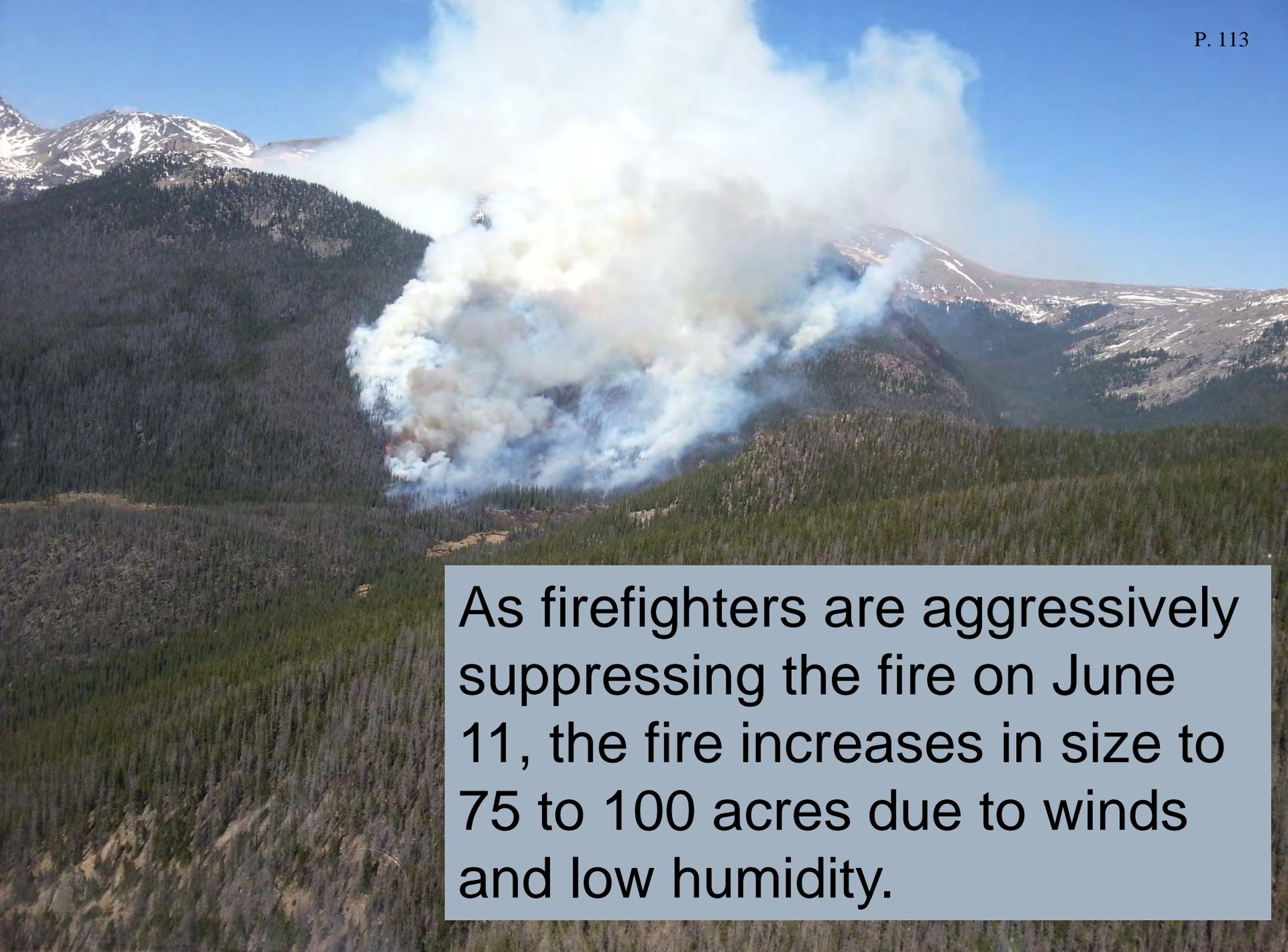




Moraine Park - June 2013

Big Meadows Fire starts June 10, 2013 - Caused by lightning.



An aerial photograph showing a large wildfire in a mountainous region. The fire is concentrated in a valley, with thick white and grey smoke rising into the sky. The surrounding landscape is covered in dense evergreen forests, and the mountains in the background have patches of snow. The sky is clear and blue.

As firefighters are aggressively suppressing the fire on June 11, the fire increases in size to 75 to 100 acres due to winds and low humidity.



The Uniweep Module digging line - June 14.



Members of Horseshoe Meadow and Arrowhead Interagency Hotshot Crews carry Luther E. Larkin Sr. to the emergency medical helicopter while Paramedic Kraig Schlueter (center), of Grand County Emergency Medical Services attends to patient.



Honoring 19 fallen firefighters from the Granite Mountain Hotshots



The Flood



Thursday, September 12, 2013



Road to McGraw Ranch



Assessing Damages



Buildings Near
Fall River
Entrance



Landslide on west side of Twin Sisters

Assisting our community ...







Convoy!

Recovery

Trails



32627-14074018
N 40.315115° W 105.549770°

ROMO Flood 2013
09/30/2013



HighPriority-32678-13970924
N 40.198615° W 105.599645°

ROMO Flood 2013
09/26/2013

Old Fall River Road







Endovalley Road



Alluvial Fan Bridge

Once the construction begins (date to be determined):¹³¹

The closure will extend from the barricades on the east end of Endovalley Road excluding the Lawn Lake Trailhead parking area, to the upper west end of the Old Fall River Road to Alpine Visitor Center. This closure includes the area known as the Alluvial Fan, and the east and west Alluvial Fan parking areas.

The closure extends 200' from the center line to both sides of this road corridor. This defined closure corridor does not include the Fall River waterway and bank.

Areas affected by this closure may be adjusted as construction work proceeds.



Rocky Mountain

National Park
Colorado

Explore This Park

- Park Home
- Plan Your Visit
- Photos & Multimedia
- History & Culture
- Nature & Science
- For Teachers
- For Kids
- News
- Management
- Support Your Park
- Bookstore

Park Tools

[View Park Map](#)

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- [Español](#)

There are park alerts in effect.

[HIDE ALERTS »](#)

[A](#) [A](#) [A](#)

Trail Ridge Road open to Rainbow Curve on the east side

Currently, closures are at Rainbow Curve on the east side and the Colorado River Trailhead on the west side. Bicyclists & leashed pets are allowed beyond the closure as posted. Trail Ridge Road will open for the season on May 23, weather permitting.

Old Fall River Road will be closed in 2014 due to flood damage

Damages on Old Fall River Road are extensive and the road will remain closed to vehicles through 2014. It is unknown at this time whether hikers and bicyclists will be allowed on the road. [More »](#)

Impacts from September 2013 Flood

Due to recent flooding, there are still some closures in the park that could affect your visit. [More »](#)

Feel Like You're On Top of the World!

Rocky Mountain National Park's 415 square miles encompass and protect spectacular mountain environments. Enjoy Trail Ridge Road – which crests over 12,000 feet including many overlooks to experience the subalpine and alpine worlds – along with over 300 miles of hiking trails, wildflowers, wildlife, stary nights, and fun times. In a world of superlatives, Rocky is on top!

- [Directions »](#)
- [Operating Hours & Seasons »](#)
- [Fees and Reservations »](#)
- [Things To Do »](#)
- [Webcams, Videos, Blogs, & Social Media »](#)
- [Bear Lake Snow Conditions »](#)
- [Road, Trail & Longs Peak Conditions and Closures »](#)
- [Volunteer & Contribute »](#)



Warning

**Due to Flooding
Trails may be Damaged or Impassable**

Watch For

- Damaged or Missing Footbridges
- High Water at Stream Crossings
- Missing and Damaged Trail Tread
- Rough Trail Surfaces
- Damaged or Missing Water Bars/Steps
- Deep Ruts making Travel Difficult
- Unstable Steep Slopes
- Rock Fall, and Falling Trees
- Standing Water on Trails
- Missing Directional Signs

**Travel at your own risk
Safety is your responsibility**



BRIDGE OUT
FLOOD DAMAGE
RIVER CROSSING NOT
RECOMMENDED

HAZARDS INCLUDE:

- ◆ Cold fast moving water
- ◆ Slippery rocks and logs
- ◆ Risk of injury or drowning





Lily Lake – September 12



Lily Lake Dam

Spill-way monitoring



Big Thompson Bridge on Bear Lake Road

Glacier Creek on Old Bear Lake Road

P. 138

Thursday, September 12, 2013





**ROAD
CLOSED**

A large group of children, approximately 40 in total, are posed in a field of tall, dry grass. They are dressed in winter clothing, including jackets, hats, and gloves. Many of the children are holding binoculars to their eyes. The background features a dense forest of evergreen trees and a range of mountains with patches of snow under a clear sky.

Thank You Colorado!

*From the staff and visitors at
Rocky Mountain National Park*

The Sequestration is behind us



Moraine Park
Discovery Center



Glacier Basin
Campground is
Open!



Bear Lake Road
Complete!

Park Visitation

2012 3,229,618 (recreational visits)

2011 3,176,941 (recreational visits)
3,335,862 (rec. & non rec.)

❖ FY13 ~ Up 7.8% as of end of
August

❖ Then ... the flood hit

❖ ~ Down 7.4% for the year

2013 2,991,140

But as of end of March we are up
7.2 percent from last year ...



Wonderful Volunteers at RMNP

Park wide in 2013

1,375 individuals

98,237 hours



Sister Parks – Tatra National Parks





Sister Cities Partnership – Birds Without Borders



Park Issues & Hot Topics

- ✓ Elk & Vegetation Management Plan
- ✓ Hazard Tree Management
- ✓ Air Quality
- ✓ Bear Management
- ✓ Greening of Shuttle Buses
- ✓ East Shore Trail
- ✓ Multi-Use Trail



Photo by Ann Schonlau

Elk & Vegetation Management Plan

- ✓ Elk Culling since 2009 – 131 elk removed
- ✓ 79 removed for research, 52 using qualified volunteers
- ✓ CWD research ongoing
- ✓ Fencing -- 228 total acres protected (183 acres willow, 45 aspen)



Elk & Vegetation Management Plan

After Four Years...



October 2009



August 2013

Hazard Tree Management ^{P-150}



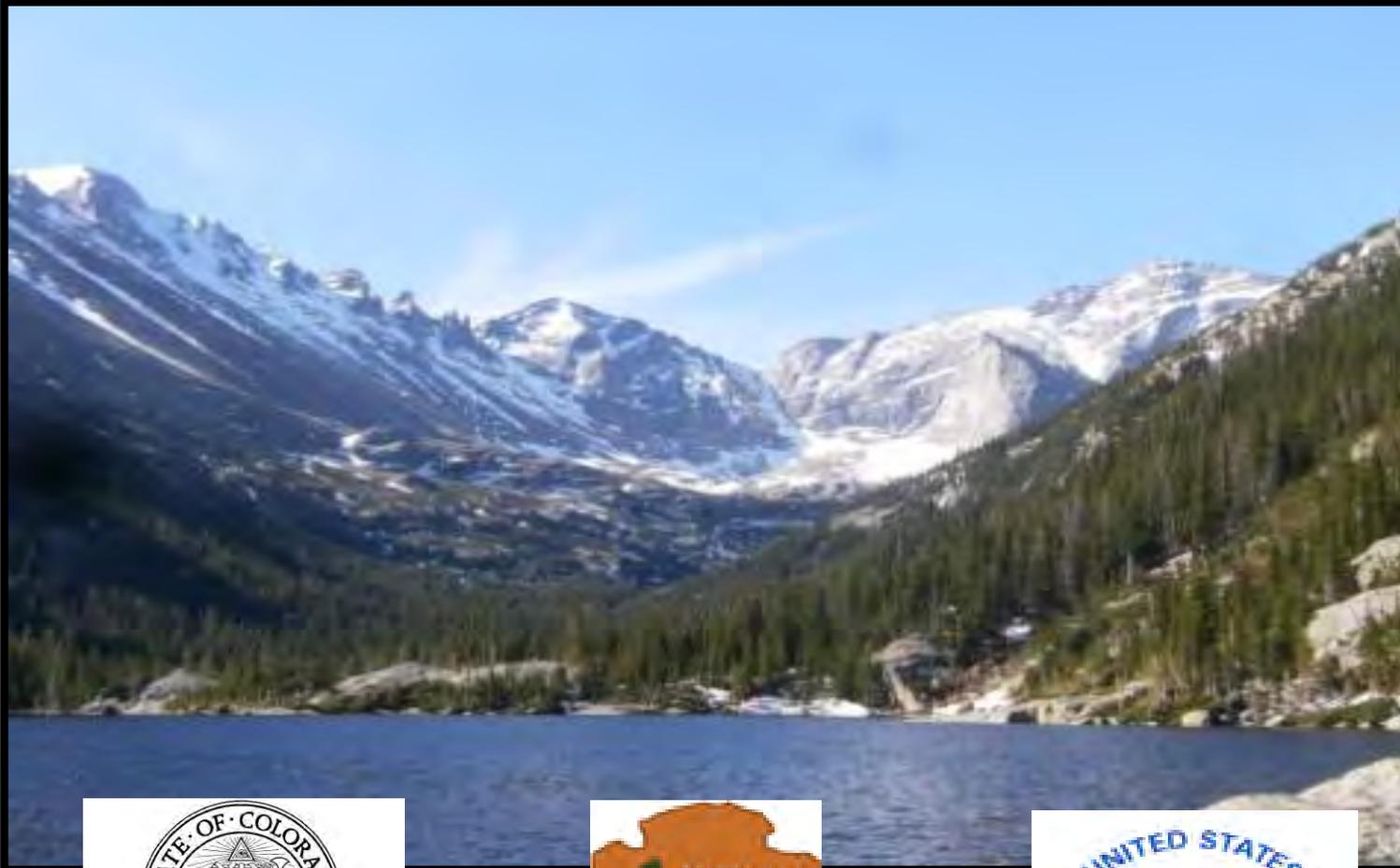
Photo by Kent Dannen

Bear Management:

- Internal/external waste management
- Internal/external education and communication
- Enforcement of existing regulations for visitors and employees
- Participating in Estes Valley's Bear Education Task Force



Nitrogen Deposition Reduction Plan





East Shore Trail

- The 2009 wilderness legislation designated the East Shore Trail area for consideration of bicycle use
- RMNP is considering whether to allow bicycle use on the northern 2 miles of the existing East Shore Trail within the park, with minor reroutes to protect sensitive resources and for public safety
- An Environmental Assessment is being prepared and the public will be involved as the planning process moves forward
- The decision will likely be made within the next year

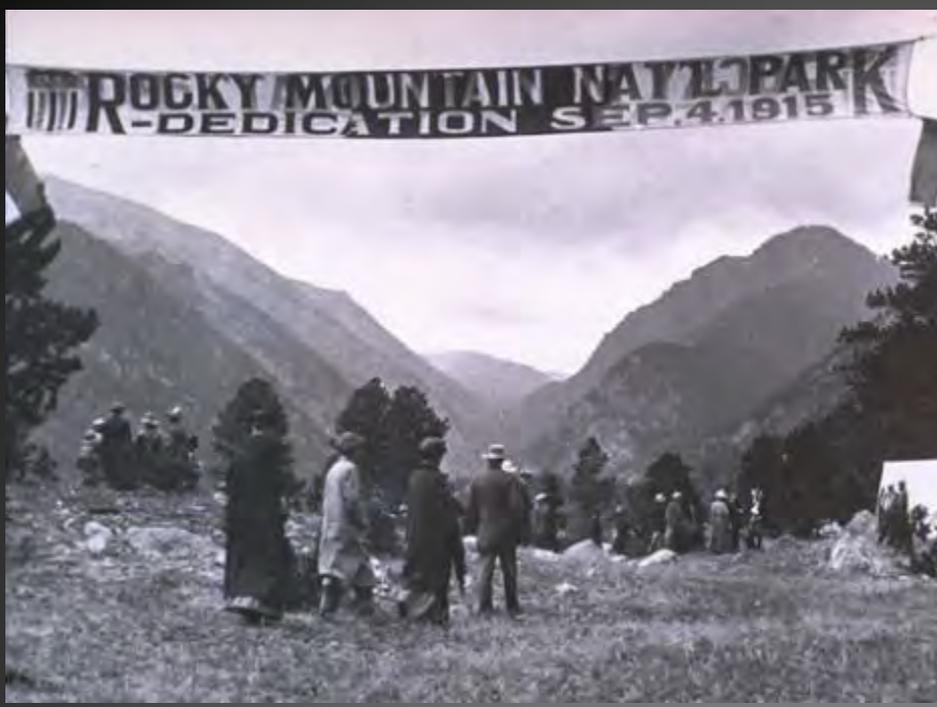


Note: The wilderness boundary is located fifty feet (50') east of the centerline of the proposed alignment of the East Shore Trail. The finished trail must be located a minimum of twenty-five feet (25') west of the wilderness boundary.

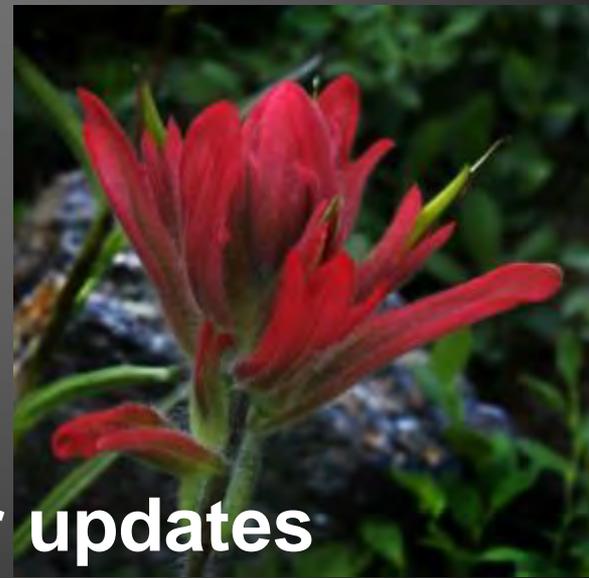
Multiuse Trail



- A 2009 feasibility study confirmed the possibility of establishing approximately 15.5 miles of multiuse trail
- Northern terminus: Fall River Entrance
- Southern terminus: Sprague Lake
- Offers connections to
 - Estes Valley trails
 - Aspenglen, Moraine Park, and Glacier Basin campgrounds
 - Fall River, Beaver Meadows, and Moraine Park visitor centers
 - Lawn Lake, Hollowell Park, and Sprague Lake trailheads
 - Hiker shuttle stops and Park & Ride
- An Environmental Assessment is being prepared



Wilderness, Wildlife, Wonder



Check out our website for updates

SENATE JOINT RESOLUTION 14-022



2014

BY SENATOR(S) Baumgardner and Heath, Aguilar, Balmer, Brophy, Cadman, Crowder, Grantham, Guzman, Harvey, Herpin, Hill, Hodge, Jahn, Johnston, Jones, Kefalas, Kerr, King, Lambert, Lundberg, Marble, Newell, Nicholson, Renfroe, Rivera, Roberts, Scheffel, Schwartz, Steadman, Tochtrop, Todd, Ulibarri, Zenzinger, Carroll; also REPRESENTATIVE(S) DelGrosso and Becker, Buck, Buckner, Conti, Coram, Court, Dore, Duran, Everett, Exum, Fields, Fischer, Foote, Garcia, Gardner, Gerou, Ginal, Hamner, Holbert, Hullinghorst, Humphrey, Joshi, Kagan, Kraft-Tharp, Labuda, Landgraf, Lawrence, Lebsock, Lee, May, McCann, McLachlan, McNulty, Melton, Mitsch Bush, Moreno, Murray, Navarro, Nordberg, Pabon, Peniston, Pettersen, Primavera, Priola, Rankin, Rosenthal, Ryden, Saine, Salazar, Schafer, Scott, Singer, Stephens, Swalm, Szabo, Tyler, Vigil, Waller, Williams, Wilson, Wright, Young, Ferrandino, Sonnenberg.

CONCERNING THE RECOGNITION AND COMMENDATION OF THE PEOPLE OF COLORADO AND THE UNITED STATES ON THE 100TH ANNIVERSARY OF THE ESTABLISHMENT OF ROCKY MOUNTAIN NATIONAL PARK.

WHEREAS, 100 years ago, groups of citizens and officials in Colorado displayed great foresight in recognizing the potential benefits of a national park in the southern Rocky Mountains; and

WHEREAS, On January 26, 1915, President Woodrow Wilson signed the Rocky Mountain National Park Act, creating Rocky Mountain National Park (RMNP) in the state of Colorado; and

WHEREAS, The fragile alpine tundra encompasses one-third of RMNP and is one of the largest examples of alpine tundra ecosystems preserved in the National Park System in the lower 48 states; and ...

A Sample of Merchandise

Powder Hill Photography - Fine Art Prints

Howard Neville - Centennial Poster

Trail Ridge Quilters – Quilted Products

Brad Fitch – Centennial CD

Pendleton Woolen Mills –Blanket, Mug

Coffee Table Books – Images of RMNP, Far Country Press

Mountain States Specialties – Water Bottle, Thermal Mug, Coffee Mug, Shot Glass, Lapel Pin, Magnet, Sticker, Keychain, Playing Cards

Xanterra - T-shirt, Pint Glass, Coffee Mug

Rocky Mountain Gateway -Magnet, Throw Blanket, Patch, Hat, Coffee Mug

Enjoy Estes Park – Audio Podcasts, Notecards

Harvest Moon Adirondack Chair Co. – Custom Adirondack Chair

Kind Coffee

ParksConnect RMNP App

Simply Christmas –Ornament

YMCA – Hotel Keycards

James Frank – Calendar, Fine Art Prints

Pancho&Lefty’s – T-shirt, Hoodie



ROCKY MOUNTAIN NATIONAL PARK

P. 159



1915 ~ CENTENNIAL ~ 2015
WILDERNESS ~ WILDLIFE ~ WONDER



2014
HERE'S TO
NO FIRES
OR FLOODS

Questions?





CITY OF LOVELAND
FINANCE DEPARTMENT

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2695 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 8
MEETING DATE: 6/3/2014
TO: City Council
FROM: Brent Worthington, Finance
PRESENTER: Brent Worthington, Finance Director, Cheryl Wallace, CPA

TITLE:

2013 Comprehensive Annual Financial Report and Audit Report

RECOMMENDED CITY COUNCIL ACTION:

Information only item. No action required.

SUMMARY:

The Comprehensive Annual Financial Report for the year ending December 31, 2013, received an unqualified opinion from the external auditors. This indicates that, in all material respects, the report fairly presents the financial position of the City and is in conformity with generally accepted accounting principles.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

BACKGROUND:

The City's Comprehensive Annual Financial Report for the year which ended December 31, 2013, has been prepared and audited.

This report is submitted for review. Representatives of Rubin Brown, LLC will present the report at the City Council meeting. They have issued an unqualified opinion on the City's financial statements indicating that the report fairly presents the financial position of the City and that it is in conformity with generally accepted accounting principles.

REVIEWED BY CITY MANAGER:

William D. Cabill

LIST OF ATTACHMENTS:

1. Comprehensive Annual Financial Report
2. Management Letter from Rubin Brown, LLC
3. Airport Financial Report
4. Management Letter from Rubin Brown, LLC regarding Airport

2013



Comprehensive Annual Financial Report

City of Loveland

For the Fiscal Year Ended December 31, 2013

City of Loveland, Colorado

Comprehensive Annual Financial Report

For the fiscal year ended
December 31, 2013

Submitted by
City Manager - William D. Cahill
Finance Director - Brent Worthington

Prepared by the
Finance Department

DeeAnn Hanson, Senior Accountant
Rebecca Masters, Senior Accountant
Sarah Knapp, Accountant II
Mona Brooks, Accountant II
Joyce Robinson, Accountant II
Pat Lamfers, Accountant Tech
Chloe Romero, Business Services Coordinator



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Introduction



Introduction

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


CITY OF LOVELAND

FINANCE DEPARTMENT

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

June 1, 2014

 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, 2013, 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 accountant 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, 2013. 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 35.43 square miles and an estimated current population of 72,846 representing approximately 29,178 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 serves as a leader 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, fire, 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 City jointly operates and maintains the Fort Collins/Loveland Municipal 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, a phone book publishing company, discount store distribution center, and the healthcare industry. There are three 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. The housing construction industry seems to have the least amount of recovery, with residential permits still at a very low level on historical basis, and very little commercial building activity.

The local economy has stabilized, although it has not returned to pre-recession levels in many sectors. Job growth continues to be a concern. Employment has been trending upward, with the number of employed shown in the February and March employment reports exceeding the 2007 peaks for the first time. The unemployment rate continues to be at a higher level than before the recession at 5.5%, but is significantly lower than at the same time in the previous year of 6.4%.

The continuation of the economic recovery will depend upon job growth. We suspect that there are many people 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.

2013 was a challenging year. 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. The magnitude of the flood damage is still revealing itself; known response and recovery costs are estimated at nearly \$27 million. Recovery from the flood damage will continue throughout 2014 into 2015 (and possibly beyond). The City will 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 will have 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 2013, several indicators suggest cautious optimism:

- Sales tax collections over the same months last year were higher in every month, and finished with total collections 6.75% above 2012.
- Economists at the State of Colorado believe there will be continued growth in 2014 of retail sales over the 2013 levels. The City budgeted for 4% growth in 2013 over the 2012 revised forecast and, as mentioned above, the sales tax significantly outperformed that projection. The 2014 sales tax budget includes an increase of 6.0% over the 2013 forecast.
- Economic conditions in mid-2012 included property values stabilizing at a higher rate than initially projected. The unemployment rate was beginning to drop, but building activity in both the residential and commercial/industrial sectors continued at very low levels at the time the projections for 2013 were developed, although there are indications that the residential building sector was gaining strength, indicated by the growth in building permits and building use tax.

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 slow growth in sales collections, property tax growth slowly returning to historic growth rates; and flat to low growth levels in the building sector over the near term.

Major Initiatives

The City Council has traditionally been interested in generating community investment and partnerships, with the objective of maximizing the benefit to the community.

Three major capital projects initiated in 2013 were Mehaffey Park on the west side of Loveland; Fire Station 2 adjacent to Mehaffey Park; and Service Center, Phase III, an expansion of the existing Service Center at 1st and Wilson.

The City continued to invest capital dollars committed to transportation projects, with over \$2 million of impact fees and General Fund revenues included in the 2013 adopted Budget, and another \$4.1 million re-appropriated from prior years for a variety of street widening and traffic signal projects. Three major initiatives that were begun are the improvement to the fiber network to signals and facilities, Boyd Lake Ave. extension, and Boise & 37th intersection improvements. The Water Utility Fund secured financing in the form of a \$10 million revenue bond for a major expansion of the City's Water Treatment Plant. This project will commence in summer of 2014 and will be completed by mid-year 2016.

Plans for the communities in Weld and Larimer Counties to partner in building a regional crime lab came to fruition. Weld County is constructing the facility for a 2014 opening date. This is an extraordinary regional initiative that will expedite the analysis of criminal evidence of property crimes in our area.

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, 2012. This was the thirty-third 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.

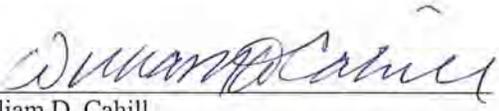
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 2013 and was recently notified that the 2014 document also received the award. It is the twenty-ninth consecutive year that the City will have received the budget presentation award. 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 Senior Accountants DeeAnn Hanson and Becky Masters 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.

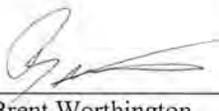
Finally, we would like to express our gratitude and appreciation to the members of the Loveland City Council, the Citizens Finance Advisory Commission, the City Manager's Office and City departments for their policy guidance which is contained in this document. As the governing body, your commitment 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 2013 CAFR.

Respectfully Submitted,

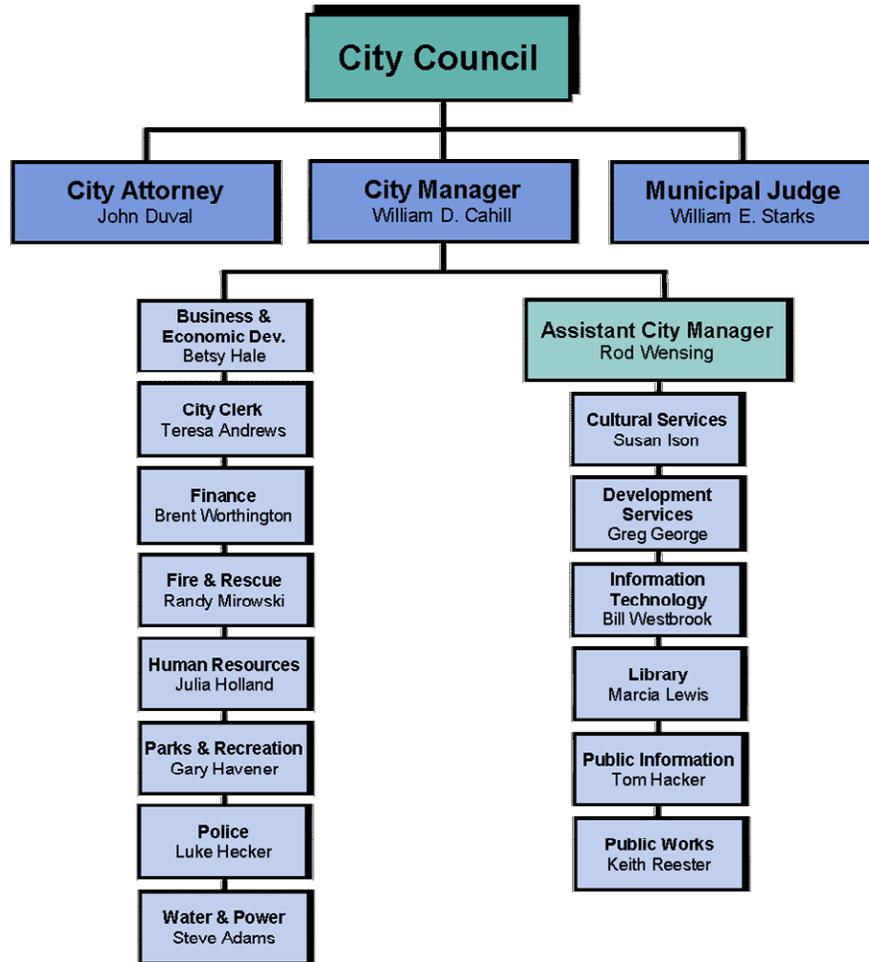


William D. Cahill
City Manager



Brent Worthington
Finance Director

City Organizational Chart & Officials



City Council

From left to right:
 Back row: Hugh McKean; Chauncey Taylor;
 Ralph Trenary; Phil Farley; John Fogle,
 Front Row: Cecil Gutierrez; Daryle Klassen;
 Joan Shaffer; Dave Clark.



Government Finance Officers Association

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

Presented to

**City of Loveland
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

A handwritten signature in black ink, appearing to read "Jeffrey R. Emen".

Executive Director/CEO



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



RubinBrown LLP
 Certified Public Accountants
 & 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, 2013, 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 *Governmental 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.



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

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, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress and related notes, on pages 13 through 22, pages 60 through 62 and page 63, respectively, 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 the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; 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.

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

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 15, 2014, 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 15, 2014

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, 2013.

Major Initiatives and Impacts

2013 saw the initiation of three major capital projects:

MeHaffey Park: This new 60 acre park is on the west side of Loveland, on land south of 29th St. and west of Wilson. Amenities include recreation trails, multi-purpose sports fields, picnic shelters, and playgrounds. The cost will total approximately \$9 million, and is expected to open in 2015.

Fire Station 2: This new station, which broke ground in Fall of 2013, replaces the existing station 2 and relocates it farther to the west (next to MeHaffey Park). The station is 14,000 square feet, with 4 apparatus bays. The expected cost of construction is approximately 4.7 million, and will be completed in mid-2014.

Service Center, Phase III: This is an expansion of the existing Service Center at 1st and Wilson. It will provide expanded service facilities and office space for much of the Public Works staff. This project is budgeted at approximately \$14 million, and will be completed in Fall 2014.

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. The magnitude of the flood damage is still revealing itself; known response and recovery costs are estimated at nearly \$27 million. 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 Idlewyld 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

Recovery from the flood damage will continue throughout 2014 into 2015 (and possibly beyond). The City will 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 will have a 12.5% match for all FEMA and State Reimbursements; 20% match for Federal Highway Authority grants; and \$200,000 insurance deductible. Further, the City has needed to fund all flood response and recovery projects out of cash on hand. Most of the affected funds have sufficient fund balance; however, there's a possibility that interfund loans will be required in certain cases to provide cash flow until the reimbursement grants are received.

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 Assets 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, stormwater, 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 \$892,519,256 as of December 31, 2013.

Net Position

Combined net position of the City of Loveland at December 31, 2013 were as follows:

**CITY OF LOVELAND, COLORADO
STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2013	2012	2013	2012	2013	2012	
Current and other assets	\$ 161,464,881	\$152,204,791	\$ 97,812,688	\$ 98,170,234	\$ 259,277,569	\$ 250,375,025	3.6 %
Capital assets	306,157,017	301,942,160	380,861,747	372,589,212	687,018,764	674,531,372	1.9 %
Total Assets	467,621,898	454,146,951	478,674,435	470,759,446	946,296,333	924,906,397	2.3 %
Long-term liabilities	9,049,292	8,998,855	1,617,329	1,463,096	10,666,621	10,461,951	2.0 %
Other liabilities	14,698,703	30,037,055	9,500,156	7,660,826	24,198,859	37,697,881	(35.8)%
Deferred Inflows of Resources	18,911,597	-	-	-	18,911,597	-	- %
Total Liabilities and Deferred Inflows of Resources	42,659,592	39,035,910	11,117,485	9,123,922	53,777,077	48,159,832	11.7 %
Net Position:							
Invested in capital assets, net of related debt	301,651,481	301,942,160	380,761,746	372,589,212	682,413,227	674,531,372	1.2 %
Restricted- Nonspendable	5,402,469	6,022,088	-	-	5,402,469	6,022,088	(10.3)%
Restricted	22,588,134	23,755,291	41,854,010	44,869,255	64,442,144	68,624,546	(6.1)%
Unrestricted	95,320,222	83,391,502	44,941,194	44,177,057	140,261,416	127,568,559	9.9 %
Total Net Position	\$ 424,962,306	\$415,111,041	\$ 467,556,950	\$ 461,635,524	\$ 892,519,256	\$ 876,746,565	1.8 %

As of December 31, 2013, 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 \$259,277,569 current and other assets include \$212,592,939 in cash and investments. The restricted balance of cash and investments is \$42,062,029 for acquisition or construction of future capital assets.

The largest portion of the City's total net position (76%) 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 \$4,543,756, oversizing agreements of \$4,452,404 and capital lease of \$53,132. Long-term debt in the Business-Type Activities is compensated absences of \$1,517,329 and water bonds of \$100,000.

Changes In Net Position

Revenues and transfers in 2013 of \$206,526,207 exceeded program expenses of \$190,753,516 for an increase in net position of \$15,772,691. This increase included \$6,522,447 from contributed assets and revenue restricted for capital spending. The remaining \$9,411,560 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 table below.

CITY OF LOVELAND, COLORADO
CHANGES IN NET POSITION

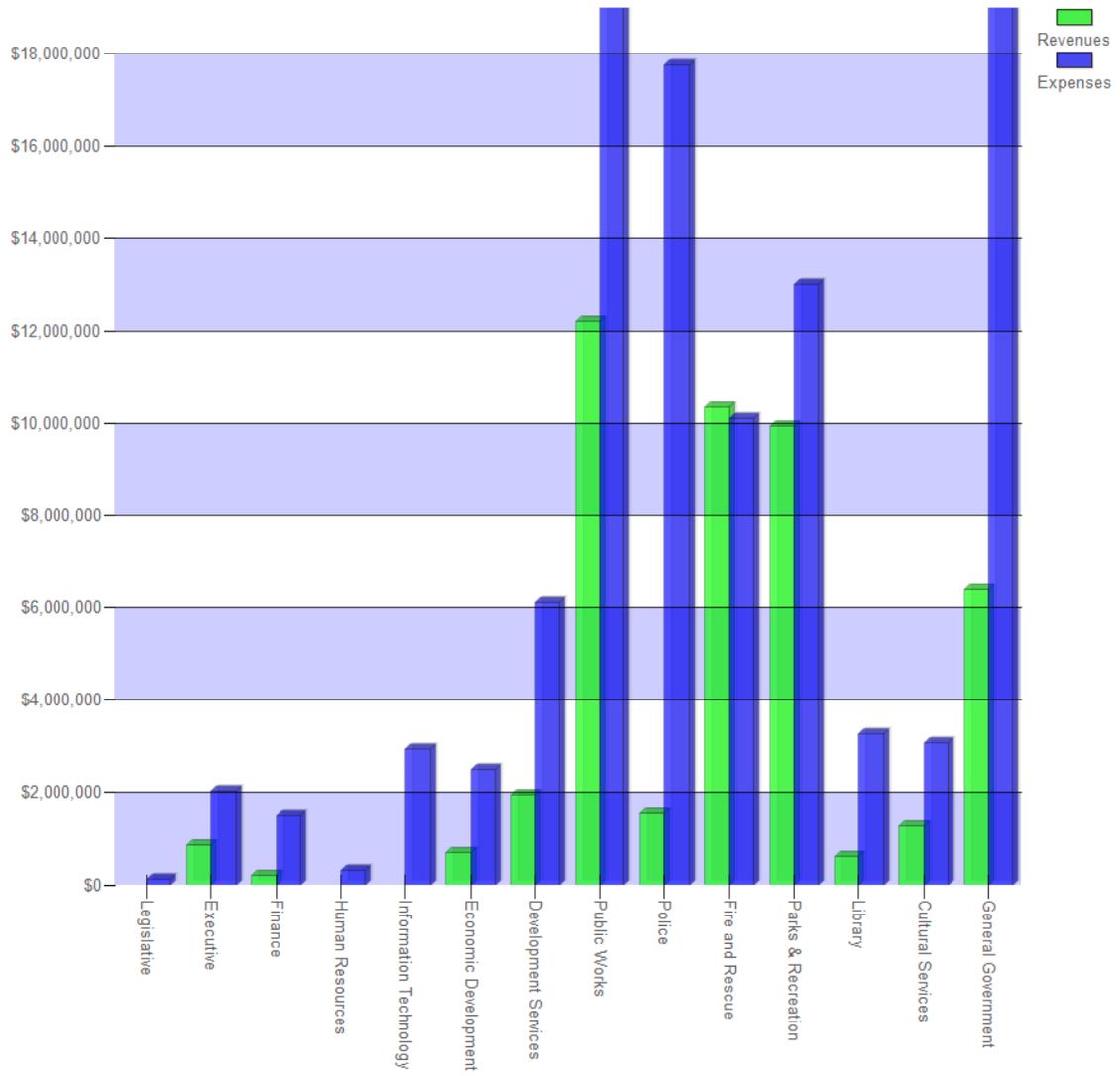
	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2013	2012	2013	2012	2013	2012	
Program Revenue							
Charges for service	\$ 19,195,711	\$ 16,083,060	\$ 86,186,533	\$ 81,987,150	\$ 105,382,244	\$ 98,070,210	7.5 %
Operating grants/contributions	15,501,176	14,626,446	-	-	15,501,176	14,626,446	6.0 %
Capital grants/contributions	11,321,276	9,488,471	11,615,334	6,785,850	22,936,610	16,274,321	40.9 %
General Revenues:							
Property Taxes	18,708,893	18,727,569	-	-	18,708,893	18,727,569	(0.1)%
Sales and Use Taxes	42,342,445	39,849,259	-	-	42,342,445	39,849,259	6.3 %
Franchise and Other Taxes	2,947,892	2,726,679	-	-	2,947,892	2,726,679	8.1 %
Investment Earnings	(941,945)	1,124,663	(581,995)	958,828	(1,523,940)	2,083,491	(173.1)%
Other	208,383	23,083	22,504	144,865	230,887	167,948	37.5 %
Total Revenues	109,283,831	102,649,230	97,242,376	89,876,693	206,526,207	192,525,923	7.3 %
Program Expenses:							
Legislative	118,263	97,103	-	-	118,263	97,103	21.8 %
Executive	2,040,641	2,298,957	-	-	2,040,641	2,298,957	(11.2)%
Finance	1,495,077	3,685,096	-	-	1,495,077	3,685,096	(59.4)%
Human Resources	312,209	929,651	-	-	312,209	929,651	(66.4)%
Information Technology	2,951,995	3,101,836	-	-	2,951,995	3,101,836	(4.8)%
Economic Development	2,509,865	1,764,192	-	-	2,509,865	1,764,192	42.3 %
Development Services	6,120,833	5,656,043	-	-	6,120,833	5,656,043	8.2 %
Public Works	19,132,121	18,940,024	-	-	19,132,121	18,940,024	1.0 %
Police	17,753,905	16,806,697	-	-	17,753,905	16,806,697	5.6 %
Fire & Rescue	10,110,872	10,481,974	-	-	10,110,872	10,481,974	(3.5)%
Parks & Recreation	12,989,173	10,206,841	-	-	12,989,173	10,206,841	27.3 %
Library	3,267,977	2,701,016	-	-	3,267,977	2,701,016	21.0 %
Cultural Services	3,083,926	1,845,305	-	-	3,083,926	1,845,305	67.1 %
General Government	20,233,243	18,234,265	-	-	20,233,243	18,234,265	11.0 %
Water	-	-	13,219,134	10,506,013	13,219,134	10,506,013	25.8 %
Wastewater	-	-	8,514,371	7,142,390	8,514,371	7,142,390	19.2 %
Stormwater	-	-	3,837,057	3,315,186	3,837,057	3,315,186	15.7 %
Power	-	-	53,828,287	47,438,660	53,828,287	47,438,660	13.5 %
Solid Waste	-	-	5,768,080	5,143,011	5,768,080	5,143,011	12.2 %
Golf	-	-	3,466,487	3,262,626	3,466,487	3,262,626	6.2 %
Total Expenses	102,120,100	96,749,000	88,633,416	76,807,886	190,753,516	173,556,886	9.9 %
Increase in net position before transfers	7,163,731	5,900,230	8,608,960	13,068,807	15,772,691	18,969,037	(16.9)%
Transfers	2,687,534	4,057,361	(2,687,534)	(4,057,361)	-	-	- %
Increase in net position	9,851,265	9,957,591	5,921,426	9,011,446	15,772,691	18,969,037	(16.9)%
Net Position-Beginning	415,111,041	405,153,450	461,635,524	452,624,078	876,746,565	857,777,528	2.2 %
Net Position -Ending	\$ 424,962,306	\$ 415,111,041	\$ 467,556,950	\$ 461,635,524	\$ 892,519,256	\$ 876,746,565	1.8 %

Governmental Activities

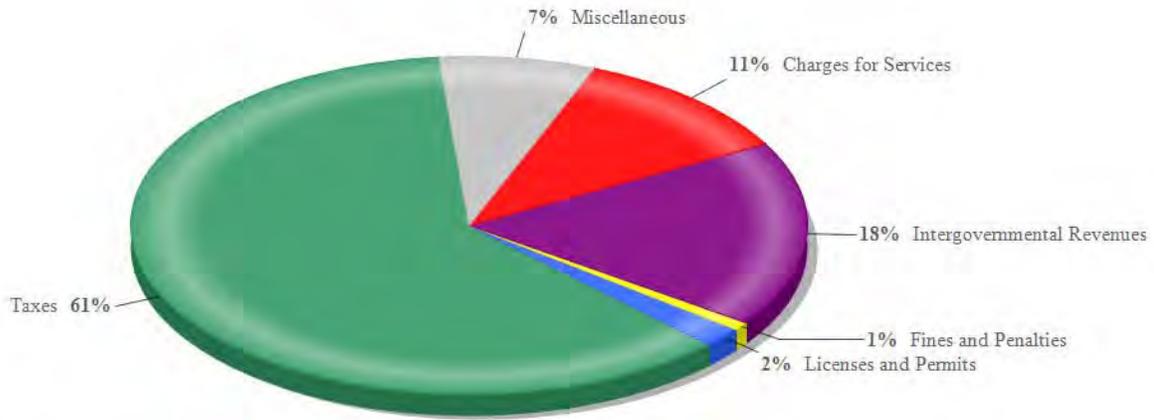
Governmental Activities increased the City's net position by \$9,851,265. 4% (\$2,068,998) of this increase is from developer donated streets and other revenue sources that are restricted to capital projects. Of the remaining increase, \$7,943,583 relates to general revenues. Earnings on investments decreased in 2013 by (184)% from to \$1,124,663 to \$(941,945). This decrease is due to the sale of certain investments as part of a managed portfolio, generally lower market interest rates, and accounting adjustments for the unrealized losses. Property tax revenue decreased in 2013 by \$18,676.

The graph compares program revenues and expenses of Governmental Activities in 2013. This graph illustrates that the majority of those expenses are related to public services and safety.

Program Revenues & Expenses Governmental Activities

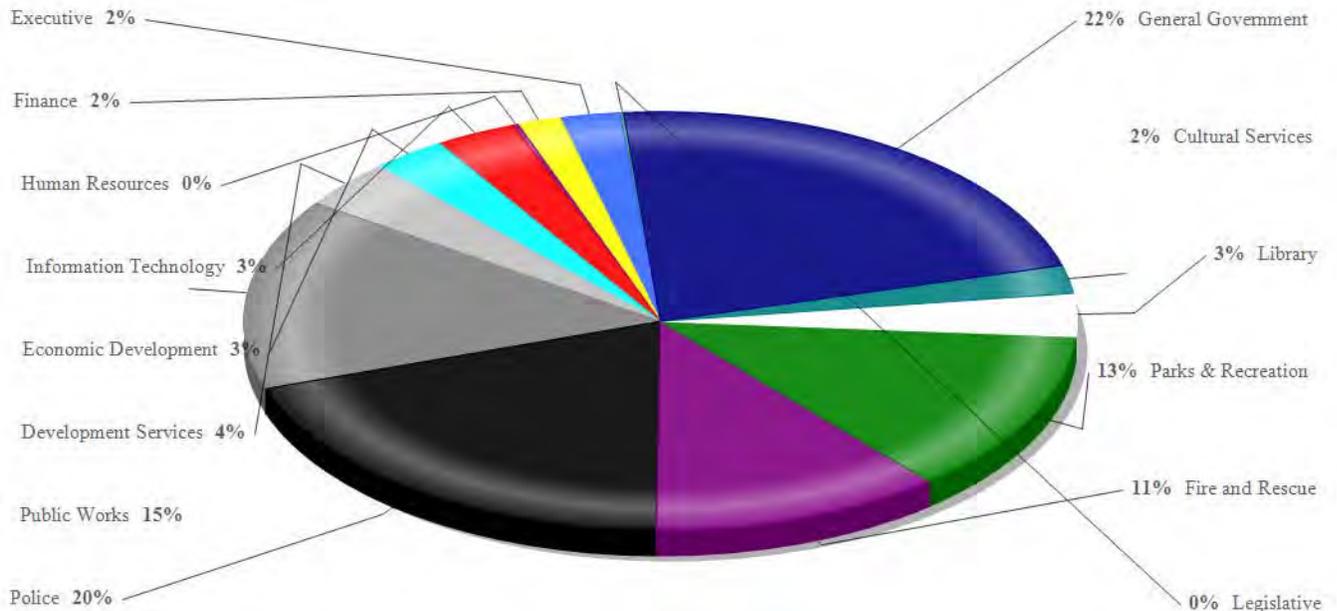


**Revenue By Source
Governmental Funds**



* Zero Data, Investment Earnings

**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 expenses in comparison to program revenues, due to lower than projected revenues and capital projects funded by cash reserves.

A cool, wet spring, along with a mild summer resulted in decreased water and electric sales, a reduction in Golf rounds

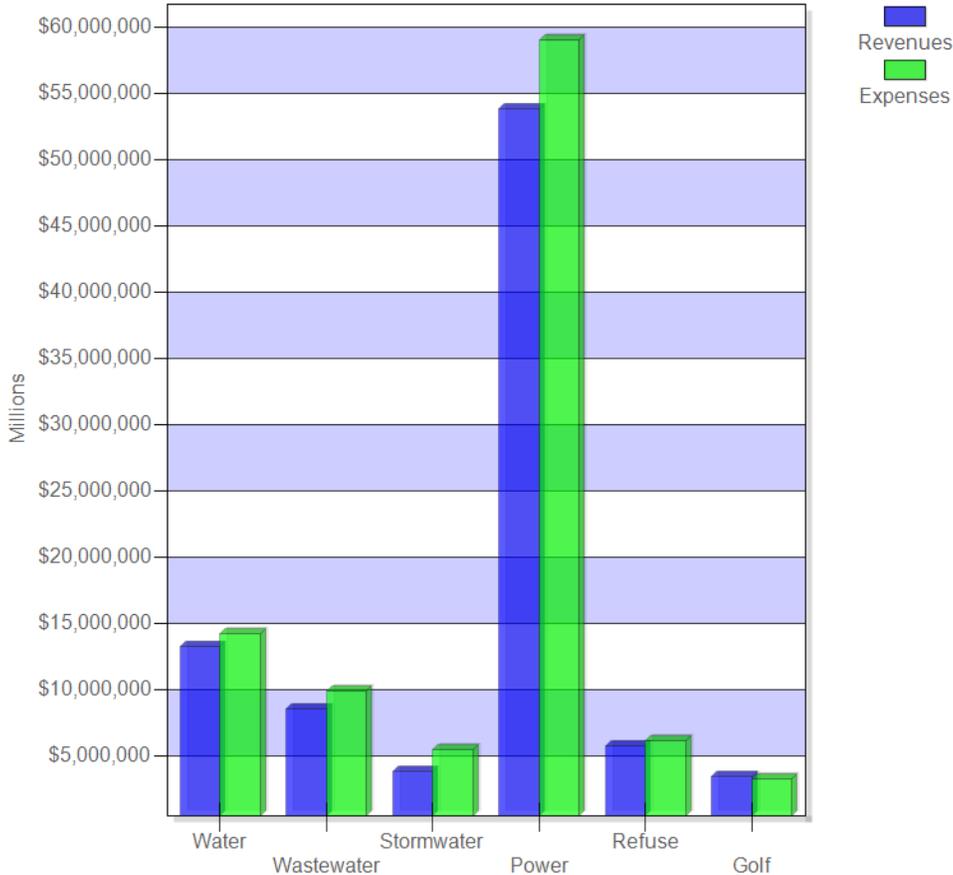
played, and reduced power consumption due to lower cooling costs.

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

For year-end 2013, net position for the Business-Type Activities increased by \$5,921,426. Earnings on investments decreased from \$958,828 in 2012 to \$(581,995) in 2013.

Expenses decreased from the prior year in all of the Business-Type Activities.

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



The City’s Funds

Information on the City’s major governmental funds begins on page 26. These funds are accounted for using the modified accrual basis of accounting. Overall, the balances of these funds increased by \$5,511,206, and the City ended the year with a combined fund balance of \$105,595,922.

The City’s Governmental Funds collected more revenue than the constitutional limits (TABOR) by \$44,027 in 2013 due to an upturn in sales and use tax revenue. 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 an Interfund Loan Receivable of \$4,485,000 in the CEF fund.
- Restricted balance of \$22,750,901 includes \$1,971,182 reserved for emergencies; \$13,765,231 for Open Space Acquisitions; funds for Parks & Recreation; Urban Revitalization; Convention & Tourism; Fire & Rescue; and Law

Enforcement.

- Committed balances include \$7,202,531 for excess TABOR; \$33,436,499 for future capital improvements; the Council Capital Reserve; Art in Public Places; public education and downtown maintenance .
- Assigned balances of \$6,225,009 are for items such as the Library Books, Museum Programs, Equipment Replacement, as well as other governmental funds.
- Unassigned General Fund is \$25,459,044, 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 used an actuarial analysis to estimate future claims and help ensure that the Risk reserve is adequately funded. In accordance with the study completed in 2009, the total estimated funding required for the Risk & Insurance Fund is \$3,637,322; the balance in the fund is \$4,599,997. 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 \$3,500,000; the current balance is \$5,938,379.

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 increased by \$7,763,906 (23%); total General Fund revenue of \$66,082,826 increased by 5.6% for the year. Tax revenue of \$51,737,290 (78% of the total General Fund revenue) increased by 2.4% in 2013, as a result of increased retail sales activity in 2013. There were no changes made to the City's mill levy or sales tax rate in 2013.

The Loveland Urban Renewal Authority (LURA) Fund revenues decreased in 2013 to \$11,157,676. Tax revenues of \$11,203,567 (100% of total revenues) decreased by .5% (\$57,357). Total 2013 expenditures (\$11,178,871) include the distribution of tax increment financing (\$9,979,745), school district fund (\$952,401), and other services (\$246,724).

Total revenues in the Capital Expansion Fees (CEF) fund decreased by \$25,374 (36%). The fund balance in the CEF Fund decreased by \$1,843,857 (5%).

Including transfers, the total revenue for the Capital Projects Fund was \$8,202,281. Expenditures were for major capital projects (including Service Center Expansion, and Mehaffey Park,). Total expenditures and transfers were \$7,476,389, leaving a fund balance of \$862,472 (an increase of 326%).

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 \$467,556,950. Each of the Proprietary Funds had net asset increases, totaling \$5,921,426. The most significant increase was in the Power Fund (\$4,955,464).

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 \$9,050,170 to \$10,751,830; the majority of this increase funded capital projects. Overall, there was an increase of \$1,701,660 from the original 2013 budget appropriation.

Capital Assets And Debt Administration

Capital Assets

At the end of December 31, 2013, the City had \$687,018,764 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, wastewater, and power lines. (See table below.)

Overall in 2013, buildings increased by 3% and construction in process increased by 20% in both Governmental and Business-Type Activities. This increase funded the following projects:

Service Center Expansion	\$4,760,650
MeHaffey Park	\$2,097,374

More detailed information about the City’s capital assets is presented in the Note 5 to Financial Statements.

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

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2013	2012	2013	2012	2013	2012	
Land	\$ 35,386,030	\$ 36,305,217	\$ 3,106,664	\$ 3,075,664	\$ 38,492,694	\$ 39,380,881	(2.3)%
Art Collection	5,816,065	5,010,682	-	-	5,816,065	5,010,682	16.1 %
Buildings	39,728,509	40,516,433	9,929,150	7,465,357	49,657,659	47,981,790	3.5 %
Improvements	20,599,316	21,154,746	200,163,961	198,453,822	220,763,277	219,608,568	0.5 %
Equipment	10,015,665	9,516,189	7,214,582	6,546,040	17,230,247	16,062,229	7.3 %
Water rights	2,624,520	1,974,520	62,545,869	62,545,869	65,170,389	64,520,389	1.0 %
Infrastructure	177,215,701	179,878,787	68,614,168	67,609,261	245,829,869	247,488,048	(0.7)%
Easements	737,236	84,731	5,061,687	2,398,357	5,798,923	2,483,088	133.5 %
Construction in Process	14,033,975	7,500,855	24,225,666	24,494,842	38,259,641	31,995,697	19.6 %
Total	\$ 306,157,017	\$301,942,160	\$ 380,861,747	\$ 372,589,212	\$ 687,018,764	\$674,531,372	1.9 %

This year's major additions included the following assets:

Service Center Expansion	\$ 4,760,650	Street Improvement Projects	\$ 3,519,093
MeHaffey Park	\$ 2,097,374		

Debt

At year-end, the City had \$53,132 in capital leases compared to \$0 in 2012. Additionally, the City has a number of oversizing agreements related to Streets totalling \$4,452,404. There were no contract amendments in 2013. In 2013, the City borrowed \$10,000,000 for improvements to the Water Treatment Plant.

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 2014 and beyond. The 2014 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 2014, 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 continue to increase by 14% in 2014; 1% to fund a future reservoir, and 13% for treatment plant and distribution system capital improvements. Power rates increased by 4.13%, driven by increased wholesale power costs and to fund new residential energy conservation programs. Wastewater rates increased by 9.9% for 2014.

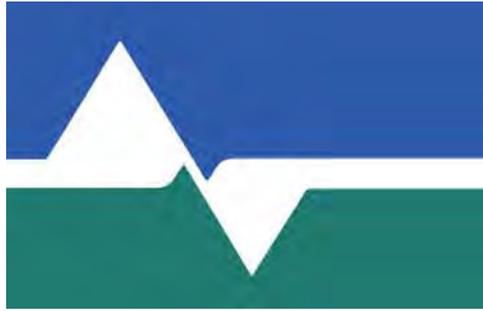
Capital items for 2014 include: Fire Station 2 relocation and expansion; completion of Service Center Phase III expansion for Public Works; construction of MeHaffey Park; recreation trails and open space acquisition; natural area development; the initial phase of water treatment plant expansion; and water line replacements.

Flood recovery projects will continue through 2014. Since the flood coincided with the completion of the 2014 budget, supplemental appropriation ordinances will be needed throughout the year. The City anticipates recovering 85-90% of recovery costs from insurance, FEMA, and the State of Colorado, and a large part of the total reimbursement should be received in 2014. However, for projects completed in late 2014 and into 2015, some reimbursements will likely not be received until 2015. The City does have the financial resources to self-fund these recovery costs prior to reimbursements, which is a testament to the strength of the City's financial position.

Contacting The City's Financial Management

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

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Basic financial statements 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, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 8,366	\$ -	\$ 8,366
Equity in Pooled Cash	7,997,652	2,540,641	10,538,293
Equity in Pooled Investments	121,414,190	38,570,061	159,984,251
Receivables (Net):			
Taxes	24,448,707	-	24,448,707
Accounts	2,605,190	10,003,468	12,608,658
Grants	1,863,517	1,230,503	3,094,020
Accrued Interest	266,856	176,762	443,618
Inventory of Supplies	493,538	3,437,244	3,930,782
Net Pension Asset	2,158,845	-	2,158,845
Restricted Assets:			
Equity in Pooled Restricted Investments	208,020	41,854,009	42,062,029
Capital Assets:			
Land, Water Rights and Other Assets not Being Depreciated	44,563,851	70,714,220	115,278,071
Building, Improvements and Equipment, Net of Depreciation	247,559,191	285,921,861	533,481,052
Construction in Process	14,033,975	24,225,666	38,259,641
Total Assets	467,621,898	478,674,435	946,296,333
LIABILITIES			
Accounts Payable	11,114,449	7,407,233	18,521,682
Accrued Liabilities	2,858,711	721,404	3,580,115
Unearned Other Revenue	-	57,039	57,039
Deposits	725,543	1,314,480	2,040,023
Noncurrent Liabilities:			
Due Within One Year	2,910,198	834,531	3,744,729
Due in More Than One Year	6,139,094	782,798	6,921,892
Total Liabilities	23,747,995	11,117,485	34,865,480
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	18,911,597	-	18,911,597
NET POSITION			
Net Investment in Capital Assets	301,651,481	380,761,746	682,413,227
Restricted - Nonexpendable	5,402,469	-	5,402,469
Restricted:			
Future Capital Improvements	-	41,854,010	41,854,010
Tabor 3% Emergency Reserve	1,808,416	-	1,808,416
Conservation Trust Fund	5,661,231	-	5,661,231
Open Space Acquisitions	13,765,231	-	13,765,231
Other	1,353,256	-	1,353,256
Unrestricted	95,320,222	44,941,194	140,261,416
Total Net Position	\$ 424,962,306	\$ 467,556,950	\$ 892,519,256

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities:				
Legislative	\$ 118,263	\$ -	\$ -	\$ -
Executive	2,040,641	874,554	-	-
Finance	1,495,077	194,586	-	-
Human Resources	312,209	-	-	-
Information Technology	2,951,995	-	-	-
Economic Development	2,509,865	56,049	630,242	-
Development Services	6,120,833	1,648,640	293,278	-
Public Works	19,132,121	3,156,866	4,372,549	4,664,069
Police	17,753,905	1,126,139	74,630	344,451
Fire and Rescue	10,110,872	318,997	9,665,552	353,415
Parks & Recreation	12,989,173	5,705,461	107,111	4,128,421
Library	3,267,977	85,239	68,317	457,255
Cultural Services	3,083,926	290,673	67,401	926,348
General Government	20,233,243	5,738,507	222,096	447,317
Total Governmental Activities	102,120,100	19,195,711	15,501,176	11,321,276
Business-Type Activities				
Water	13,219,134	10,100,125	-	4,083,069
Wastewater	8,514,371	8,122,896	-	1,704,299
Stormwater	3,837,057	4,124,910	-	1,327,909
Power	53,828,287	54,541,358	-	4,423,393
Refuse	5,768,080	6,040,794	-	50,246
Golf	3,466,487	3,256,450	-	26,418
Total Business-Type Activities	88,633,416	86,186,533	-	11,615,334
City Total	\$ 190,753,516	\$105,382,244	\$ 15,501,176	\$ 22,936,610

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

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
\$ (118,263)	\$ -	\$ (118,263)
(1,166,087)	-	(1,166,087)
(1,300,491)	-	(1,300,491)
(312,209)	-	(312,209)
(2,951,995)	-	(2,951,995)
(1,823,574)	-	(1,823,574)
(4,178,915)	-	(4,178,915)
(6,938,637)	-	(6,938,637)
(16,208,685)	-	(16,208,685)
227,092	-	227,092
(3,048,180)	-	(3,048,180)
(2,657,166)	-	(2,657,166)
(1,799,504)	-	(1,799,504)
<u>(13,825,323)</u>	<u>-</u>	<u>(13,825,323)</u>
<u>(56,101,937)</u>	<u>-</u>	<u>(56,101,937)</u>
-	964,060	964,060
-	1,312,824	1,312,824
-	1,615,762	1,615,762
-	5,136,464	5,136,464
-	322,960	322,960
-	(183,619)	(183,619)
<u>-</u>	<u>9,168,451</u>	<u>9,168,451</u>
<u>(56,101,937)</u>	<u>9,168,451</u>	<u>(46,933,486)</u>
18,708,893	-	18,708,893
42,342,445	-	42,342,445
1,772,839	-	1,772,839
1,175,053	-	1,175,053
(941,945)	(581,995)	(1,523,940)
208,383	22,504	230,887
2,687,534	(2,687,534)	-
<u>65,953,202</u>	<u>(3,247,025)</u>	<u>62,706,177</u>
9,851,265	5,921,426	15,772,691
415,111,041	461,635,524	876,746,565
\$ 424,962,306	\$ 467,556,950	\$ 892,519,256

Balance Sheet
Governmental Fund Types
December 31, 2013

ASSETS	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash	\$ 8,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,366
Equity in Pooled Cash	2,476,505	368,818	-	2,072,801	280,623	1,594,189	6,792,936
Equity in Pooled Investments	37,596,394	5,599,117	-	31,467,668	4,260,197	24,201,744	103,125,120
Receivables (Net):							
Taxes	12,676,481	11,306,296	212,819	-	-	253,111	24,448,707
Accounts	1,510,302	500,000	353,105	93,796	-	120,754	2,577,957
Grants	1,088,321	-	448,034	531	13,544	281,540	1,831,970
Due from Other Funds	63,278	-	-	-	-	-	63,278
Accrued Interest	85,005	12,458	(40)	70,587	4,136	54,080	226,226
Interfund Loan Receivable	-	-	-	4,485,000	-	-	4,485,000
Inventory	16,701	-	255,263	-	-	39,213	311,177
Restricted Assets:							
Equity in Pooled Restricted Investments	-	-	-	-	-	208,020	208,020
Total Assets	55,521,353	17,786,689	1,269,181	38,190,383	4,558,500	26,752,651	144,078,757
LIABILITIES							
Accounts Payable	1,202,949	4,715,500	464,782	197,103	2,956,941	497,687	10,034,962
Accrued Liabilities	1,735,664	-	168,615	-	-	415,970	2,320,249
Unearned Other Revenue	1,182,415	-	575,982	71,781	13,544	98,484	1,942,206
Due to Other Funds	-	-	59,802	-	-	3,476	63,278
Deposits	-	-	-	-	725,543	-	725,543
Interfund Loan Payable	2,985,000	1,500,000	-	-	-	-	4,485,000
Total Liabilities	7,106,028	6,215,500	1,269,181	268,884	3,696,028	1,015,617	19,571,238
DEFERRED INFLOWS OF RESOURCES							
Deferred Property Taxes	7,570,562	11,306,296	-	-	-	34,739	18,911,597
Total Liabilities and Deferred Inflows of Resources	14,676,590	17,521,796	1,269,181	268,884	3,696,028	1,050,356	38,482,835
Fund Balances:							
Nonspendable	16,701	-	-	4,485,000	-	900,768	5,402,469
Restricted	1,851,741	264,893	-	-	-	20,471,502	22,588,136
Committed	11,941,797	-	-	33,436,499	-	380,202	45,758,498
Assigned	1,412,714	-	-	-	862,472	3,949,823	6,225,009
Unassigned	25,621,810	-	-	-	-	-	25,621,810
Total Fund Balances	40,844,763	264,893	-	37,921,499	862,472	25,702,295	105,595,922
Total Liabilities and Fund Balances	\$ 55,521,353	\$ 17,786,689	\$ 1,269,181	\$ 38,190,383	\$ 4,558,500	\$ 26,752,651	

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.

302,122,278

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

2,158,845

Certain deferred inflows of resources represent deferred revenue (reported as deferred at the government fund level) which revenue does not represent current available resources. These revenues are then eliminated at the activity level.

1,942,206

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.

21,998,553

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

(Accrued Leave \$4,403,094 and developer oversizing agreements \$4,452,404)

(8,855,498)

Net Position of Governmental Activities

\$ 424,962,306

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, 2013

	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 51,737,290	\$ 11,203,567	\$ -	\$ -	\$ -	850,807	\$ 63,791,664
Licenses and Permits	1,722,274	-	115,570	-	-	113,301	1,951,145
Fines and Penalties	871,879	-	-	-	-	-	871,879
Intergovernmental	911,831	-	3,930,831	-	465,921	13,226,710	18,535,293
Charges for Services	4,246,822	-	2,098,703	4,918,087	-	149,436	11,413,048
Investment Earnings	(476,402)	(45,891)	(7,724)	(213,933)	(18,146)	(179,849)	(941,945)
Miscellaneous	7,069,132	-	174,294	241,007	217,243	93,338	7,795,014
Total Revenues	66,082,826	11,157,676	6,311,674	4,945,161	665,018	14,253,743	103,416,098
Expenditures:							
Current:							
Legislative	118,263	-	-	-	-	-	118,263
Executive	2,042,214	-	-	-	-	-	2,042,214
Finance	1,451,102	-	-	-	-	-	1,451,102
Human Resources	184,742	-	-	-	-	-	184,742
Information Technology	2,759,834	-	-	-	-	-	2,759,834
Economic Development	1,824,777	-	-	-	2,606	674,906	2,502,289
Development Services	2,951,927	-	-	-	-	293,278	3,245,205
Public Works	3,665,576	-	8,361,289	-	371,955	504,026	12,902,846
Police	17,069,165	-	-	-	-	36,613	17,105,778
Fire	14,255	-	-	2,303	24,772	9,777,509	9,818,839
Parks & Recreation	8,698,771	-	-	70,930	-	2,291,795	11,061,496
Library	2,799,235	-	-	-	-	7,857	2,807,092
Cultural Services	1,911,961	-	-	-	-	-	1,911,961
General Government	8,080,634	11,178,871	-	53,449	-	15,549	19,328,503
Capital Outlay	938,308	6,949	3,472,084	1,804,695	7,077,056	1,778,370	15,077,462
Total Expenditures	54,510,764	11,185,820	11,833,373	1,931,377	7,476,389	15,379,903	102,317,626
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	11,572,062	(28,144)	(5,521,699)	3,013,784	(6,811,371)	(1,126,160)	1,098,472
Other Financing Sources (Uses):							
Transfers In	1,469,668	-	5,551,840	61,595	7,537,263	-	14,620,366
Transfers (Out)	(6,833,676)	-	(30,141)	(4,919,236)	(65,677)	(84,100)	(11,932,830)
Insurance Recoveries	1,555,852	-	-	-	-	169,346	1,725,198
Total Other Financing							
Sources (Uses)	(3,808,156)	-	5,521,699	(4,857,641)	7,471,586	85,246	4,412,734
Net Change in Fund Balance	7,763,906	(28,144)	-	(1,843,857)	660,215	(1,040,914)	5,511,206
Fund Balances--Beginning	33,080,857	293,037	-	39,765,356	202,257	26,743,209	100,084,716
Fund Balances--Ending	\$ 40,844,763	\$ 264,893	\$ -	\$ 37,921,499	\$ 862,472	\$ 25,702,295	\$ 105,595,922

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, 2013

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

Net change in fund balances - total governmental funds	\$ 5,511,206
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 \$15,257,525 exceeded depreciation \$13,282,554 in the current period.	1,974,971
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.	2,307,017
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This includes Capital Expansion Fees not yet received due to developer agreements and accounts receivable not collected in 60 days.	659,104
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 \$83,248; a decrease for developer oversizing agreements, net of accrued interest \$100,000; and a decrease in pension costs due to the change in the Net Pension Asset \$159,945.	176,697
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.	(777,730)
Change in net position of governmental activities	\$ 9,851,265

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, 2013

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Power
ASSETS				
Current Assets:				
Equity in Pooled Cash	\$ 466,190	\$ 484,255	\$ 271,005	\$ 1,021,533
Equity in Pooled Investments	7,077,340	7,351,586	4,114,193	15,508,133
Receivables, Net	1,149,960	992,124	596,652	7,783,037
Accrued Interest	80,623	27,639	9,094	41,410
Inventory, at Cost	192,355	5,953	27,400	3,057,092
Total Current Assets	8,966,468	8,861,557	5,018,344	27,411,205
Non-current Assets:				
Interfund Loan Receivable	-	-	-	6,000,000
Restricted Assets:				
Future Raw Water Projects	19,263,206	-	-	-
Future Easement Improvements	-	-	-	-
Restricted Cash	24,057	-	-	-
Reservoir Improvements	-	-	-	-
System Impact Fees	8,537,862	5,504,065	1,322,008	3,596,648
Windy Gap Commitment	3,353,169	-	-	-
Total Restricted Assets	31,178,294	5,504,065	1,322,008	3,596,648
Property, Plant & Equipment:				
Land	508,866	342,933	116,631	1,082,732
Intangible Assets/Easements	1,254,536	1,267,799	1,284,555	1,254,796
Buildings	3,223,885	3,378,938	94,184	3,654,047
Equipment	1,893,248	2,455,910	2,623,839	3,837,379
Improvements Other Than Buildings	132,860,141	75,500,508	46,219,044	125,882,237
Water Rights	62,451,369	-	-	-
Construction in Progress	4,070,656	1,480,597	5,720,682	12,953,731
Total Property, Plant & Equipment	206,262,701	84,426,685	56,058,935	148,664,922
Accumulated Depreciation	(39,954,367)	(23,553,521)	(12,735,468)	(46,507,628)
Net Property, Plant & Equipment	166,308,334	60,873,164	43,323,467	102,157,294
Total Non-Current Assets	197,486,628	66,377,229	44,645,475	111,753,942
Total Assets	\$ 206,453,096	\$ 75,238,786	\$ 49,663,819	\$ 139,165,147

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, 2013
(Continued)

	Refuse	Golf	Totals	Governmental
				Activities
				Internal Service
\$	171,142	\$ 126,516	\$ 2,540,641	\$ 1,204,716
	2,598,143	1,920,666	38,570,061	18,289,070
	649,203	62,994	11,233,970	58,779
	13,197	4,798	176,761	40,630
	105,018	49,424	3,437,242	182,361
	3,536,703	2,164,398	55,958,675	19,775,556
	1,600,000	-	7,600,000	-
	-	-	19,263,206	-
	-	86,268	86,268	-
	-	-	24,057	-
	-	166,725	166,725	-
	-	-	18,960,583	-
	-	-	3,353,169	-
	-	252,993	41,854,008	-
	-	1,055,502	3,106,664	209,516
	-	-	5,061,686	-
	-	4,233,789	14,584,843	637,551
	5,329,971	2,877,102	19,017,449	12,509,080
	58,588	8,127,306	388,647,824	-
	-	94,500	62,545,869	-
	-	-	24,225,666	-
	5,388,559	16,388,199	517,190,001	13,356,147
	(3,489,899)	(10,087,373)	(136,328,256)	(9,321,412)
	1,898,660	6,300,826	380,861,745	4,034,735
	3,498,660	6,553,819	430,315,753	4,034,735
\$	7,035,363	\$ 8,718,217	\$ 486,274,428	\$ 23,810,291

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Power
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 1,072,793	\$ 590,944	\$ 216,666	\$ 5,168,413
Accrued Liabilities	167,566	120,263	62,849	226,244
Unearned Other Revenue	20,870	19,502	16,667	-
Deposits	-	-	-	1,314,480
Current Portion of Long-Term Debt	207,142	157,385	72,427	241,686
Total Current Liabilities	1,468,371	888,094	368,609	6,950,823
Long-Term Liabilities:				
Compensated Absences	169,480	128,770	59,258	197,743
Loan Payable	100,000	-	-	-
Interfund Loan Payable	6,000,000	-	1,600,000	-
Total Long-Term Liabilities	6,269,480	128,770	1,659,258	197,743
Total Liabilities	7,737,851	1,016,864	2,027,867	7,148,566
NET POSITION				
Net Investment in Capital Assets	166,208,334	60,873,165	43,323,468	102,157,295
Restricted for Future Capital Improvements	41,078,294	5,504,065	1,322,008	3,596,648
Unrestricted	(8,571,383)	7,844,692	2,990,476	26,262,638
Total Net Position	\$ 198,715,245	\$ 74,221,922	\$ 47,635,952	\$ 132,016,581

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, 2013
(Continued)

				Governmental Activities	
Refuse	Golf	Totals	Internal Service		
\$ 121,794	\$ 236,617	\$ 7,407,227	\$	1,079,480	
91,951	52,531	721,404		538,462	
-	-	57,039		-	
-	-	1,314,480		-	
60,429	95,461	834,530		130,497	
274,174	384,609	10,334,680		1,748,439	
49,442	78,105	682,798		63,298	
-	-	100,000		-	
-	-	7,600,000		-	
49,442	78,105	8,382,798		63,298	
323,616	462,714	18,717,478		1,811,737	
1,898,660	6,300,825	380,761,747		4,034,736	
-	252,994	51,754,009		-	
4,813,087	1,701,684	35,041,194		17,963,817	
\$ 6,711,747	\$ 8,255,503	\$ 467,556,950	\$	21,998,553	

CITY OF LOVELAND, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013

	Business-Type Activities- Enterprise Funds			
	Water	Waste Water	Stormwater	Power
Operating Revenues:				
Charges for Services	\$ 8,725,433	\$ 7,830,371	\$ 4,058,991	\$ 51,837,088
Miscellaneous	1,324,585	222,961	65,919	1,213,073
Total Operating Revenue	10,050,018	8,053,332	4,124,910	53,050,161
Operating Expenses:				
Personal Services	3,287,699	2,416,051	1,280,954	2,948,375
Supplies	1,177,502	595,089	70,257	392,033
Purchased Services	3,892,065	2,954,383	955,022	4,723,405
Purchased Power	-	-	-	38,710,505
Payment for Services	607,321	544,071	283,111	3,587,789
Depreciation	3,349,145	1,999,443	1,247,712	3,466,181
Total Operating Expenses	12,313,732	8,509,037	3,837,056	53,828,288
Net Operating Income	(2,263,714)	(455,705)	287,854	(778,127)
Nonoperating Revenues (Expenses):				
Investment Earnings	(290,379)	(91,043)	(29,418)	(110,421)
Interest Expense	(1,436)	(5,334)	-	-
Bond Expenses	(77,050)	-	-	-
Intergovernmental	330,256	65,846	113,087	675,790
Gain (Loss) on Sale of Capital Assets	(48,198)	305	2,481	28,369
Windy Gap	(826,918)	-	-	-
Total Nonoperating Revenues (Expense)	(913,725)	(30,226)	86,150	593,738
Net Income (Loss) Before Contributions and Transfers	(3,177,439)	(485,931)	374,004	(184,389)
Capital Contributions:				
System Impact/Development Fees	1,494,047	975,658	173,787	2,119,638
Contributed Assets	708,406	662,796	1,041,034	658,328
Aid to Construction	-	-	-	969,638
Raw Water Development Fees	382,817	-	-	-
Cash in Lieu of Water Rights	1,217,652	-	-	-
Transfers In	24,218	9,524	1,217	7,058
Transfers (Out)	(28,496)	(9,482)	(402,989)	(106,009)
Insurance Recoveries	-	69,563	-	1,491,200
Change in Net Position	621,205	1,222,128	1,187,053	4,955,464
Total Net Position - Beginning	198,094,040	72,999,794	46,448,899	127,061,117
Total Net Position - Ending	\$198,715,245	\$ 74,221,922	\$ 47,635,952	\$132,016,581

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

Refuse	Golf	Totals	Governmental Activities
			Internal Service
\$ 5,995,704	\$ 3,216,321	\$ 81,663,908	\$ 16,718,140
45,089	3,551	2,875,178	53,933
6,040,793	3,219,872	84,539,086	16,772,073
2,050,102	1,532,306	13,515,487	1,522,407
181,878	516,523	2,933,282	2,426,585
2,352,199	660,823	15,537,897	12,628,520
-	-	38,710,505	-
400,646	96,490	5,519,428	-
783,255	660,344	11,506,080	930,493
5,768,080	3,466,486	87,722,679	17,508,005
272,713	(246,614)	(3,183,593)	(735,932)
(44,517)	(16,218)	(581,996)	(129,534)
-	-	(6,770)	-
-	-	(77,050)	-
50,246	26,418	1,261,643	41,147
(43,100)	82,647	22,504	45,302
-	-	(826,918)	-
(37,371)	92,847	(208,587)	(43,085)
235,342	(153,767)	(3,392,180)	(779,017)
-	-	4,763,130	-
-	-	3,070,564	-
-	-	969,638	-
-	-	382,817	-
-	-	1,217,652	-
-	-	42,017	-
(2,182,575)	-	(2,729,551)	-
-	36,576	1,597,339	1,287
(1,947,233)	(117,191)	5,921,426	(777,730)
8,658,980	8,372,694	461,635,524	22,776,283
\$ 6,711,747	\$ 8,255,503	\$467,556,950	\$ 21,998,553

CITY OF LOVELAND, COLORADO

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2013

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Power
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 8,273,767	\$ 7,699,089	\$ 3,911,833	\$ 43,734,548
Cash Received from Interfund Services	-	-	-	-
Cash Payments for Goods and Services	349,148	(3,845,228)	263,360	(46,496,340)
Cash Payment to Employees	(3,230,304)	(2,381,502)	(1,286,979)	(2,880,544)
Miscellaneous	1,324,585	222,962	65,919	1,213,072
Net Cash Provided (Used) by Operating Activities	6,717,196	1,695,321	2,954,133	(4,429,264)
Cash Flows from Non-Capital Financing Activities:				
Transfers In	24,218	9,524	1,217	7,058
Transfers (Out)	(28,496)	(9,482)	(402,989)	(106,009)
Insurance Recoveries	-	69,563	-	1,491,200
Net Cash Provided (Used) by Non-Capital Financing Activities	(4,278)	69,605	(401,772)	1,392,249
Cash Flows from Capital and Related Financing Activities:				
Contributions	3,094,516	975,658	173,787	3,089,275
Proceeds on Sale of Capital Assets	31,650	7,500	30,590	38,850
Payments for Capital Acquisition	(4,799,557)	(1,724,945)	(1,120,423)	(8,568,672)
Intergovernmental Revenue	330,256	65,846	113,087	675,790
Debt Principal Payment	420,012	(420,012)	-	-
Bond Proceeds	100,000	-	-	-
Bond Expenses	(77,050)	-	-	-
Interest Paid	-	(5,334)	-	-
Windy Gap Payment	(826,918)	-	-	-
Net Cash (Used) by Capital and Related Financing Activities	(1,727,091)	(1,101,287)	(802,959)	(4,764,757)
Cash Flows from Investing Activities:				
Purchase of Investments	(36,081,989)	(12,855,653)	(5,436,198)	(19,104,781)
Proceeds from Sale of Investments	31,533,867	12,206,297	3,803,034	26,567,856
Investment Earnings	(273,680)	(82,122)	(27,083)	(71,600)
Net Cash Flows Provided (Used) by Investing Activities	(4,821,802)	(731,478)	(1,660,247)	7,391,475
Net Increase (Decrease) in Cash and Cash Equivalents	164,025	(67,839)	89,155	(410,297)
Cash and Cash Equivalents - Jan. 1	302,165	552,094	181,850	1,431,830
Cash and Cash Equivalents--Dec. 31	\$ 466,190	\$ 484,255	\$ 271,005	\$ 1,021,533
Reconciliation of Operating Income (Loss) to Net Operating Income				
Operating Income	\$ (2,263,714)	\$ (455,705)	\$ 287,854	\$ (778,127)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	3,349,145	1,999,443	1,247,712	3,466,181
(Increase) Decrease in Accounts Receivable	(451,666)	(131,283)	(147,158)	(8,102,539)
(Increase) Decrease in Inventory	4,188	(2,422)	(11,901)	(505,968)
(Increase) Decrease in Current Liabilities	6,079,243	285,288	1,577,626	1,491,189
Total Adjustments	8,980,910	2,151,026	2,666,279	(3,651,137)
Net Cash Provided (Used) by Operating Activities	\$ 6,717,196	\$ 1,695,321	\$ 2,954,133	\$ (4,429,264)
Noncash Investing, Capital and Financing Activities:				
Contributed Assets from Subdividers	\$ 708,404	\$ 662,796	\$ 1,041,034	\$ 658,328
Unrealized Loss on Investments	\$ (570,337)	\$ (195,524)	\$ (64,332)	\$ (292,942)

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

Governmental Activities			Internal Service
Refuse	Golf	Totals	
\$ 4,338,249	\$ 3,078,375	\$ 71,035,861	\$ -
-	-	-	16,749,755
(2,790,455)	(1,266,535)	(53,786,050)	(14,745,400)
(2,046,457)	(1,564,246)	(13,390,032)	(1,437,445)
45,089	3,553	2,875,180	53,934
(453,574)	251,147	6,734,959	620,844
-	-	42,017	-
(2,182,575)	-	(2,729,551)	-
-	36,576	1,597,339	1,287
(2,182,575)	36,576	(1,090,195)	1,287
-	-	7,333,236	-
10,000	82,647	201,237	75,860
(224,305)	(354,630)	(16,792,532)	(893,917)
50,246	26,418	1,261,643	41,147
-	-	-	-
-	-	100,000	-
-	-	(77,050)	-
-	-	(5,334)	-
-	-	(826,918)	-
(164,059)	(245,565)	(8,805,718)	(776,910)
(2,598,143)	(2,173,659)	(78,250,423)	(18,289,069)
5,205,457	2,126,387	81,442,898	18,333,405
(41,650)	(14,503)	(510,638)	(113,649)
2,565,664	(61,775)	2,681,837	(69,313)
(234,544)	(19,617)	(479,117)	(224,092)
405,686	146,133	3,019,758	1,428,808
\$ 171,142	\$ 126,516	\$ 2,540,641	\$ 1,204,716
\$ 272,713	\$ (246,614)	\$ (3,183,593)	\$ (735,932)
783,255	660,344	11,506,080	930,493
(1,657,456)	(137,947)	(10,628,049)	31,616
62,591	(11,142)	(464,654)	55,830
85,323	(13,494)	9,505,175	338,837
(726,287)	497,761	9,918,552	1,356,776
\$ (453,574)	\$ 251,147	\$ 6,734,959	\$ 620,844
\$ -	\$ -	\$ 3,070,562	\$ -
\$ (93,359)	\$ (33,942)	\$ (1,250,436)	\$ (287,422)

CITY OF LOVELAND, COLORADO
Statement of Fiduciary Net Position
Trust & Agency Funds
December 31, 2013

ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 29,867
Equity in Pooled Investments	453,418
Accrued Interest	988
Total Assets	\$ 484,273
LIABILITIES	
Due to Improvement District	\$ 484,273
Total Liabilities	\$ 484,273

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

City of Loveland, Colorado
Notes to Financial Statements
December 31, 2013

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 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 Department, but the Authority is fiscally dependent upon the City and a financial benefit/burden relationship exists.

Joint Ventures

1. Fort Collins-Loveland Municipal 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, 2013, 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.
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

Note 1: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

East Horsetooth Road, Fort Collins, Colorado, 80525. The City does not have an equity interest in any of the joint ventures in which it participates. None of the joint ventures are accumulating financial resources or are experiencing fiscal stress that are expected to create a significant financial benefit or burden on the City in the foreseeable future.

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

Government-Wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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. **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.
3. **Loveland Urban Renewal Authority (LURA)**: This Special Revenue Fund accounts for tax increment financing and operating costs of the Authority.
4. **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.
5. **Capital Projects Fund**: This Fund accounts for the major capital improvements of the City. Substantially all revenues are transfers from other funds.

Note 1: Summary of Significant Accounting Policies (continued)**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

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 assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. The City also recognizes as operating revenue in the utility funds the portion of tap fees intended to recover the cost of connecting new customers to the system. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following Proprietary Funds as major:

1. **Water Fund:** This Fund accounts for all activities necessary for the operation, maintenance and improvements of the water utility.
2. **Wastewater Fund:** This Fund accounts for all activities necessary for the operation, maintenance and improvements of the wastewater utility.
3. **Stormwater Fund:** This Fund accounts for all activities necessary for the operation, maintenance and improvements of the storm drainage utility.
4. **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:** These funds (Loveland Special Improvement District #1) account 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. 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.

D. 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.

Note 1: Summary of Significant Accounting Policies (continued)

D. Cash and Investments (continued)

Investments are stated at fair value.

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

E. 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, 2013, the allowance for uncollectable accounts was \$245,646.

Revenue from grants and donations is recognized in the period in which all eligibility requirements have been satisfied.

F. 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.

G. 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 fair market value on the date received. The City's policy is to record all capital assets with an initial cost of at least \$5,000. Interest costs are expensed as incurred and, therefore, not capitalized. The City developed a Capitalization Policy that defines the recording of capital assets in accordance with Generally Accepted Accounting Principles. The Capitalization Policy includes a physical inventory count of capital assets by fund and department in a three-year cycle. In 2013, the three-year cycle of physical inventories included Public Works, Fire, Loveland Urban Renewal Authority, and the Cemetery.

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

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

Estimated useful lives for asset types are as follows:

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

Note 1: Summary of Significant Accounting Policies (continued)

H. 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.

I. 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 deferred and amortized over the life of the bonds using the straightline method.

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.

J. Deferred 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 thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items for reporting in this category in the current period.

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.

K. Reclassification

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

Note 2: Cash and Investments

Cash and investments at December 31, 2013, consisted of the following:

Deposits	\$ 12,035,590
Investments	201,040,634
Total	<u><u>\$213,076,224</u></u>

Note 2: Cash and Investments (continued)

Deposits and investments are displayed within this report as follows:

Cash	\$ 8,366
Equity in Pooled Cash and Cash Equivalent	10,538,293
Equity in Pooled Investments	159,984,251
Equity in Restricted Investments	42,062,029
Equity in Pooled Cash and Cash Equivalent - Agency Funds	18,191
Equity in Pooled Investments - Agency Funds	465,094
Total	\$ 213,076,224

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, 2013 the City had \$5,244,175 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

At December 31, 2013, the City had the following investments:

Investment Type	Standard and Poor's Rating	Investment Maturities (in Years)			
		Less than 1	1-3	4-5	Total
<i>Governmental and Business-Type Activities</i>					
Local Government Investment Pool	AAAm	\$ 24,449,003	\$ -	\$ -	\$ 24,449,003
U.S. Treasury Notes	N/A	-	-	5,836,696	5,836,696
U.S. Agency Securities	AA+	-	-	161,653,909	161,653,909
Corporate Bonds	A/A+/AA+	-	5,191,272	1,947,726	7,138,998
Foreign Issues	A+	-	1,496,934	-	1,496,934
Total		\$ 24,449,003	\$ 6,688,206	\$ 169,438,331	\$ 200,575,540
<i>Fiduciary Funds</i>					
Local Government Investment Pool	AAAm	56,692	-	-	56,692
U.S. Treasury Notes	N/A	-	-	13,534	13,534
U.S. Agency Securities	AA+	-	-	374,843	374,843
Corporate Bonds	A/A+/AA+	-	12,038	4,516	16,554
Foreign Issues	A+	-	3,471	-	3,471
Total		\$ 56,692	\$ 15,509	\$ 392,893	\$ 465,094

Note 2: Cash and Investments (continued)

B. Investments (continued)

1. **Local Government Investment Pools:** At December 31, 2013, the City had \$908 invested in Colotrust and \$24,504,787 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 of five years unless the governing board authorizes the investment for a period in excess of five years. 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 three years or less.
3. **Credit Risk:** State statutes and the City's Investment Policy limit investments in US Agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs). State statutes and the City's Investment Policy limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO. State statutes and the City's Investment Policy limit investments in corporate bonds and Foreign Issues to a minimum credit rating of “AA- or Aa3” by two or more NRSROs. At December 31, 2013, the City held corporate bonds with a rating lower than the minimum rating. At the time of purchase, the bonds were rated at or above minimum. The City's investment policy allows the City to hold on to these investments until maturity so a large loss is not taken.
4. **Custodial Credit Risk:** The City’s Investment Policy requires that securities purchased from any bank or dealer, including appropriate collateral, be placed with an independent third party for custodial safekeeping. The City has entered into an agency agreement with US Bank-Denver to establish an Investment Management Account pursuant to Colorado Revised Statutes. The City's pooled cash is invested in this account. The Bank purchases investments for the City and maintains an internal accounting record of all investments of the City. All investment transactions are approved by City management. All investments, held and maintained by the Trust Department of the Bank, are specifically separate from the investments of the bank and are identified as being investments of the City of Loveland. Investments of Loveland Special Improvement District #1 are held by other banks in their Trust Departments and are also specifically identified as being investments of the City of Loveland.
5. **Concentration of Credit Risk:** The City’s Investment Policy does not limit the amount the City may invest in one issuer. The City had investments in US agency securities and Corporate Bonds greater than 5% of its total portfolio as follows: Federal Home Loan Bank (21%), Federal National Mortgage Corporation (25%), Federal Home Loan Mortgage Corporation (18%) and Federal Farm Credit Bank (11%).

C. Restricted Investments

Investments of \$42,062,029 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, 2013, were as follows:

Due From	Due to	Amount
CDBG Fund	General Fund	\$3,476
Transportation Fund	General Fund	\$59,802
	Total Due To General Fund	\$63,278

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

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

Advance From	Advance To	Original Amount	Accrued Interest	Principal Payments	Principal Balance at December 31, 2013
Water Fund	Wastewater Fund	\$ 1,500,000	\$ 267,694	\$ 1,500,000	\$ -
CEF Fund	General Fund	4,850,000	-	1,865,000	2,985,000
Power Fund	Water Fund	6,000,000	-	-	6,000,000
	Loveland Urban				
CEF Fund	Renewal	1,500,000	-	-	1,500,000
Refuse Fund	Stormwater Fund	\$ 1,600,000	\$ -	\$ -	\$ 1,600,000

In 2004, \$1,500,000 was advanced from the Water Fund to the Wastewater Fund to finance needed improvements related to the Wastewater collection system. Yearly payments began in 2009. The loan was paid off in 2013.

In 2007, City Council approved an interfund loan of \$4,850,000 from the CEF Fund to the General Fund for a land purchase of approximately 98 acres. The General Fund made interest only payments through 2012 and began payments on the principal in 2013.

General Fund Payment Schedule				
	Beginning Balance	Principal	Interest	Total Payment
2013	\$ 4,850,000	\$ 1,865,000	\$ 61,595	\$ 1,926,595
2014	2,985,000	2,040,250	20,597	2,060,847
2015	944,750	944,750	14,171	958,921
Total	\$ -	\$ 4,850,000	\$ 96,363	\$ 4,946,363

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

Water Fund Payment Schedule				
	Beginning Balance	Principal	Interest	Total Payment
2013	\$ 6,000,000	\$ -	\$ -	\$ -
2014	6,000,000	750,000	41,400	791,400
2015	5,250,000	750,000	78,750	828,750
2016	4,500,000	750,000	67,500	817,500
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	\$ -	\$ 6,000,000	\$ 356,400	\$ 6,356,400

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 payment schedule is dependent upon various factors, but anticipated payoff will be no later than 2027.

In 2013, City Council approved an Interfund Loan of \$1,600,000 from Refuse to Stormwater to help fund thier portion of the Service Center Phase II. The loan will be paid back in annual installments from 2014 to 2017. The interest rate will be the same as the City's annual return on its investment portfolio.

Note 3: Interfund Receivables, Payables, And Transfers (continued)
Stormwater Fund Payment Schedule

	Beginning Balance	Principal	Interest	Total Payment
Stormwater Fund Payment Schedule				
	Beginning Balance	Principal	Interest	Total Payment
2013	\$ 1,600,000	\$ -	\$ -	\$ -
2014	1,600,000	400,000	11,040	411,040
2015	1,200,000	400,000	18,000	418,000
2016	800,000	400,000	12,000	412,000
2017	400,000	400,000	6,000	406,000
Total	-\$ 1,600,000	\$ 1,600,000	\$ 47,040	\$ 1,647,040

Interest Rate Projections*

	2014	2015	2016	2017	2018 - 2021
	0.69%	1.5%	1.5%	1.5%	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)

Transfers between funds were as follows:

	Transfers In:								Total
	General	Capital Projects	Transportation	CEF'S	Water	Waste Water	Storm Water	Power	
Transfers Out:									
General	\$ 1,137,298	\$ 527,327	\$ 5,066,875	\$ 61,595	\$ 22,782	\$ 9,524	\$ 1,217	\$ 7,058	\$ 6,833,676
Capital Projects	65,677	-	-	-	-	-	-	-	65,677
Transportation	30,141	-	-	-	-	-	-	-	30,141
CEF's	8,211	4,427,361	483,664	-	-	-	-	-	4,919,236
Lodging Tax	82,800	-	1,300	-	-	-	-	-	84,100
Water	27,061	-	-	-	1,436	-	-	-	28,496
Waste Water	9,482	-	-	-	-	-	-	-	9,482
Power	106,009	-	-	-	-	-	-	-	106,009
Storm Water	2,989	400,000	-	-	-	-	-	-	402,989
Solid Waste	-	2,182,575	-	-	-	-	-	-	2,182,575
	\$ 1,469,668	\$ 7,537,263	\$ 5,551,840	\$ 61,595	\$ 24,218	\$ 9,524	\$ 1,217	\$ 7,058	\$14,662,381

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 \$5,066,875 to the Transportation Fund for various capital projects throughout the City

The CEF Funds transferred \$4,427,361 to the Capital Projects Fund for various capital projects throughout the City

The Solid Waste fund transferred \$2,182,575 to the Capital Projects Fund for the Service Center Expansion Project

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

Governmental Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 36,305,217	\$ 181,049	\$ 1,100,236	\$ 35,386,030
Easements	84,731	652,505	-	737,236
Water Rights	1,974,520	650,000	-	2,624,520
Art Collection	5,010,682	805,383	-	5,816,065
Construction in Process	7,500,855	8,394,394	1,861,274	14,033,975
Total Capital Assets, not being depreciated	50,876,005	10,683,331	2,961,510	58,597,826
Capital Assets, being depreciated				
Buildings	57,580,254	821,827	-	58,402,081
Equipment	32,713,356	2,884,579	847,667	34,750,268
Improvements Other Than Buildings	35,801,460	892,621	563,433	36,130,648
Infrastructure	251,230,508	6,182,244	2,164,658	255,248,094
Total Capital Assets, being depreciated	377,325,578	10,781,271	3,575,758	384,531,091
Less accumulated depreciation for:				
Buildings	17,063,821	1,609,751	-	18,673,572
Equipment	23,197,167	2,309,916	772,480	24,734,603
Improvements Other Than Buildings	14,646,714	1,448,051	563,433	15,531,332
Infrastructure	71,351,721	8,845,330	2,164,658	78,032,393
Total Accumulated Depreciation	126,259,423	14,213,048	3,500,571	136,971,900
Total capital assets, being depreciated, net	251,066,155	(3,431,777)	75,187	247,559,191
Governmental activities capital assets, net	\$ 301,942,160	\$ 7,251,554	\$ 3,036,697	\$ 306,157,017

Business-type Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 3,075,664	\$ 31,000	\$ -	\$ 3,106,664
Easements	2,398,357	2,663,330	-	5,061,687
Water Rights	62,545,869	-	-	62,545,869
Construction in Process	24,494,842	12,518,169	12,787,345	24,225,666
Total Capital Assets, not being depreciated	92,514,732	15,212,499	12,787,345	94,939,886
Capital Assets, being depreciated				
Buildings	11,824,646	2,760,197	-	14,584,843
Equipment	17,743,549	2,316,858	1,042,958	19,017,449
Improvements Other Than Buildings	287,691,909	9,798,153	1,510,775	295,979,287
Infrastructure	90,249,501	2,656,989	237,952	92,668,538
Total Capital Assets, being depreciated	407,509,605	17,532,197	2,791,685	422,250,117
Less accumulated depreciation for:				
Buildings	4,359,289	296,404	-	4,655,693
Equipment	11,197,509	1,583,880	978,522	11,802,867
Improvements Other Than Buildings	89,238,087	8,059,907	1,482,668	95,815,326
Infrastructure	22,640,240	1,565,889	151,759	24,054,370
Total Accumulated Depreciation	127,435,125	11,506,080	2,612,949	136,328,256
Total capital assets, being depreciated, net	280,074,480	6,026,117	178,736	285,921,861
Business-type activities capital assets, net	\$ 372,589,212	\$ 21,238,616	\$ 12,966,081	\$ 380,861,747

Note 4: Capital Assets (continued)

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

Governmental Activities	
Executive	\$ 2,761
Library	479,030
Finance	17,342
Information Technology	167,123
Development Services	2,882,552
Public Works	6,460,791
Police	644,492
Fire	500,286
Parks & Recreation	1,745,631
Cultural Services	273,025
Nondepartmental	109,522
Internal Service Fund	930,493
Total Governmental Activities	\$ 14,213,048
Business-Type Activities	
Water	\$ 3,349,145
Wastewater	1,999,443
Stormwater	1,247,712
Power	3,466,181
Solid Waste	783,255
Golf	660,344
Total Business-Type Activities	\$ 11,506,080

Note 5: Long-Term Debt

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Balance			Balance		Due Within
	12/31/2012	Additions	Reductions	12/31/2013	One Year	
Governmental Activities						
Capital Lease	\$ -	\$ 108,607	\$ 55,475	\$ 53,132	\$ 53,132	
Compensated Absences	4,446,451	2,915,322	2,818,017	4,543,756	2,499,066	
Oversizing Agreements	4,552,404	-	100,000	4,452,404	358,000	
Total	\$ 8,998,855	\$ 3,023,929	\$ 2,973,492	\$ 9,049,292	\$ 2,910,198	
Business-Type Activities						
Water Bonds	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ -	
Compensated Absences	1,463,096	897,837	843,604	1,517,329	834,531	
Total	\$ 1,463,096	\$ 997,837	\$ 843,604	\$ 1,617,329	\$ 834,531	

A. Capital Lease

During 2013, the City (lessee) and Nissan Motor Acceptance Corporation (lessor), entered into an agreement for financing the acquisition of 5 Nissan Leaf vehicles. The purchase price totaled \$108,607 with a 24-month term and an option to purchase each vehicle for \$1.00 at the lease maturity.

B. Water Bonds

In July 2013, the City Water Fund authorized revenue bonds in the amount of \$10,000,000 for improvements to the Water Treatment Plant. The bonds have a flexible draw of proceeds beginning on the bond issuance date of July 17, 2013 through July 19, 2016. The bonds have a final maturity date of August 1, 2033 with the first principal payment of \$450,000 due on August 1, 2017. During 2013 there was a draw of \$100,000 to pay for closing costs. The rate of interest on the bonds is 3.19% and interest payments will begin in February 2014. Principal payments are due annually on August 1st and interest payments are due semi-annually on February 1st and August 1st. Revenue from

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

the Water Fund, after Operation and Maintenance Expense, will be set aside in equal monthly installments necessary to pay the next succeeding interest and bond payments.

C. Special Assessment Bonds

The City has also authorized the issuance of Special Assessment Bonds Series 2012 for Special Improvement District #1. The City is not obligated in any manner for this debt. This debt will be serviced by special assessments paid by the property owners with the District. The outstanding balance of the bonds at December 31, 2013 was \$6,480,000.

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, 2013, the City had oversizing agreements for transportation. 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, 2013 is as follows:

Project	Date of Contract	Orig. Contract Amount	Jan 1, 2013 Balance	Contract Changes	Contract Additions	Contract Payments	December 31, 2013 Balance
*Waterford Place 2nd Sub	12/13/02	\$ 507,205	\$ 400,867	\$ -	\$ -	\$ -	\$ 400,867
Kendall Brook Taft Ave. (43rd St to 57th St)	9/7/04	425,899	112,899	-	-	-	112,899
Blackbird Knolls 2nd Sub	5/2/05	307,337	307,337	-	-	-	307,337
Fairgrounds Ave.	8/7/06	727,370	144,220	-	-	100,000	44,220
*Taft and 14th St. SW Intersection	2/6/07	358,706	358,706	-	-	-	358,706
Mtn. Lion Dr. & US 34 Accel. Lane	2/8/07	117,392	117,392	-	-	-	117,392
Highway 34 @ Sculptor	4/13/07	1,154,569	1,154,569	-	-	-	1,154,569
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	537,653	-	-	-	537,653
43rd St. West of Wilson	8/22/08	664,529	664,529	-	-	-	664,529
Dakota Glen Sidewalk	2/17/12	9,087	9,087	-	-	-	9,087
Street Oversizing Agreements		\$ 7,017,239	\$ 4,552,404	\$ -	\$ -	\$ 100,000	\$ 4,452,404
TOTAL DEVELOPER AGREEMENTS		\$ 7,017,239	\$ 4,552,404	\$ -	\$ -	\$ 100,000	\$ 4,452,404

*Interest applies to these contracts.

Note 6: Contractual Obligations

On May 22, 2007, the City entered into an intergovernmental agreement with the Loveland Urban Renewal Authority (LURA), the General Improvement District #1 (GID), Lincoln Place Metropolitan District (District), and Lincoln Place LLC (Developer). Pursuant to the agreement, the City is to reimburse the developer for public infrastructure improvement costs from certain property tax increment revenues collected within the Finley's Addition Plan Area.

The Developer is to be reimbursed 100% of the property tax increment revenues during the term or up to the maximum reimbursement amount, whichever is earlier, provided that the City receives the first \$66,000 of reimbursable property tax increment revenues to pay for deferred use taxes which were originally owed to the City for the construction materials used in building the public improvements.

During 2010, the Developer sold the residential portion of Lincoln Place Apartments (Project) to Wolff Loveland

Note 6: Contractual Obligations (continued)

Apartments, LLC and Wolff Loveland Apartments II, LLC (collectively, Wolff). The Developer filed a declaration to create condominium units within the Project and sold those units to Wolff which included the exclusive right to receive payments of the remaining tax increment revenues in accordance with the agreement.

The terms of the agreement and the remaining amounts committed are detailed as follows:

Maximum Reimbursement	Agreement Termination Date	Deferred Use Taxes Paid	Amount Paid as of December 31, 2013	Remaining Amount Committed
\$917,456	February 5, 2015	\$66,000	\$818,257	\$33,199

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

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

The City's Capital Expansion Fund loaned the Loveland Urban Renewal Area \$1.5 million for public improvements via interfund loans. The LURA will reimburse the City CEF's from the tax increment collections plus 3 percent interest after satisfaction of the Lincoln Place Master Financing Agreement. It is expected that the obligation can be repaid within 10 years.

Master Financing Agreement

On January 20, 2004, the Master Financing Agreement (MFA) was entered into between the City, Centerra Metropolitan District #1 (District), the Loveland Urban Renewal Authority (LURA), Centerra Properties West LLC (Developer), Centerra Public Improvement Collection Corporation, and Centerra Public Improvement Development Corporation. The MFA's intent was to establish an agreement for the City and the LURA to participate financially in the construction of public improvements through the use of new property and sales tax revenues generated from the approximately 1300 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 \$36,613 overtime grant from Northern Colorado Drug Task Force, passing through the City of Fort Collins, was received and spent during 2013. Funds were not spent in 2012 or 2013 and will be carried forward into 2014. Total revenues received were \$36,379 and expenditures were \$36,613 leaving an ending fund balance of \$44,454.

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 \$24,209,277 in the project.

Note 8: Unconditional Purchase Obligations (continued)

The Subdistrict issued bonds in 1981 to finance the Windy Gap Project. The bonds have since been refinanced. The participants have agreed to service this debt and pay operating expenses through water allotment contracts. The water allotment contracts are not debts of the participants and do not obligate them to make payments from taxes which would be otherwise available for the general purposes of the participants. The contracts merely authorize the Subdistrict to levy and collect within the boundaries of the participants assessments of the Subdistrict. If the participants fail to make the payments required by these contracts, the Subdistrict may assess the property owners within the City directly. The City's required payments to service the debt through the year 2017 follow:

2014	2015	2016	2017
\$826,625	\$827,502	\$848,979	\$850,063

The City has restricted a portion of its pooled investments to fully fund this commitment.

Note 9: Commitments And Contingencies

A. Risk Management

The City uses a combination of large deductibles, participation in an insurance pool, and insurance coverage. For insured risks, no settlements have exceeded coverage during the past three fiscal years. The activity for City risk functions is accounted for in the Risk & Insurance Fund and the Employee Benefits Fund, which are components of the combined Internal Service Fund. The Internal Service Fund also includes the Fleet Replacement and Fleet 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. 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 joint self-insurance 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 2013, 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

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

responsibility for large claims to the stop-loss provider. Claim amounts paid in excess of \$150,000 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 \$5,938,379 in fund balance for employee benefit claims.

The Risk & Insurance Fund provides protection against losses involving City property, equipment, liability, workers' compensation, environmental issues and unemployment. Reserves within the fund support higher deductibles against loss. Payments to CIRSA and Pinnacol for coverage under the insurance pool are shown as expenses within the fund. Charges for services are collected from City departments based on amounts determined by management to meet annual required payouts and to maintain self-insurance reserves. Accrued liabilities are recorded for incurred claims based on estimates made by CIRSA and Pinnacol. Additional contingent liability claims for the coverage 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 \$4,599,997 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 \$10,538,376.

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

Description	December 31, 2013	December 31, 2012
Unpaid Claims - Beginning	\$ 906,839	\$ 764,294
Incurred Claims (includes IBNR's)	8,661,363	6,931,326
Claims Paid	(8,591,191)	(6,788,781)
Unpaid Claims Ending	\$ 977,011	\$ 906,839

B. Construction Commitments

At December 31, 2013 the City had several construction projects in process. The most significant of these are as follows:

Project	Budget	Cost to date
Windy Gap Firing	\$ 25,520,888	\$ 1,723,958
Water Treatment Plant Phase II Expansion	20,113,944	1,283,564
Service Center Expansion	13,570,520	4,993,233
MeHaffey Park	10,696,316	4,167,102
Washington Avenue Outfall Phase 4	\$ 10,347,774	\$ 6,924,313

C. Contingent Liabilities

The City is a defendant in several lawsuits. 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, including the case described below.

Jeremy Myers v. Brian Koopman

On November 13, 2009, Jeremy Myers served the City with a lawsuit naming several defendants, including the City of Loveland, Police Chief Hecker and Loveland Police Detective Brian Koopman. This lawsuit relates to a search warrant executed by the Larimer County Drug Task Force in 2007 at the sugar factory property on Madison Avenue in which suspected controlled substances were found. The District Attorney filed criminal charges against Mr. Myers. Several claims were asserted against the city defendants. All city defendants, except for Detective Koopman, have been dismissed from the lawsuit.

Note 9: Commitments And Contingencies (continued)

C. Contingent Liabilities (continued)

The City and CIRSA are preparing to appeal a preliminary issue in this case decided by the Court of Appeals to the U.S. Supreme Court through a petition for certiorari. The deadline to file the petition for certiorari was April 8, 2014. If Detective Koopman prevails in the Supreme Court, it would result in a complete dismissal of the lawsuit against Detective Koopman. However, if the case is returned to the district court for trial, the City is confident that evidence will show that Detective Koopman's actions were all appropriate and supported by probable cause, thereby defeating Mr. Myers' claims.

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 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. 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 2013 are as follows:

	Police Officers	Firefighters	Non-uniformed Employees
Required Contribution Rate			
Employer	11%	11%	5%
Employee	7%	9%	3%
Amounts Contributed			
Employer	\$786,477	\$516,646	\$1,495,972
Employee	\$500,486	\$422,711	\$897,123

Additionally, a second level of contributions is made for the nonuniformed employees who have completed seven or more years of service. In (accrual basis of accounting), the City contributed \$563,141 under this plan provision. A separate plan is also maintained for the City Manager.

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. 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

Note 10: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

death. Pre-retirement death and disability benefits are only available if incurred in the line of duty. The plan also provides for a lump-sum burial benefit upon death of an active or retired firefighter. The plan is affiliated with and administrated by FPPA.

2. 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. In 2013, the City contributed \$73,843 and the Loveland Rural Fire Protection District contributed \$22,367. The contributions are not actuarially determined. The actuarial study as of January 1, 2013, indicated that the current level of contributions to the fund is adequate to support on an actuarially sound basis for the prospective benefits for the present plan. The contribution by the State of Colorado toward volunteer fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State. The State will provide matching contributions at 90% of City contributions up to a maximum of ½ mill on the assessed valuation of the City. The State contribution for 2013 was \$86,589, which included \$20,130 from the Loveland Rural Fire Protection District State contribution. The annual contribution from the City is authorized by adoption of the City’s annual budget.

Annual Pension Costs

For the year ended December 31, 2013, the City and State Annual Required Contributions (ARC) were \$96,177 and \$86,589, respectively. The actual contributions of \$182,799 were higher than the required contributions in the January 1, 2013 actuarial valuation report. The required contribution was determined as part of the January 1, 2013 actuarial valuation using the entry age normal cost method. Actuarial assumptions included the following:

- ARC Total – \$182,766
- Interest rate – 7.5% per annum, compounded annually, net of operating expenses
- Inflation rate – 3.0%
- Amortization period – 20 years
- Amortization method – Level dollar, open
- Normal retirement – Age 50 and 20 years of service
- Disability – Graduated rates for all disabilities
- Mortality – RP-2000 Combined Mortality Table
- Withdrawal – Graduated rates for all withdrawals
- Marital Status – 90% married, with males 3 years older than females
- Asset Valuation – 5-year smoothed fair market value
- Projected Salary Increases – N/A
- Cost-of-living adjustments – None

The maximum monthly benefit is set by state statute and approved by the Retirement Board. Assumed rate of inflation is not applicable.

The Plan's annual pension cost and net pension obligation for the current year were:

Annual Required Contribution	\$ 182,766
Interest on Net Pension Asset	(159,912)
Adjustment to Annual Required Contribution	<u>-</u>
Annual Pension Cost	22,854
Employer Contributions	<u>(182,799)</u>
(Increase)\Decrease in Net Pension Asset	(159,945)
Net Pension Asset Beginning of Year	<u>\$ (1,998,900)</u>
End of Year	<u><u>\$ (2,158,845)</u></u>
Annual Pension Cost Contributed	<u><u>800%</u></u>

Note 10: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

3. Funded Status and Funding Progress:

As of January 1, 2013, the most recent actuarial valuation date, the plan was 77% funded. The actuarial accrued liability for benefits was \$3,571,247, and the actuarial value of assets was \$2,759,048, resulting in an unfunded actuarial accrued liability of \$812,199.

The schedule of funding progress, presented in the Required Supplemental Information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset)
12/31/2011	\$29,568	671%	\$(1,832,164)
12/31/2012	\$16,063	1138%	\$(1,998,900)
12/31/2013	\$22,584	800%	\$(2,158,845)

Schedule of Employer Contributions

Year	City & District	State of Colorado
2008	\$ 151,315	\$ 86,589
2009	151,315	86,589
2010	96,177	86,589
2011	111,792	86,589
2012	96,210	86,589
2013	\$ 96,210	\$ 86,589

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 two individuals currently receiving benefits. The monthly benefit ranges from \$1,700 to \$2,300 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.

2. Funding Policy:

The Plan is fully funded and no additional contributions are required based on an actuarial study completed in January 1, 2012.

Note 11: Postemployment Commitments

The City of Loveland Retiree Medical Plan is designed to minimize potential financial liability to the City. Currently, there are only two participants that elected to be in the plan and the contributions are immaterial.

A. Plan Description

The Plan is designed as a single-employer defined benefit postemployment health care plan and is designed to limit the City’s liability while providing a means for eligible employees, as determined by the Rule of 80 (age and years of service), to obtain health insurance coverage during the gap between retirement and Medicare eligibility. An employee is eligible to enroll if he or she has worked in a benefit eligible position with the City for at least 20 years and retires from the City between ages 55 and 65. This Plan is only being offered to employees who meet the service and age criteria and retire from the City between January 1, 2009 and December 31, 2018. No other employees will be allowed on this plan unless the City Council reauthorizes the Plan beyond December 31, 2018. The City does not issue a stand-alone financial report for the other postemployment benefit (OPEB) plan. Based on recommendations from the City Manager, the City Council has authority to approve amendments to benefits or contributions annually.

Note 11: Postemployment Commitments (continued)**B. Funding Policy**

The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements. As of January 1, 2013, the Annual Required Contribution (ARC) is \$47,944. For the year ended December 31, 2013, the City made no contributions to the plan. Eligible plan members are not required to contribute to the plan prior to retirement. Retirees are required to pay 100% of the contribution rates established by the City specific to their medical plan, therefore covered payroll is not applicable to the plan.

C. Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial valuation date of January 1, 2013 was as follows:

	<u>OPEB Obligation</u>
Actuarial Accrued Liability (AAL)	\$ 599,334
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 599,334</u>
Funded Ratio (actuarial value of plan assets/AAL)	0%
Covered Payroll (active plan members)	N/A
UAAL as percentage of covered payroll	N/A

D. Actuarial Methods and Assumptions

- Actuarial Valuation Date – January 1, 2013
- Attribution Method – Projected Unit Credit
- Discount Rate – 4.14%
- Annual healthcare cost trend rates – 11.0%, decreasing by 1% each year
- Amortization period – 30 years
- Amortization method – Level dollar, open
- Mortality – 1994 Group Annuity Mortality Table
- Marital Status – 35% married, with males 1 year older

The Plan's annual OPEB cost and net OPEB obligation for the current year were:

Annual Required Contribution (ARC)	\$ 47,944
Interest on Net OPEB Obligation	6,044
Adjustment to ARC	<u>(8,415)</u>
Annual OPEB Cost	45,573
Net OPEB Obligation Beginning of Year	<u>\$ 145,996</u>
End of Year	<u>\$ 191,569</u>

Three Year Trend Information

Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
December 31, 2011	\$60,536	-4%	\$ 142,580
December 31, 2012	\$16,819	-80%	\$145,996
December 31, 2013	\$45,573	0%	\$191,569

Schedule of Employer Contributions

Year	City
2011	\$ 2,349
2012	13,403
2013	\$ -

Note 12: 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, 2013, \$7,202,531 was available for these purposes. Of that amount, \$2,637,710 is budgeted to be spent in 2014.

The City has established an Emergency Reserve, representing 3% of qualifying expenditures, as required by the amendment. At December 31, 2013, the emergency reserve of \$1,808,416 was reported as a restriction of fund balance in the General Fund and General Improvement District Fund.

The following table shows revenue and growth items applicable to the revenue limit for 2013.

Actual revenue	\$ 82,281,166	CPI increase	2.80
Base revenue	82,237,138	Growth increase	1.56
Surplus	<u>\$ 44,027</u>	Total increase allowed	<u>4.36%</u>

Note 13: Fund Balance Designation

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

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

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

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

Note 13: Fund Balance Designation (continued)

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, 2013 is \$9,852,410.

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 on the following page provides detail for each category of fund balance:

Note 13: Fund Balance Designation (continued)

FUND BALANCES	General	Loveland Urban Renewal Authority	Capital Expansion Fees	Capital Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventory	\$ 16,701	\$ -	\$ -	\$ -	\$ -	\$ 16,701
Interfund Loan Receivable	-	-	4,485,000	-	-	4,485,000
Permanent Fund Principal	-	-	-	-	900,768	900,768
Total Nonspendable	16,701	-	4,485,000	-	900,768	5,402,469
Restricted:						
Tabor 3% Emergency Reserve	1,807,714	-	-	-	702	1,808,416
Reserve for Excess Tabor	44,027	-	-	-	-	44,027
Urban Revitalization	-	264,893	-	-	-	264,893
Parks & Recreation	-	-	-	-	5,661,230	5,661,230
Open Space Acquisitions	-	-	-	-	13,765,232	13,765,232
Law Enforcement	-	-	-	-	44,455	44,455
Fire & Rescue	-	-	-	-	17,397	17,397
Conventions & Tourism	-	-	-	-	982,486	982,486
Total Restricted	1,851,741	264,893	-	-	20,471,502	22,588,136
Committed:						
Reserve For Excess Tabor	7,202,531	-	-	-	-	7,202,531
Council Capital Reserve	4,595,736	-	-	-	-	4,595,736
Future Capital Improvements	-	-	33,436,499	-	-	33,436,499
Art In Public Places	143,530	-	-	-	-	143,530
Public Education	-	-	-	-	281,795	281,795
Downtown Maintenance	-	-	-	-	96,230	96,230
Affordable Housing Agreements	-	-	-	-	2,177	2,177
Total Committed	11,941,797	-	33,436,499	-	380,202	45,758,498
Assigned:						
Parks Capital Improvements	-	-	-	-	2,167,272	2,167,272
Council Contingency	100,000	-	-	-	-	100,000
Unfunded Liability	200,000	-	-	-	-	200,000
Equipment Replacement	250,000	-	-	-	-	250,000
Museum Programs	448,572	-	-	-	-	448,572
Police Donations	18,597	-	-	-	-	18,597
Library Books	291,645	-	-	-	-	291,645
Fire Grant Match Reserve	103,900	-	-	-	-	103,900
Capital Improvements	-	-	-	862,472	-	862,472
Spendable Portion Of Permanent Fund	-	-	-	-	1,782,551	1,782,551
Total Assigned	1,412,714	-	-	862,472	3,949,823	6,225,009
Unassigned:	* 25,621,810	-	-	-	-	25,621,810
Total Fund Balances	\$ 40,844,763	\$ 264,893	\$ 37,921,499	\$ 862,472	\$ 25,702,295	\$ 105,595,922

* 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 \$9,852,410.

Required Supplementary Information



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

CITY OF LOVELAND, COLORADO

General

Budgetary Comparison Schedule

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 48,587,600	\$ 48,587,600	\$ 51,737,290	\$ 3,149,690
Licenses and Permits	1,551,900	1,551,900	1,722,274	170,374
Fines and Penalties	1,068,280	1,068,280	871,879	(196,401)
Intergovernmental	1,183,790	1,461,030	911,831	(549,199)
Charges for Services	3,867,230	3,943,410	4,246,822	303,412
Investment Earnings	343,210	343,210	(476,402)	(819,612)
Miscellaneous	6,165,010	6,828,850	7,069,132	240,282
Total Revenues:	62,767,020	63,784,280	66,082,826	2,298,546
Expenditures:				
Current:				
Legislative	137,710	139,210	118,263	20,947
Executive	2,160,090	2,160,090	2,042,214	117,876
Finance	1,428,090	1,442,590	1,451,102	(8,512)
Human Resources	245,960	247,170	184,742	62,428
Information Technology	2,675,600	2,996,210	2,759,834	236,376
Economic Development	1,060,110	3,950,060	1,824,777	2,125,283
Development Services	2,994,520	3,416,990	2,951,927	465,063
Public Works	3,727,080	3,920,020	3,665,576	254,444
Police	17,033,190	17,305,570	17,069,165	236,405
Fire	-	15,600	14,255	1,345
Parks & Recreation	8,352,620	8,828,280	8,698,771	129,509
Library	2,832,310	2,870,320	2,799,235	71,085
Cultural Services	1,926,680	2,093,980	1,911,961	182,019
General Government	8,001,240	8,860,510	8,080,634	779,876
Capital Outlay	1,311,920	1,997,790	938,308	1,059,482
Total Expenditures	53,887,120	60,244,390	54,510,764	5,733,626
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	8,879,900	3,539,890	11,572,062	8,032,172
Other Financing Sources (Uses):				
Transfers In	1,173,570	1,347,340	1,469,668	122,328
Transfers (Out)	(9,050,170)	(10,751,830)	(6,833,676)	3,918,154
Insurance Recoveries	-	-	1,555,852	1,555,852
Total Other Financing Sources (Uses):	(7,876,600)	(9,404,490)	(3,808,156)	5,596,334
Net Change in Fund Balance	1,003,300	(5,864,600)	7,763,906	13,628,506
Fund Balance--Beginning	24,743,800	23,006,002	33,080,857	10,074,855
Fund Balance--Ending	\$ 25,747,100	\$ 17,141,402	\$ 40,844,763	\$ 23,703,361

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Loveland Urban Renewal Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 11,351,280	\$ 11,351,280	\$ 11,203,567	\$ (147,713)
Intergovernmental	-	1,500,000	-	(1,500,000)
Investment Earnings	25,000	25,000	(45,891)	(70,891)
Total Revenues:	11,376,280	12,876,280	11,157,676	(1,718,604)
Expenditures:				
Current:				
Services	309,360	358,370	246,725	111,645
School District Fund	1,024,000	1,024,000	952,401	71,599
Distribution of Tax Increment Financing	10,017,920	10,017,920	9,979,745	38,175
Capital Outlay	-	1,520,000	6,949	1,513,051
Total Expenditures	11,351,280	12,920,290	11,185,820	1,734,470
Excess (Deficiency) of Revenues Over (Under)				
Expenses	25,000	(44,010)	(28,144)	15,866
Net Change in Fund Balance	25,000	(44,010)	(28,144)	15,866
Fund Balance--Beginning	2,299,240	218,157	293,037	74,880
Fund Balance--Ending	\$ 2,324,240	\$ 174,147	\$ 264,893	\$ 90,746

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Transportation
Schedule of Budget Comparison
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Licenses and Permits	\$ 46,340	\$ 46,340	\$ 115,570	\$ 69,230
Intergovernmental	3,773,490	6,261,550	3,930,831	(2,330,719)
Charges for Services	2,269,050	2,269,050	2,098,703	(170,347)
Investment Earnings	-	-	(7,724)	(7,724)
Miscellaneous	1,000	1,000	174,294	173,294
Total Revenues:	6,089,880	8,577,940	6,311,674	(2,266,266)
Expenditures:				
Current:				
Public Works	5,963,610	5,902,100	8,361,289	(2,459,189)
Capital Outlay	5,622,850	11,000,170	3,472,084	7,528,086
Total Expenditures	11,586,460	16,902,270	11,833,373	5,068,897
Excess (Deficiency) of Revenues Over (Under)				
Expenses	(5,496,580)	(8,324,330)	(5,521,699)	2,802,631
Other Financing Sources (Uses):				
Transfers In	5,516,580	8,344,330	5,551,840	(2,792,490)
Transfers (Out)	(20,000)	(20,000)	(30,141)	(10,141)
Total Other Financing Sources (Uses):	5,496,580	8,324,330	5,521,699	(2,802,631)
Net Change in Fund Balance	-	-	-	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

**Defined Benefit Plan Supplementary Information
Loveland And Rural Consolidated Volunteer Firefighters Pension Fund**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Funded (Unfunded) AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/13	\$2,759,048	\$3,571,247	\$(812,199)	77.0%	N/A	N/A
1/1/11	2,712,194	3,289,671	(577,477)	82.0%	N/A	N/A
1/1/09	2,517,488	3,370,888	(853,400)	74.7%	N/A	N/A
1/1/07	2,811,469	2,828,724	(17,255)	99.0%	N/A	N/A
7/1/05	2,535,267	3,396,501	(861,234)	74.6%	N/A	N/A
7/1/03	2,428,849	3,510,835	(1,082,986)	69.2%	N/A	N/A
7/1/01	2,899,900	2,852,810	N/A	100.0%	N/A	N/A

Loveland Retiree Medical Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Funded (Unfunded) AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/13	\$-	\$599,334	\$(599,334)	-%	N/A	N/A
1/1/12	-	274,961	(274,961)	-%	N/A	N/A
1/1/11	-	867,746	(867,746)	-%	N/A	N/A

In 2013, City Council reauthorized the plan and extended it out through the end of 2018. As of January 1, 2014, Fire and Police personnel can now get benefits at age 55 with 25 or more years of service.

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 \$79,837,250 were approved during 2013. Management may revise budgets within an individual fund for internal management purposes. Increases to an individual fund's appropriated total and transfers between funds must be approved by City Council. Budgets included in this report reflect all supplemental appropriations legally adopted by City Council.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Permanent Funds.
- Budgets for the General, Special Revenue, the City's Capital Projects Fund, and all Permanent Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) with the exception that the proceeds and uses of new capital leases are not budgeted. For Special Improvement District No. 1, one budget was adopted for the district. Budgets for Enterprise and Internal Service are adopted to fulfill statutory requirements and are prepared on an appropriation basis. Principally, the appropriation basis of budgeting provides for a full accrual basis of accounting, capital expenditures, and bond principal payments but does not provide for depreciation, amortization, or for estimated claims liabilities.
- All appropriations lapse at year-end per State statutes.

See accompanying independent auditors' report.



The Capital Projects Funds account for all infrastructure construction and major equipment, machinery and facility expenditures that will provide long-term service or other public benefits.

CITY OF LOVELAND, COLORADO
Capital Expansion Fees
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 3,434,490	\$ 3,434,490	\$ 4,918,087	\$ 1,483,597
Investment Earnings	511,510	511,510	(213,933)	(725,443)
Miscellaneous	175,000	175,000	241,007	66,007
Total Revenues	4,121,000	4,121,000	4,945,161	824,161
Expenditures:				
Current:				
Fire	-	2,310	2,303	7
Parks & Recreation	73,350	438,350	70,930	367,420
Library	-	250,000	-	250,000
General Government	-	1,040,000	53,449	986,551
Capital Outlay	6,224,480	7,154,630	1,804,695	5,349,935
Total Expenditures	6,297,830	8,885,290	1,931,377	6,953,913
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,176,830)	(4,764,290)	3,013,784	7,778,074
Other Financing Sources (Uses):				
Transfers In	1,957,150	1,957,150	61,595	(1,895,555)
Transfers (Out)	(3,119,900)	(15,689,300)	(4,919,236)	10,770,064
Total Other Financing Sources (Uses)	(1,162,750)	(13,732,150)	(4,857,641)	8,874,509
Net Change in Fund Balance	(3,339,580)	(18,496,440)	(1,843,857)	16,652,583
Fund Balance--Beginning	21,897,840	29,304,150	39,765,356	10,461,206
Fund Balance--Ending	\$ 18,558,260	\$ 10,807,710	\$ 37,921,499	\$ 27,113,789

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Capital Projects
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Difference with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 90,000	\$ 465,921	\$ 375,921
Investment Earnings	-	-	(18,146)	(18,146)
Miscellaneous	-	-	217,243	217,243
Total Revenues	-	90,000	665,018	575,018
Expenditures:				
Information Technology	-	107,350	-	107,350
Economic Development	-	-	2,606	(2,606)
Public Works	-	43,990	371,955	(327,965)
Fire	-	6,450	24,772	(18,322)
Capital Outlay	7,717,540	22,041,000	7,077,056	14,963,944
Total Expenditures	7,717,540	22,198,790	7,476,389	14,722,401
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,717,540)	(22,108,790)	(6,811,371)	15,297,419
Other Financing Sources (Uses):				
Transfers In	7,717,540	22,232,790	7,537,263	(14,695,527)
Transfers (Out)	-	(124,000)	(65,677)	58,323
Total Other Financing Sources (Uses)	7,717,540	22,108,790	7,471,586	(14,637,204)
Net Change in Fund Balance	-	-	660,215	660,215
Fund Balance--Beginning	1,109,300	833,073	202,257	(630,816)
Fund Balance--Ending	\$ 1,109,300	\$ 833,073	\$ 862,472	\$ 29,399

See accompanying independent auditors' report.



CAPITAL PROJECTS FUND

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

SPECIAL REVENUE FUNDS

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

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

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

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

LOVELAND FIRE AUTHORITY—to account for operations and capital needs of the fire department.

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.

PERMAMENT 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, 2013

	CAPITAL PROJECTS		SPECIAL REVENUE			
	Parks & Recreation Improvement	General Improvement District #1	Conservation Trust	Community Development Block Grant	Larimer County Open Space	Loveland Fire Authority
ASSETS						
Equity in Pooled Cash	\$ 120,393	\$ 6,450	\$ 360,911	\$ -	\$ 842,365	\$ 20,790
Equity in Pooled Investments	1,827,714	97,918	5,479,077	-	12,788,138	315,618
Receivables (Net):						
Accounts	6,645	-	-	-	77,274	10,800
Taxes	-	34,971	-	-	156,804	-
Grants	-	-	4,646	30,027	11,682	235,184
Accrued Interest	4,501	223	12,191	-	28,252	643
Inventory	-	-	-	-	-	-
Restricted Assets:						
Equity in Pooled Restricted Investments	208,020	-	-	-	-	-
Total Assets	2,167,273	139,562	5,856,825	30,027	13,904,515	583,035
LIABILITIES						
Accounts Payable	-	7,891	186,362	23,524	108,249	111,038
Accrued Liabilities	-	-	4,587	3,027	14,593	377,205
Due to Other Funds	-	-	-	3,476	-	-
Total Liabilities	-	7,891	190,949	30,027	122,842	488,243
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	-	34,739	-	-	-	-
Unearned Other Revenue	-	-	4,646	-	16,442	77,395
Total Deferred Inflows of Resources	-	34,739	4,646	-	16,442	77,395
Total Liabilities and Deferred Inflow of Resources	-	42,630	195,595	30,027	139,284	565,638
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	702	5,661,230	-	13,765,231	17,397
Committed	-	96,230	-	-	-	-
Assigned	2,167,273	-	-	-	-	-
Total Fund Balances	2,167,273	96,932	5,661,230	-	13,765,231	17,397
Total Liabilities and Fund Balances	\$ 2,167,273	\$ 139,562	\$ 5,856,825	\$ 30,027	\$ 13,904,515	\$ 583,035

See accompanying independent auditors' report.

SPECIAL REVENUE				PERMANENT FUND			
Loveland/Larimer Building Authority	Affordable Housing	Police Seizures & Forfeitures	Lodging	Peg Fee	Perpetual Care	Total	
\$ 551	\$ 134	\$ 2,742	\$ 58,087	\$ 16,282	\$ 165,484	\$ 1,594,189	
8,362	2,038	41,620	881,830	247,185	2,512,244	24,201,744	
25,399	-	-	637	-	-	120,755	
-	-	-	43,493	17,844	-	253,112	
-	-	-	-	-	-	281,539	
-	4	93	2,035	550	5,590	54,082	
-	-	-	39,213	-	-	39,213	
-	-	-	-	-	-	208,020	
34,312	2,176	44,455	1,025,295	281,861	2,683,318	26,752,654	
26,083	-	-	34,480	65	-	497,692	
8,229	-	-	8,329	-	-	415,970	
-	-	-	-	-	-	3,476	
34,312	-	-	42,809	65	-	917,138	
-	-	-	-	-	-	34,739	
-	-	-	-	-	-	98,483	
-	-	-	-	-	-	133,222	
34,312	-	-	42,809	65	-	1,050,360	
-	-	-	-	-	900,768	900,768	
-	-	44,455	982,486	-	-	20,471,501	
-	2,176	-	-	281,796	-	380,202	
-	-	-	-	-	1,782,550	3,949,823	
-	2,176	44,455	982,486	281,796	2,683,318	25,702,294	
\$ 34,312	\$ 2,176	\$ 44,455	\$ 1,025,295	\$ 281,861	\$ 2,683,318	\$ 26,752,654	

CITY OF LOVELAND, COLORADO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2013

	CAPITAL PROJECTS FUND		SPECIAL REVENUE			
	Parks & Recreation Improvement	General Improvement District #1	Conservation Trust	Community Development Block Grant	Larimer County Open Space	Loveland Fire Authority
Revenues:						
Taxes	\$ -	\$ 34,484	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	113,301
Intergovernmental	1,185	-	736,545	293,278	1,962,055	9,632,284
Charges for Services	48,935	-	-	-	-	30,201
Investment Earnings	(14,853)	(783)	(40,528)	-	(91,924)	(3,528)
Miscellaneous	6,736	-	-	-	14,867	15,685
Total Revenues	42,003	33,701	696,017	293,278	1,884,998	9,787,943
Expenditures:						
Current:						
Economic Development	-	-	-	-	-	-
Development Services	-	-	-	293,278	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	9,777,509
Police	-	-	-	-	-	-
Parks & Recreation	46,231	-	124,239	-	2,107,047	-
Library	-	-	-	-	-	-
General Government	-	15,549	-	-	-	-
Capital Outlay	12,050	7,854	546,299	-	868,786	283,376
Total Expenditures	58,281	23,403	670,538	293,278	2,975,833	10,060,885
Excess (Deficiency) of						
Revenues Over Expenditures	(16,278)	10,298	25,479	-	(1,090,835)	(272,942)
Other Financing Sources (Uses):						
Transfers (Out)	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	169,346	-
Total Other Financing Sources (Uses)	-	-	-	-	169,346	-
Net Change in Fund Balance	(16,278)	10,298	25,479	-	(921,489)	(272,942)
Fund Balances--Beginning	2,183,551	86,634	5,635,751	-	14,686,720	290,339
Fund Balances--Ending	\$ 2,167,273	\$ 96,932	\$ 5,661,230	\$ -	\$ 13,765,231	\$ 17,397

See accompanying independent auditors' report.

SPECIAL REVENUE				PERMANENT FUND		
Loveland/Larimer Building Authority	Affordable Housing	Police Seizures & Forfeitures	Lodging	Peg Fee	Perpetual Care	Total
\$ -	\$ -	\$ -	\$ 750,447	\$ 65,876	\$ -	850,807
-	-	-	-	-	-	113,301
564,749	-	36,613	-	-	-	13,226,709
-	-	-	-	-	70,301	149,437
-	(15)	(234)	(7,406)	(1,882)	(18,696)	(179,849)
-	-	-	56,049	-	-	93,337
564,749	(15)	36,379	799,090	63,994	51,605	14,253,742
-	-	-	674,905	-	-	674,905
-	-	-	-	-	-	293,278
504,025	-	-	-	-	-	504,025
-	-	-	-	-	-	9,777,509
-	-	36,612	-	-	-	36,612
14,280	-	-	-	-	-	2,291,797
-	-	-	-	7,858	-	7,858
-	-	-	-	-	-	15,549
46,444	-	-	-	13,561	-	1,778,370
564,749	-	36,612	674,905	21,419	-	15,379,903
-	(15)	(233)	124,185	42,575	51,605	(1,126,161)
-	-	-	(84,100)	-	-	(84,100)
-	-	-	-	-	-	169,346
-	-	-	(84,100)	-	-	85,246
-	(15)	(233)	40,085	42,575	51,605	(1,040,915)
-	2,191	44,688	942,401	239,221	2,631,713	26,743,209
\$ -	\$ 2,176	\$ 44,455	\$ 982,486	\$ 281,796	\$ 2,683,318	\$ 25,702,294

CITY OF LOVELAND, COLORADO
Parks & Recreation Improvement
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 350	\$ 350	\$ 1,185	\$ 835
Charges for Services	56,730	56,730	48,935	(7,795)
Investment Earnings	25,360	25,360	(14,853)	(40,213)
Miscellaneous	-	-	6,736	6,736
Total Revenues	82,440	82,440	42,003	(40,437)
Expenditures:				
Parks & Recreation	-	-	46,231	(46,231)
Capital Outlay	305,000	345,000	12,050	332,950
Total Expenditures	305,000	345,000	58,281	286,719
Net Change in Fund Balance	(222,560)	(262,560)	(16,278)	246,282
Fund Balance--Beginning	2,081,350	2,113,228	2,183,551	70,323
Fund Balance--Ending	\$ 1,858,790	\$ 1,850,668	\$ 2,167,273	\$ 316,605

CITY OF LOVELAND, COLORADO
General Improvement District #1
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 32,960	\$ 32,960	\$ 34,484	\$ 1,524
Investment Earnings	770	770	(783)	(1,553)
Total Revenues	33,730	33,730	33,701	(29)
Expenditures:				
Current:				
General Government	24,500	17,000	15,549	1,451
Capital Outlay	-	88,500	7,854	80,646
Total Expenditures	24,500	105,500	23,403	82,097
Net Change in Fund Balance	9,230	(71,770)	10,298	82,068
Fund Balance--Beginning	83,130	86,634	86,634	-
Fund Balance--Ending	\$ 92,360	\$ 14,864	\$ 96,932	\$ 82,068

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Conservation Trust
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 736,545	\$ 236,545
Investment Earnings	40,370	40,370	(40,528)	(80,898)
Total Revenues	540,370	540,370	696,017	155,647
Current Expenditures				
Parks & Recreation	152,800	152,800	124,239	28,561
Capital Outlay	283,770	2,300,770	546,299	1,754,471
Total Expenditures	436,570	2,453,570	670,538	1,783,032
Net Change in Fund Balance	103,800	(1,913,200)	25,479	1,938,679
Fund Balance--Beginning	2,981,290	3,364,330	5,635,751	2,271,421
Fund Balance--Ending	\$ 3,085,090	\$ 1,451,130	\$ 5,661,230	\$ 4,210,100

CITY OF LOVELAND, COLORADO
Community Development Block Grant
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 288,240	\$ 531,930	\$ 293,278	\$ (238,652)
Total Revenues:	288,240	531,930	293,278	(238,652)
Expenditures:				
Current:				
Development Services	288,240	531,930	293,278	238,652
Total Expenditures	288,240	531,930	293,278	238,652
Net Change in Fund Balance	-	-	-	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Larimer County Open Space
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,456,650	\$ 1,456,650	\$ 1,962,055	\$ 505,405
Investment Earnings	142,770	142,770	(91,924)	(234,694)
Insurance Recoveries	-	-	169,346	169,346
Miscellaneous	2,500	2,500	14,867	12,367
Total Revenues	1,601,920	1,601,920	2,054,344	452,424
Expenditures:				
Current:				
Parks & Recreation	508,340	507,640	2,107,047	(1,599,407)
Capital Outlay	2,012,460	3,732,000	868,786	2,863,214
Total Expenditures	2,520,800	4,239,640	2,975,833	1,263,807
Net Change in Fund Balance	(918,880)	(2,637,720)	(921,489)	1,716,231
Fund Balance--Beginning	9,135,440	11,897,202	14,686,720	2,789,518
Fund Balance--Ending	\$ 8,216,560	\$ 9,259,482	\$ 13,765,231	\$ 4,505,749

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Loveland Fire Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Licenses and Permits	\$ 113,880	\$ 113,880	\$ 113,301	\$ (579)
Intergovernmental	9,741,910	10,339,630	9,632,284	(707,346)
Charges for Services	22,500	22,500	30,201	7,701
Investment Earnings	-	-	(3,528)	(3,528)
Miscellaneous	-	13,000	15,685	2,685
Total Revenues:	9,878,290	10,489,010	9,787,943	(701,067)
Expenditures:				
Current:				
Fire	9,709,390	10,109,440	9,777,509	331,931
Capital Outlay:				
Capital Outlay	168,900	379,570	283,376	96,194
Total Expenditures	9,878,290	10,489,010	10,060,885	428,125
Net Change in Fund Balance	-	-	(272,942)	(272,942)
Fund Balance--Beginning	-	-	290,339	290,339
Fund Balance--Ending	\$ -	\$ -	\$ 17,397	\$ 17,397

CITY OF LOVELAND, COLORADO
Loveland/Larimer Building Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 469,150	\$ 569,150	\$ 564,749	\$ (4,401)
Total Revenues	469,150	569,150	564,749	(4,401)
Expenditures:				
Current:				
Parks & Recreation	14,250	14,250	14,280	(30)
Public Works	454,900	554,900	504,025	50,875
Capital Outlay	-	-	46,444	(46,444)
Total Expenditures	469,150	569,150	564,749	4,401
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, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Investment Earnings	\$ -	\$ -	\$ (15)	\$ (15)
Total Revenues	-	-	(15)	(15)
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	(15)	(15)
Fund Balance--Beginning	-	2,167	2,191	24
Fund Balance--Ending	\$ -	\$ 2,167	\$ 2,176	\$ 9

CITY OF LOVELAND, COLORADO
Police Seizures & Forfeitures
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 36,620	\$ 36,613	\$ (7)
Investment Earnings	-	-	(234)	(234)
Total Revenues:	-	36,620	36,379	(241)
Expenditures:				
Police	-	36,620	36,612	8
Total Expenditures	-	36,620	36,612	8
Net Change in Fund Balance	-	-	(233)	(233)
Fund Balance--Beginning	-	4	44,688	44,684
Fund Balance--Ending	\$ -	\$ 4	\$ 44,455	\$ 44,451

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO**Lodging****Budgetary Comparison Schedule****For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 700,000	\$ 700,000	\$ 750,447	\$ 50,447
Investment Earnings	8,710	8,710	(7,406)	(16,116)
Miscellaneous	10,150	10,150	56,049	45,899
Total Revenues:	718,860	718,860	799,090	80,230
Expenditures:				
Economic Development	560,000	820,430	674,905	145,525
Total Expenditures	560,000	820,430	674,905	145,525
Transfers (Out)	(50,000)	(84,100)	(84,100)	-
Total Other Financing Sources (Uses)	(50,000)	(84,100)	(84,100)	-
Net Change in Fund Balance	108,860	(185,670)	40,085	225,755
Fund Balance--Beginning	487,030	589,266	942,401	353,135
Fund Balance--Ending	\$ 595,890	\$ 403,596	\$ 982,486	\$ 578,890

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Peg Fee

Schedule of Budget Comparison

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 71,000	\$ 71,000	\$ 65,876	\$ (5,124)
Investment Earnings	2,540	2,540	(1,882)	(4,422)
Total Revenues:	73,540	73,540	63,994	(9,546)
Expenditures:				
Current:				
Library	26,000	19,160	7,858	11,302
Capital Outlay:				
Capital Outlay	60,000	66,840	13,561	53,279
Total Expenditures	86,000	86,000	21,419	64,581
Net Change in Fund Balance	(12,460)	(12,460)	42,575	55,035
Fund Balance--Beginning	14,000	239,221	239,221	-
Fund Balance--Ending	\$ 1,540	\$ 226,761	\$ 281,796	\$ 55,035

CITY OF LOVELAND, COLORADO

Perpetual Care

Budgetary Comparison Schedule

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 59,200	\$ 59,200	\$ 70,301	\$ 11,101
Investment Earnings	49,800	49,800	(18,696)	(68,496)
Total Revenues	109,000	109,000	51,605	(57,395)
Expenditures:				
Net Change in Fund Balance	109,000	109,000	51,605	(57,395)
Fund Balance--Beginning	2,650,532	2,650,532	2,631,713	(18,819)
Fund Balance--Ending	\$ 2,759,532	\$ 2,759,532	\$ 2,683,318	\$ (76,214)

See accompanying independent auditors' report.



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.

INTERNAL SERVICE FUNDS

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 Finance 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, 2013

	Budgeted Amounts		Actual	Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 8,807,450	\$ 8,807,450	\$ 8,725,433	\$ (82,017)
Intergovernmental	-	-	330,256	330,256
Cash in Lieu of Water Rights	45,000	45,000	1,217,652	1,172,652
Miscellaneous	1,448,480	1,497,280	1,324,585	(172,695)
Investment Earnings	650,300	650,300	(290,379)	(940,679)
System Impact/Development Fees	1,251,500	1,251,500	1,494,047	242,547
Raw Water Development Fees	253,870	253,870	382,817	128,947
Bond Proceeds	16,000,000	10,000,000	-	(10,000,000)
Transfers In	505,000	6,505,000	24,218	(6,480,782)
Total Revenues	28,961,600	29,010,400	13,208,629	(15,801,771)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Asset			31,650	
Contributed Assets			708,404	
			<u>13,948,683</u>	
Operating Revenue			10,050,018	
Nonoperating Revenues and Transfer In			<u>3,898,665</u>	
Statement Total			<u>13,948,683</u>	
Expenditures:				
Personal Services	3,419,390	3,500,130	3,287,699	212,431
Supplies	1,071,990	1,080,590	1,177,502	(96,912)
Purchased Services	4,890,150	5,977,100	3,892,065	2,085,035
Payment for Services	640,270	640,270	607,321	32,949
Transfers (Out)	44,830	44,830	28,496	16,334
Capital Acquisitions	7,698,380	10,565,230	4,799,557	5,765,673
Interest Expense	-	-	1,436	(1,436)
Bond Expenses	-	-	77,050	(77,050)
Windy Gap	1,826,930	1,826,930	826,918	1,000,012
Total Expenditures	\$ 19,591,940	\$ 23,635,080	14,698,044	\$ 8,937,036
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(4,799,557)	
Depreciation			3,349,145	
Loss on Sale of Capital Asset			79,848	
			<u>13,327,480</u>	
Operating Expenses			12,313,732	
Nonoperating Expenses and Transfers			<u>1,013,748</u>	
Statement Total			<u>\$ 13,327,480</u>	

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Waste Water

Budgetary Comparison Schedule

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 8,245,870	\$ 8,245,870	\$ 7,830,371	\$ (415,499)
Intergovernmental	-	-	65,846	65,846
System Impact/Development Fees	810,000	810,000	975,658	165,658
Investment Earnings	195,460	195,460	(91,043)	(286,503)
Miscellaneous	216,330	216,330	222,961	6,631
Insurance Recoveries	-	-	69,563	69,563
Transfers In	10,000	10,000	9,524	(476)
Total Revenues	9,477,660	9,477,660	9,082,880	(394,780)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Assets			7,500	
Contributed Assets			662,796	
			<u>9,753,176</u>	
Operating Revenue			8,053,332	
Nonoperating Revenues and Transfers In			<u>1,699,844</u>	
Statement Total			<u>9,753,176</u>	
Expenditures:				
Personal Services	2,520,160	2,571,830	2,416,051	155,779
Supplies	603,430	621,830	595,089	26,741
Purchased Services	3,725,190	3,216,980	2,954,383	262,597
Payment for Services	552,830	552,830	544,071	8,759
Interest Expense	-	-	5,334	(5,334)
Transfers (Out)	511,970	511,970	9,482	502,488
Capital Acquisitions	3,669,600	6,528,460	1,724,945	4,803,515
Total Expenditures	\$ 11,583,180	\$ 14,003,900	8,249,355	\$ 5,754,545
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(1,724,945)	
Depreciation			1,999,443	
Loss on Sale of Capital Asset			7,195	
			<u>8,531,048</u>	
Operating Expenses			8,509,037	
Nonoperating Expenses and Transfers			<u>22,011</u>	
Statement Total			<u>\$ 8,531,048</u>	

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Stormwater
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Difference with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 4,100,470	\$ 4,100,470	\$ 4,058,991	\$ (41,479)
Intergovernmental	-	-	113,087	113,087
System Impact/Development Fees	182,360	182,360	173,787	(8,573)
Investment Earnings	23,050	23,050	(29,418)	(52,468)
Miscellaneous	30,000	30,000	65,919	35,919
Transfers In	5,000	5,000	1,217	(3,783)
Total Revenues	4,340,880	4,340,880	4,383,583	42,703
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Capital Assets			30,590	
Contributed Assets			1,041,034	
			<u>5,455,207</u>	
Operating Revenues			4,124,910	
Nonoperating Revenues and Transfers In			1,330,297	
Statement Total			<u>5,455,207</u>	
Expenditures:				
Personal Services	1,249,720	1,249,720	1,280,954	(31,234)
Supplies	82,040	82,040	70,257	11,783
Purchased Services	646,920	646,920	955,022	(308,102)
Payment for Services	287,030	287,030	283,111	3,919
Transfers (Out)	400,000	1,500,000	402,989	1,097,011
Capital Acquisitions	1,695,000	3,652,470	1,120,423	2,532,047
Total Expenditures	\$ 4,360,710	\$ 7,418,180	4,112,756	\$ 3,305,424
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(1,120,423)	
Depreciation			1,247,712	
Loss on Sale of Capital Asset			28,109	
			<u>4,268,154</u>	
Operating Expenses			3,837,056	
Nonoperating Expenses and Transfers Out			431,098	
Statement Total			<u>\$ 4,268,154</u>	

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Power

Budgetary Comparison Schedule

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 52,197,940	\$ 52,197,940	\$ 51,837,088	\$ (360,852)
Investment Earnings	423,940	423,940	(110,421)	(534,361)
Miscellaneous	824,120	824,120	1,213,073	388,953
System Impact/Development Fees	1,661,920	1,661,920	2,119,638	457,718
Intergovernmental	-	-	675,790	675,790
Insurance Recoveries	-	-	1,491,200	1,491,200
Transfers In	30,000	30,000	7,058	(22,942)
Aid to Construction	770,940	770,940	969,638	198,698
Total Revenues	55,908,860	55,908,860	58,203,064	2,294,204
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Capital Assets			38,850	
Contributed Assets			658,328	
			<u>58,900,242</u>	
Operating Revenues			53,050,161	
Nonoperating Revenues and Transfers In			5,850,081	
Statement Total			<u>58,900,242</u>	
Expenditures:				
Personal Services	2,686,930	2,886,930	2,948,375	(61,445)
Supplies	593,850	639,350	392,033	247,317
Purchased Services	4,004,860	4,173,510	4,723,405	(549,895)
Purchased Power	38,917,480	38,917,480	38,710,505	206,975
Payment for Services	3,651,680	3,651,680	3,587,789	63,891
Transfers (Out)	117,970	6,117,970	106,009	6,011,961
Capital Acquisitions	6,411,170	18,069,570	8,568,672	9,500,898
Total Expenditures	\$ 56,383,940	\$ 74,456,490	59,036,788	\$ 15,419,702
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(8,568,672)	
Depreciation			3,466,181	
Loss on Sale of Capital Asset			10,481	
			<u>53,944,778</u>	
Operating Expenses			53,828,288	
Nonoperating Expenses and Transfers Out			116,490	
Statement Total			<u>\$ 53,944,778</u>	

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Refuse

Budgetary Comparison Schedule

For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 5,915,350	\$ 5,915,350	\$ 5,995,704	\$ 80,354
Intergovernmental	-	-	50,246	50,246
Investment Earnings	80,450	80,450	(44,517)	(124,967)
Miscellaneous	284,000	284,000	45,089	(238,911)
Total Revenues:	6,279,800	6,279,800	6,046,522	(233,278)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Capital Assets			10,000	
			<u>6,056,522</u>	
Operating Revenue			6,040,793	
Nonoperating Revenues			15,729	
Statement Total			<u>6,056,522</u>	
Expenditures:				
Personal Services	2,058,240	2,058,240	2,050,102	8,138
Supplies	135,180	135,180	181,878	(46,698)
Purchased Services	2,329,130	2,433,590	2,352,199	81,391
Payment for Services	401,000	401,000	400,646	354
Transfers (Out)	3,000,000	3,995,000	2,182,575	1,812,425
Capital Acquisitions	1,216,000	1,216,000	224,305	991,695
Total Expenditures	\$ 9,139,550	\$ 10,239,010	7,391,705	\$ 2,847,305
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(224,305)	
Depreciation			783,255	
Loss on Sale of Capital Asset			53,100	
			<u>8,003,755</u>	
Operating Expenses			5,768,080	
Non Operating Expenses and Transfer Out			2,235,675	
Statement Total			<u>\$ 8,003,755</u>	

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Golf
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 3,574,550	\$ 3,574,550	\$ 3,216,321	\$ (358,229)
Intergovernmental	-	-	26,418	26,418
Investment Earnings	17,550	17,550	(16,218)	(33,768)
Insurance Recoveries	-	-	36,576	36,576
Miscellaneous	-	-	3,551	3,551
Total Revenues	3,592,100	3,592,100	3,266,648	(325,452)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain (Loss) on Sale of Capital Assets			<u>82,647</u>	
			<u>3,349,295</u>	
Operating Revenues			3,219,872	
Nonoperating Revenues			<u>129,423</u>	
Statement Total			<u>3,349,295</u>	
Expenditures:				
Personal Services	1,711,630	1,683,630	1,532,306	151,324
Supplies	491,460	549,020	516,523	32,497
Purchased Services	619,480	687,480	660,823	26,657
Payment for Services	107,000	107,000	96,490	10,510
Capital Acquisitions	578,850	481,290	354,630	126,660
Total Expenditures	\$ 3,508,420	\$ 3,508,420	3,160,772	\$ 347,648
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(354,630)	
Depreciation			<u>660,344</u>	
			<u>3,466,486</u>	
Operating Expenses			3,466,486	
Statement Total			<u>\$ 3,466,486</u>	

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Internal Service
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 16,371,510	\$ 16,371,510	\$ 16,718,140	\$ 346,630
Intergovernmental	-	-	41,147	41,147
Investment Earnings	193,920	193,920	(129,534)	(323,454)
Insurance Recoveries	-	-	1,287	1,287
Transfers In	-	35,000	-	(35,000)
Miscellaneous	-	-	53,933	53,933
Total Revenues	16,565,430	16,600,430	16,684,973	84,543
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Capital Assets			<u>75,860</u>	
			<u>16,760,833</u>	
Operating Revenues			16,772,073	
Nonoperating Revenues and Transfers In			<u>(11,240)</u>	
Statement Total			<u>16,760,833</u>	
Expenditures:				
Fleet Management	3,785,950	3,951,950	3,930,497	21,453
Risk & Insurance	3,038,360	3,093,010	2,198,961	894,049
Employee Benefits	10,229,300	10,229,300	10,448,054	(218,754)
Capital Acquisitions	1,072,000	1,132,000	893,917	238,083
Transfers (Out)	600,000	1,635,000	-	1,635,000
Total Expenditures	\$ 18,725,610	\$ 20,041,260	17,471,429	\$ 2,569,831
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(893,917)	
Loss on Sale of Capital Asset			30,558	
Depreciation			930,493	
			<u>17,538,563</u>	
Operating Expenses			17,508,005	
Nonoperating Expenses and Transfers Out			<u>30,558</u>	
Statement Total			<u>\$ 17,538,563</u>	

See accompanying independent auditors' report.

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Fiduciary



Fund

LOVELAND SPECIAL AGENCY FUND 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, 2013

	<u>Budgeted Amounts</u>		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Special Assessments	\$ 701,400	\$ 701,400	\$ 694,529	\$ (6,871)
Interest	15,000	15,000	(1,545)	(16,545)
Total Revenues	716,400	716,400	692,984	(23,416)
Expenditures:				
Current:				
General Administration	10,000	10,000	7,283	2,717
Debt Service:				
Bond Principal	250,000	250,000	375,000	(125,000)
Bond Interest	502,120	502,120	354,928	147,192
Total Expenditures	762,120	762,120	737,211	24,909
Net Change in Fund Balance	(45,720)	(45,720)	(44,227)	1,493
Fund Balance--Beginning	766,150	467,133	522,891	55,758
Fund Balance--Ending	\$ 720,430	\$ 421,413	\$ 478,664	\$ 57,251
Reconciliation to Statement of Changes in				
Assets and Liabilities				
Accounts Payable			5,609	
Balance, December 31, 2013			<u>484,273</u>	

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Combining Statement of Assets and Liabilities
Trust & Agency Funds
December 31, 2013

	Special Improvement District No. 1				Total
	Debt Service Reserve	Bond Fund Principal Account	Bond Fund Interest Account	Bond Administrative Expense Account	
ASSETS					
Investments, at Fair Value:					
Equity in Pooled Cash and Cash Equivalents	\$ 26,922	\$ 630	\$ 1,696	\$ 619	\$ 29,867
Equity in Pooled Investments	408,002	10,287	25,748	9,381	453,418
Accrued Interest	-	988	-	-	988
Total Assets	\$ 434,924	\$ 11,905	\$ 27,444	\$ 10,000	\$ 484,273
LIABILITIES					
Accounts Payable	-	-	-	-	-
Due to Improvement District	\$ 434,924	\$ 11,905	\$ 27,444	\$ 10,000	\$ 484,273
Total Liabilities	\$ 434,924	\$ 11,905	\$ 27,444	\$ 10,000	\$ 484,273

CITY OF LOVELAND, COLORADO
Combining Statement of Changes in
Assets and Liabilities
Trust & Agency Funds
For the Year Ended December 31, 2013

	Special Improvement District No. 1				Total
	Debt Service Reserve	Bond Fund Prinical Account	Bond Fund Interest Account	Bond Administrative Expense Account	
Balance, December 31, 2012	\$ 432,031	\$ 53,695	\$ 27,262	\$ 10,000	\$ 522,988
Additions	2,893	333,210	182	-	336,285
Reductions	-	375,000	-	-	375,000
Balance, December 31, 2013	\$ 434,924	\$ 11,905	\$ 27,444	\$ 10,000	\$ 484,273

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.

STATISTICAL SECTION DESCRIPTIONS

Financial Trends..... 86
 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..... 96
 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..... 99
 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..... 102
 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..... 103
 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)

	2004	2005	2006	2007
Governmental Activities				
Net Investment in Capital Assets	\$173,735,200	\$199,551,800	\$219,671,400	\$264,194,500
Restricted	43,170,900	49,135,100	45,451,160	58,337,200
Unrestricted	28,682,500	31,572,300	50,536,300	38,579,600
Total Governmental Activities Net Position	245,588,600	280,259,200	315,658,860	361,111,300
Business-Type Activities				
Net Investment in Capital Assets	265,994,900	283,131,400	306,876,000	321,391,300
Future Capital Improvements	27,573,600	20,931,400	17,277,700	15,006,600
Unrestricted	38,778,800	50,148,100	56,471,300	60,985,600
Total Business-Type Activities Net Position	332,347,300	354,210,900	380,625,000	397,383,500
Primary government				
Invested In Capital Assets, Net Of Related Debt	439,730,100	482,683,200	526,547,400	585,585,800
Restricted	70,744,500	70,066,500	62,728,860	73,343,800
Unrestricted	67,461,300	81,720,400	107,007,600	99,565,200
Total Primary Government Net Position	\$577,935,900	\$634,470,100	\$696,283,860	\$758,494,800

Source: City of Loveland Financial Statements

2008	2009	2010	2011	2012	2013
\$276,458,674	\$282,094,308	\$296,245,854	\$302,978,097	\$301,942,160	\$301,651,481
56,031,418	55,213,777	60,868,797	27,593,075	29,777,379	27,990,603
41,070,899	46,692,418	35,752,393	74,582,278	83,391,502	95,320,222
373,560,991	384,000,503	392,867,044	405,153,450	415,111,041	424,962,306
335,841,057	358,157,819	358,776,050	366,796,045	372,589,209	380,761,746
15,159,481	15,682,636	44,558,594	42,606,195	44,869,255	41,854,010
61,249,727	62,842,795	39,341,161	43,221,835	44,177,060	44,941,194
412,250,265	436,683,250	442,675,805	452,624,075	461,635,524	467,556,950
612,299,731	640,252,127	655,021,904	669,774,142	674,531,369	682,413,227
71,190,899	70,896,413	105,427,391	70,199,270	74,646,634	69,844,613
102,320,626	109,535,213	75,093,554	117,804,113	127,568,562	140,261,416
\$785,811,256	\$820,683,753	\$835,542,849	\$857,777,525	\$876,746,565	\$892,519,256

Schedule 2
CITY OF LOVELAND, COLORADO
Changes in Net Position
(accrual basis of accounting)

	2004	2005	2006	2007
Expenses				
Governmental Activities:				
Legislative	\$ 85,600	\$ 85,800	\$ 92,300	\$ 99,000
Executive	1,571,300	2,382,900	2,350,400	2,284,400
Finance	437,400	560,500	701,700	839,900
Human Resources	-	-	-	-
Information Technology	-	-	-	-
Economic Development	-	-	-	593,600
Development Services	3,518,100	2,303,400	2,326,312	2,538,434
Public Works	11,241,600	10,435,900	11,703,596	15,059,452
Police	14,286,200	15,244,900	14,964,171	16,839,837
Fire and Rescue	6,774,600	7,429,600	7,591,155	9,300,382
Parks & Recreation	7,459,000	7,927,300	8,077,765	8,371,695
Library	2,460,400	2,536,200	2,436,300	2,690,400
Cultural Services	1,302,000	1,412,600	1,423,500	1,484,200
General Government	1,456,600	1,461,200	2,415,500	6,139,000
Interest on Long-Term Debt	222,700	18,600	19,500	12,200
Total Governmental Activities Expenses	50,815,500	51,798,900	54,102,199	66,252,500
Business-Type Activities:				
Water	7,564,000	8,115,900	8,224,200	9,566,500
Wastewater	4,184,300	4,947,600	5,507,600	5,794,300
Stormwater	1,959,300	2,035,000	2,562,200	2,598,400
Power	28,319,000	31,589,000	32,838,000	34,413,500
Solid Waste	3,487,100	3,855,700	4,217,800	4,406,400
Golf	3,132,200	3,309,500	3,504,500	3,783,300
Total Business-Type Activities Expenses	48,645,900	53,852,700	56,854,300	60,562,400
Total Primary Government Expenses	99,461,400	105,651,600	110,956,499	126,814,900
Program Revenues				
Governmental Activities:				
Charges for services:				
Executive	687,400	878,500	1,026,100	1,070,100
Finance	75,600	182,400	220,800	172,200
Human Resources	-	-	-	-
Economic Development	-	-	-	-
Development Services	2,590,600	3,573,200	2,764,400	2,787,900
Public Works	1,652,100	1,625,200	2,207,700	1,680,200
Police	360,900	266,800	384,600	432,200
Fire	893,200	1,002,100	874,200	1,111,000
Parks & Recreation	2,421,200	2,424,600	3,116,700	2,998,800
Library	91,100	92,200	99,500	106,300
Cultural Services	188,900	144,700	151,800	229,100
General Government	132,100	120,700	49,200	159,800
Operating grants and contributions	4,039,900	3,443,500	3,857,100	4,204,800
Capital grants and contributions	25,766,900	29,727,800	25,226,100	40,985,400
Total Governmental Activities Revenues	\$ 38,899,900	\$ 43,481,700	\$ 39,978,200	\$ 55,937,800

Source: City of Loveland Financial Statements.

	2008	2009	2010	2011	2012	2013
\$	113,537	\$ 92,527	\$ 106,423	\$ 101,073	\$ 97,103	\$ 118,263
	1,948,507	1,871,876	1,623,339	1,839,315	2,298,957	2,040,641
	1,591,776	1,741,878	1,693,044	2,156,021	3,685,096	1,495,077
	1,046,753	1,073,291	865,084	750,448	929,651	312,209
	3,201,663	3,201,358	3,028,545	3,251,193	3,101,836	2,951,995
	1,272,255	671,547	742,248	1,235,598	1,764,192	2,509,865
	5,290,511	3,080,478	6,451,593	6,397,469	5,656,043	6,120,833
	15,493,187	17,574,001	16,253,368	17,425,656	18,940,024	19,132,121
	15,145,956	15,914,451	16,233,097	16,817,500	16,806,697	17,753,905
	7,954,029	8,320,414	8,070,024	8,075,617	10,481,974	10,110,872
	9,043,682	9,528,681	8,698,322	9,572,289	10,206,841	12,989,173
	2,131,686	2,233,356	2,316,785	2,625,348	2,701,016	3,267,977
	1,432,485	1,679,305	1,264,556	1,464,118	1,845,305	3,083,926
	12,500,638	10,136,397	12,366,477	14,777,304	18,234,265	20,233,243
	4,747	2,466	718	-	-	-
	78,171,412	77,122,026	79,713,623	86,488,949	96,749,000	102,120,100
	9,656,258	10,986,538	10,977,567	10,194,426	10,506,013	13,219,134
	6,034,852	6,852,037	7,178,264	6,931,011	7,142,390	8,514,371
	2,609,464	3,549,583	3,437,189	3,550,936	3,315,186	3,837,057
	36,168,706	38,632,522	42,895,642	45,197,483	47,438,660	53,828,287
	4,538,956	5,663,917	4,520,127	4,881,326	5,143,011	5,768,080
	4,102,640	3,747,162	3,451,922	3,248,099	3,262,626	3,466,487
	63,110,876	69,431,759	72,460,711	74,003,281	76,807,886	88,633,416
	141,282,288	146,553,785	152,174,334	160,492,230	173,556,886	190,753,516
	1,040,213	1,021,440	1,021,714	897,804	936,190	874,554
	275,346	219,229	309,737	256,669	171,616	194,586
	-	-	-	-	23	-
	-	-	-	-	35,872	56,049
	1,355,811	983,228	1,394,530	1,247,933	1,662,823	1,648,640
	1,941,296	2,212,688	2,011,339	2,223,491	2,128,714	3,156,866
	442,885	590,046	908,643	1,114,811	906,400	1,126,139
	1,313,175	1,246,198	1,085,517	1,316,110	286,551	318,997
	3,107,864	3,074,121	3,091,808	3,615,168	4,039,590	5,705,461
	8,525	91,213	106,942	95,470	98,541	85,239
	207,425	217,598	179,942	166,584	279,291	290,673
	2,669,119	4,438,733	4,008,670	4,452,074	5,537,447	5,738,504
	4,034,695	4,060,830	5,179,313	5,487,692	14,626,447	-
	13,260,348	11,212,573	9,341,231	10,272,856	9,175,469	-
\$	29,656,702	\$ 29,367,897	\$ 28,639,386	\$ 31,146,662	\$ 39,884,974	\$ 19,195,708

Schedule 2
CITY OF LOVELAND, COLORADO
Changes in Net Position (Continued)
(accrual basis of accounting)

	2004	2005	2006	2007
Business-Type Activities:				
Charges for services:				
Water	\$ 6,936,500	\$ 7,426,600	\$ 8,972,900	\$ 8,384,800
Wastewater	5,538,100	5,642,800	6,659,100	7,050,000
Stormwater	3,365,400	3,671,300	3,700,300	3,866,600
Power	30,269,800	34,627,700	36,194,600	38,289,000
Refuse	3,674,200	3,987,900	4,368,700	4,935,700
Golf	3,246,400	3,442,500	3,569,800	3,915,900
Capital grants and contributions	13,977,600	18,567,800	16,704,500	9,186,500
Total Business-Type Activities Revenues	67,008,000	77,366,600	80,169,900	75,628,500
Total Primary Government Revenues	105,907,900	120,848,300	120,148,100	131,566,300
Net (Expense)/Revenue				
Governmental Activities	(11,915,600)	(8,317,200)	(14,124,000)	(10,314,700)
Business-Type Activities	18,362,100	23,513,900	23,315,600	15,066,100
Total Primary Government Net (Expense)/Revenue	6,446,500	15,196,700	9,191,600	4,751,400
General Revenues & Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	5,677,800	5,955,600	7,435,100	11,109,900
Sales and Use Taxes	28,254,300	30,554,500	32,532,000	36,253,400
Franchise Taxes	1,343,500	1,468,700	1,445,200	1,594,100
Other Taxes	890,700	923,400	981,400	1,027,400
Investment Earnings	1,181,100	1,238,500	3,889,500	7,360,900
Gain on Sale of Assets	372,600	30,900	-	89,400
Transfers	3,057,700	2,816,200	3,240,500	3,556,500
Total Governmental Activities	40,777,700	42,987,800	49,523,700	60,991,600
Business-Type Activities:				
Investment Earnings	1,412,600	1,165,900	3,327,700	5,248,900
Gain on Sale of Assets	88,900	-	-	-
Transfers	(3,057,700)	(2,816,200)	(3,240,500)	(3,556,500)
Total Business-Type Activities	(1,556,200)	(1,650,300)	87,200	1,692,400
Total Primary Government	39,221,500	41,337,500	49,610,900	62,684,000
Change in Net Position				
Governmental Activities	-	-	-	-
Business-Type Activities	-	-	-	-
Total Primary Government	\$ -	\$ -	\$ -	\$ -

Source: City of Loveland Financial Statements

	2008	2009	2010	2011	2012	2013
\$	8,097,375	\$ 7,040,217	\$ 7,662,143	\$ 12,899,039	\$ 10,119,971	\$ 10,100,125
	7,070,924	6,994,755	7,012,971	7,066,254	7,259,071	8,122,896
	3,849,823	3,875,594	3,966,869	3,989,547	4,032,801	4,124,910
	40,137,412	40,575,277	43,883,091	47,374,715	50,842,440	54,541,360
	5,418,346	5,597,397	5,769,092	5,903,327	6,003,233	6,040,794
	3,799,501	3,525,805	3,538,047	3,455,165	3,729,636	3,256,450
	9,276,995	5,848,727	8,017,959	7,050,956	6,785,850	11,615,334
	77,650,376	73,457,772	79,850,172	87,739,003	88,773,002	97,801,869
	107,307,078	102,825,669	108,489,558	118,885,665	128,657,976	116,997,577
	(48,514,710)	(47,754,129)	(51,074,237)	(55,342,289)	(56,551,023)	(56,101,937)
	14,539,500	4,026,013	7,389,461	13,735,722	11,965,114	9,168,451
	(33,975,210)	(43,728,116)	(43,684,776)	(41,606,567)	(44,585,909)	(46,933,486)
	16,451,140	17,660,441	18,873,614	18,829,989	18,727,569	18,708,893
	34,409,083	32,365,675	35,404,740	36,535,125	39,849,259	42,342,445
	1,994,561	1,630,518	1,620,420	1,626,216	1,728,289	1,772,839
	1,206,470	1,070,207	934,515	991,556	998,390	1,175,053
	5,048,661	2,967,278	967,636	2,561,535	1,124,663	(941,945)
	7,332	885	15,113	691,883	23,083	208,383
	3,655,019	2,498,637	2,124,740	6,392,390	4,057,361	2,687,534
	62,772,266	58,193,641	59,940,778	67,628,694	66,508,614	65,953,202
	3,982,173	2,117,833	727,834	2,238,345	958,828	(581,995)
	-	-	-	366,591	144,865	22,504
	(3,655,019)	(2,498,637)	(2,124,740)	(6,392,390)	(4,057,361)	(2,687,534)
	327,154	(380,804)	(1,396,906)	(3,787,454)	(2,953,668)	(3,247,025)
	63,099,420	57,812,837	58,543,872	63,841,240	63,554,946	62,706,177
	-	-	-	-	-	9,851,265
	-	-	-	-	-	5,921,426
\$	-	-	-	-	-	15,772,691

Schedule 3
CITY OF LOVELAND, COLORADO
Fund Balances - Governmental Funds
Last Ten Fiscal Years

	2004	2005	2006	2007
General Fund				
Reserved	\$ 6,548,000	\$ 8,211,100	\$ 8,684,000	\$12,708,400
Unreserved	8,286,000	9,780,700	13,556,700	12,150,700
Nonspendable	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A
Total General Fund	\$14,834,000	\$17,991,800	\$22,240,700	\$24,859,100
All Other Governmental Funds				
Reserved	872,900	97,300	9,276,500	2,346,800
Unreserved, Reported in:				
Special Revenue Funds	47,456,200	51,983,700	49,631,200	60,825,700
Permanent Fund	1,584,331	1,666,072	1,801,554	2,002,743
Capital Projects Funds	597,900	1,179,300	827,200	433,400
Nonspendable				
Capital Expansion Fees	N/A	N/A	N/A	N/A
Other Governmental Funds	N/A	N/A	N/A	N/A
Restricted				
Loveland Urban Renewal Authority	N/A	N/A	N/A	N/A
Loveland Fire Authority	N/A	N/A	N/A	N/A
Capital Expansion Fees	N/A	N/A	N/A	N/A
Capital Projects	N/A	N/A	N/A	N/A
Other Governmental Funds	N/A	N/A	N/A	N/A
Committed				
Capital Expansion Fees	N/A	N/A	N/A	N/A
Other Governmental Funds	N/A	N/A	N/A	N/A
Assigned				
Capital Projects	N/A	N/A	N/A	N/A
Other Governmental Funds	N/A	N/A	N/A	N/A
Total All Other Governmental Funds	50,511,331	54,926,372	61,536,454	65,608,643
Total Governmental Funds	\$65,345,331	\$72,918,172	\$83,777,154	\$90,467,743

Source: City of Loveland Financial Statements

2008	2009	2010	2011	2012	2013
\$ 12,242,683	\$ 9,513,491	N/A	N/A	N/A	N/A
10,591,528	12,781,122	N/A	N/A	N/A	N/A
N/A	N/A	193,375	329,125	321,720	16,701
N/A	N/A	7,264,376	1,809,815	1,861,860	1,851,741
N/A	N/A	5,590,537	8,197,419	13,272,193	11,941,797
N/A	N/A	5,619,476	1,894,325	1,065,056	1,412,714
N/A	N/A	5,215,076	14,532,228	16,560,028	25,621,810
\$22,834,211	\$22,294,613	\$23,882,840	\$26,762,912	\$33,080,857	\$ 40,844,763
4,850,000	4,850,000	N/A	N/A	N/A	N/A
62,596,439	62,881,959	N/A	N/A	N/A	N/A
2,176,495	2,303,074	N/A	N/A	N/A	N/A
759,315	1,106,285	N/A	N/A	N/A	N/A
N/A	N/A	4,850,000	4,850,000	4,850,000	4,485,000
N/A	N/A	785,267	817,067	850,368	900,768
N/A	N/A	185,066	251,647	293,037	264,893
N/A	N/A	N/A	N/A	290,339	N/A
N/A	N/A	35,910,797	N/A	N/A	N/A
N/A	N/A	497,409	484,050	N/A	N/A
N/A	N/A	16,225,882	19,051,372	21,600,394	20,471,502
N/A	N/A	N/A	33,533,090	34,915,356	33,436,499
N/A	N/A	3,065,973	1,787,649	327,551	380,202
N/A	N/A	611,898	349,023	202,257	862,472
N/A	N/A	1,630,126	2,671,148	3,964,896	3,949,823
70,382,249	71,141,318	63,762,418	63,795,046	67,294,198	64,751,159
\$93,216,460	\$93,435,931	\$87,645,258	\$90,557,958	\$00,375,055	\$ 105,595,922

Schedule 4
CITY OF LOVELAND, COLORADO
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

	2004	2005	2006	2007
Revenues				
Taxes	\$ 36,123,300	\$ 38,847,400	\$ 42,292,900	\$ 49,917,000
Licenses and Permits	2,813,500	3,743,000	3,033,900	2,909,600
Fines and Penalties	736,300	923,700	1,067,100	1,133,700
Intergovernmental	7,466,100	6,980,600	7,228,700	7,715,800
Charges for Services	14,486,300	14,716,500	15,807,300	11,512,800
Investment Earnings	1,023,100	1,064,700	3,310,300	6,282,100
Miscellaneous	1,039,000	1,414,300	593,600	1,280,300
Total Revenues	63,687,600	67,690,200	73,333,800	80,751,300
Expenditures:				
Current:				
Legislative	85,600	85,800	92,300	99,000
Executive	1,405,900	2,171,400	2,285,800	2,129,000
Finance	373,800	496,900	662,900	774,600
Human Resources	-	-	-	-
Information Technology	-	-	-	-
Economic Development	-	-	-	593,600
Development Services	2,923,800	1,775,900	2,021,600	1,971,700
Public Works	7,502,000	7,722,700	9,354,100	10,507,600
Public Safety	17,192,700	18,604,900	19,916,700	21,083,200
Parks & Recreation	5,650,600	6,098,700	6,445,600	6,677,500
Library	1,957,000	2,019,100	2,115,200	2,146,100
Cultural Services	1,036,600	1,148,800	1,152,000	1,208,000
Intra-City Payments	5,188,200	5,958,900	6,156,500	6,534,200
General Government	1,030,300	1,026,700	1,975,000	5,557,100
Capital Outlay	10,336,000	14,879,900	12,996,700	17,921,700
Debt Service				
Principal	4,302,900	99,800	140,200	147,500
Interest	222,700	18,600	19,500	12,200
Total Expenditures	59,208,100	62,108,100	65,334,100	77,363,000
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	4,479,500	5,582,100	7,999,700	3,388,300
Other Financing Sources (Uses):				
Capital Lease	-	250,000	-	-
Contribution from Property Owners	-	-	-	-
Improvements District Debt Issue Discount	-	-	-	-
Payment To Refunded Bond Escrow Agent	-	-	-	(88,200)
Transfers In	16,707,500	18,591,300	16,355,200	21,071,000
Transfers (Out)	(13,997,400)	(16,850,500)	(13,495,900)	(17,680,600)
Total Other Financing				
Sources (Uses)	2,710,100	1,990,800	2,859,300	3,302,200
Net Change in Fund Balance	\$ 7,189,600	\$ 7,572,900	\$ 10,859,000	\$ 6,690,500
Debt services as a percentage of noncapital expenditures	10.2 %	0.3 %	0.3 %	0.3 %

Note:

Source: City of Loveland Financial Statements

2008	2009	2010	2011	2012	2013
\$ 53,855,390	\$ 52,547,699	\$ 56,767,696	\$ 57,814,739	\$ 61,102,185	\$ 63,791,665
1,538,909	1,248,207	1,631,549	1,655,825	2,013,353	1,951,145
1,013,197	1,060,985	1,233,836	936,370	956,357	871,879
8,567,418	10,751,411	13,568,325	11,178,476	19,529,719	18,535,292
11,463,059	11,417,323	8,096,514	9,456,140	10,443,932	11,413,048
5,048,659	2,967,280	967,636	2,561,535	1,124,663	(941,945)
908,017	1,118,202	4,556,679	7,692,470	7,341,636	7,795,011
82,394,649	81,111,107	86,822,235	91,295,555	102,511,845	103,416,095
113,537	92,527	106,423	101,073	97,103	118,263
1,622,691	1,867,240	1,659,790	1,824,254	2,239,590	2,042,214
1,599,194	1,730,611	1,663,029	2,125,071	3,720,738	1,451,102
1,035,913	1,055,378	865,256	743,473	896,637	184,742
3,077,378	3,046,033	2,866,681	3,090,394	2,954,763	2,759,834
1,268,345	636,047	737,517	1,242,394	1,770,653	2,502,288
2,348,626	3,057,460	3,475,109	3,504,061	2,757,554	3,245,205
10,803,204	11,834,864	11,266,032	12,370,062	13,436,297	12,902,846
22,411,034	23,122,840	23,421,938	24,321,443	26,377,803	26,924,616
7,291,343	7,239,370	6,989,404	7,711,710	8,096,184	11,061,496
2,245,754	1,925,829	2,015,483	2,324,888	2,467,633	2,807,092
1,393,802	1,450,988	1,133,935	1,359,067	1,511,896	1,911,961
-	-	-	-	-	-
12,254,313	11,919,268	13,131,709	11,765,073	18,697,094	19,328,502
17,315,024	14,379,840	24,987,466	22,141,774	12,018,500	15,077,462
50,396	52,677	37,529	-	-	-
4,747	2,466	718	-	-	-
84,835,301	83,413,438	94,358,019	94,624,737	97,042,445	102,317,623
(2,440,652)	(2,302,331)	(7,535,784)	(3,329,182)	5,469,400	1,098,472
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
20,406,478	12,328,477	18,301,735	17,559,666	11,408,534	14,620,366
(15,217,489)	(9,806,675)	(16,556,624)	(11,317,783)	(7,351,173)	(11,932,832)
5,188,989	2,521,802	1,745,111	6,241,883	4,057,361	2,687,534
\$ 2,748,337	\$ 219,471	\$ (5,790,673)	\$ 2,912,701	\$ 9,526,761	\$ 3,786,006
0.1 %	0.1 %	0.1 %	- %	- %	- %

Schedule 5
CITY OF LOVELAND, COLORADO
Taxable Sales by Category
Last Ten Fiscal Years

	2004	2005	2006	2007
Department Stores & General Merchandise	201,993,449	210,839,653	210,893,037	229,489,667
Restaurants & Bars	83,128,420	90,217,983	102,407,126	111,082,933
Clothing & Clothing Accessories Stores	29,182,932	29,457,978	46,333,716	61,892,700
Grocery Stores & Specialty Foods	92,957,411	92,490,338	96,108,708	103,556,600
Broadcasting & Telecommunications	37,871,115	37,799,487	38,724,642	42,858,900
Motor Vehicle Dealers, Auto Parts & Leasing	68,119,512	68,951,506	66,710,779	66,246,000
Building Material & Lawn & Garden Supplies	58,910,255	67,239,846	82,828,420	82,221,800
Sporting Goods, Hobby, Book & Music Stores	27,452,133	30,034,856	40,043,270	43,867,000
Utilities	40,460,623	44,129,918	48,195,319	49,533,267
Used Merchandise Stores	10,284,180	16,297,877	20,137,930	26,435,600
Electronics & Appliance Stores	6,097,537	9,121,245	17,760,180	20,753,933
Beer, Wine & Liquor Stores	13,716,270	16,042,524	18,233,387	19,672,033
Hotels, Motels & Other Accommodations	5,969,027	6,798,930	7,506,517	8,844,467
Health & Personal Care Stores	8,501,810	10,046,387	13,075,959	15,492,733
Furniture & Home Furnishing Stores	12,246,054	14,602,438	15,129,574	15,491,533
Consumer Goods & Commercial Equipment Rental	14,340,950	19,486,942	16,074,658	15,729,800
Electronic Shopping & Mail-Order Houses	4,068,383	4,069,551	5,061,250	5,491,033
Office Supplies, Stationary & Gift Stores	12,362,961	12,277,320	12,441,102	12,888,900
Gasoline Stations with Convenience Stores	6,687,372	6,531,914	6,157,074	6,236,900
All Other Categories	30,479,105	31,971,586	35,686,610	36,801,867
	764,829,499	818,408,279	899,509,258	974,587,666

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. Calculation 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

2008	2009	2010	2011	2012	2013
280,199,000	250,674,614	248,498,933	256,658,493	262,471,702	274,109,685
115,219,367	112,630,967	136,500,332	139,760,388	166,523,116	178,533,598
66,546,433	69,338,916	70,613,908	110,700,115	116,991,988	126,009,320
103,045,667	101,606,520	103,499,491	108,819,981	112,714,020	121,256,853
42,324,833	42,689,873	44,126,075	43,967,166	45,531,642	44,470,340
63,577,900	56,707,611	67,047,382	72,162,544	83,463,383	95,764,794
80,720,400	65,153,933	68,428,532	71,854,553	77,228,038	82,711,176
44,678,533	47,340,833	58,225,457	62,590,749	68,359,328	75,542,646
53,359,233	49,865,134	54,049,681	55,665,784	57,002,293	60,644,714
25,731,100	24,206,405	31,635,760	34,627,761	39,947,402	43,151,166
18,166,133	19,591,934	33,334,298	31,714,627	26,948,009	24,348,964
21,096,633	22,331,602	23,523,083	24,958,195	27,996,287	30,591,921
10,221,433	14,420,279	21,925,230	24,740,175	26,954,073	29,259,981
16,115,167	16,629,772	18,516,996	20,096,044	21,144,770	22,679,821
13,500,500	10,736,221	15,852,216	17,774,346	17,707,647	19,203,399
15,505,267	14,508,228	15,585,127	17,620,480	20,210,525	25,124,144
4,683,433	5,423,739	13,323,547	15,806,144	16,165,845	15,503,366
12,609,200	10,952,890	12,342,646	12,399,947	11,890,821	12,390,228
7,313,200	7,085,743	8,095,565	8,475,708	9,207,252	10,591,355
31,325,833	28,613,217	32,929,321	11,936,856	38,034,238	41,053,877
1,025,939,265	970,508,431	1,078,053,580	1,142,330,056	1,246,492,379	1,332,941,348

Schedule 6
CITY OF LOVELAND, COLORADO
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

	State	County	City	Centerra Metro District
2004	2.90%	0.80%	3.00%	N/A
2005	2.90%	0.80%	3.00%	N/A
2006	2.90%	0.08%	3.00%	1.75
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%

Source: City of Loveland Revenue Division
 Count 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 2004			Fiscal Year 2013		
	Tax Liability	Rank	Percentage of Total Tax Collected	Tax Liability	Rank	Percentage of Total Tax Collected
Department Stores & General Merchandise	6,059,803	1	26.41 %	7,911,490	1	23.14 %
Restaurants & Bars	2,493,853	3	10.87 %	4,715,323	2	13.79 %
Grocery Stores & Specialty Foods	2,788,722	2	12.15 %	3,622,745	3	10.60 %
Clothing & Clothing Accessories Stores	875,488	8	3.82 %	2,669,120	4	7.81 %
Motor Vehicle Dealers, Auto Parts & Leason	2,043,585	4	8.91 %	2,582,659	5	7.55 %
Building Material & Lawn & Garden Supplies	1,767,308	5	7.70 %	2,461,189	6	7.20 %
Sporting Goods, Hobby, Book & Music Stores	823,564	9	3.59 %	1,926,207	7	5.63 %
Utilities	1,213,819	6	5.29 %	1,815,154	8	5.31 %
Broadcasting & Telecommunications	1,136,133	7	4.95 %	1,290,596	9	3.78 %
Used Merchandise Stores				1,117,068	10	3.27 %
Consumer Goods & Commercial Equipment Rental	430,229	10	1.88 %			- %
Total (Top Ten Principal Remitters only)	19,632,504		85.57 %	30,111,551		82.67 %
Total Sales Tax Collected	22,944,885			36,425,736		

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			
2004	\$ 280,800	\$ -	\$ 1,234,100	\$ -	\$ 59,594	\$ 426,900	\$ 2,001,394	0.11 %	\$ 33.3
2005	431,000	-	1,075,000	-	59,594	379,800	1,945,394	0.10 %	31.4
2006	290,761	-	880,000	-	59,594	329,772	1,560,127	0.07 %	24.3
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

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Oversizing Agreement data is not available prior to 2007. The City also has two interfund loans that are not included on the table above. In Governmental Activities, a loan of \$4,800,000 was made in 2007 to the General Fund from the CEF Fund for a land purchase. In Business-Type Activities, a loan of \$1,500,000 was made in 2004 to the Wastewater Fund from the Water Fund to finance needed improvements related to the Wastewater collection system.

Source:

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

Schedule 9
CITY OF LOVELAND, COLORADO
Direct and Overlapping Governmental Activities Debt
As of December 31, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage^a Applicable to Loveland</u>	<u>Loveland's Share of Debt</u>
City of Loveland - Debt Applicable to Debt Limit	-	100.0 %	-
Thompson R2-J School District	\$ 103,234,864 ^b	65.1 %	<u>\$ 67,205,896</u>
Total			<u><u>\$ 67,205,896</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 6/30/2013

Schedule 10
CITY OF LOVELAND, COLORADO
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt Limit	147,099,300	173,515,400	185,209,200
Total net debt applicable to limit	-	-	-
Legal debt margin	<u>\$ 147,099,300</u>	<u>\$173,515,400</u>	<u>\$185,209,200</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 2013

Assessed value	\$ 905,937,186
Estimated actual value	7,083,509,597
Debt limit (3% of estimated actual value)	<u>212,505,288</u>
Legal Debt Margin	<u>\$ 212,505,288</u>

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

2007	2008	2009	2010	2011	2012	2013
203,969,631	207,856,633	207,856,633	209,435,754	204,606,142	207,323,789	212,505,288
-	-	-	-	-	-	-
<u>\$ 203,969,631</u>	<u>\$207,856,633</u>	<u>\$207,856,633</u>	<u>\$209,435,754</u>	<u>\$204,606,142</u>	<u>\$207,323,789</u>	<u>\$212,505,288</u>
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	
2004	\$ 3,246,400	\$ 2,317,500	\$ 928,900	\$ 175,000	\$ 67,500	\$ 242,500	3.83
2005	3,442,500	2,390,900	1,051,600	185,000	60,300	245,300	4.29
2006	3,569,800	2,591,400	978,400	195,000	51,900	246,900	3.96
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	-	-	-	-

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

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
2004	60,100	\$ 1,887,140,000	\$ 31,400	34.4	4.7
2005	61,900	1,968,420,000	31,800	36.0	4.5
2006	64,100	2,108,890,000	32,900	33.9	3.9
2007	65,800	2,256,940,000	34,300	33.2	3.4
2008	64,800	2,394,748,800	36,956	35.9	4.2
2009	65,800	2,466,249,800	37,481	36.9	7.1
2010	66,572	2,487,662,496	37,368	36.9	7.4
2011	67,581	2,557,535,364	37,844	35.3	6.9
2012	68,825	2,736,963,775	39,767	38.7	6.4
2013	72,846	\$ 3,009,341,106	\$ 41,311	38.1	5.5

Source:

Metropolitan Statistical Area of Fort Collins/Loveland, separate City statistics not available

Larimer County, separate City statistics not available

Schedule 13
CITY OF LOVELAND, COLORADO
Principal Employers
Current Year and Ten Years Ago

Employer	2004			2013		
	Employees	Rank	of Total City Employment	Employees	Rank	% of Total City Employment
Thompson School District R2-J	1,888	2	6.39 %	2,036	1	5.00 %
City of Loveland	681	6	2.30 %	958	2	2.30 %
Wal Mart Distribution Center	909	4	3.08 %	950	3	2.30 %
Hach Company	550	9	1.86 %	800	4	1.90 %
McKee Medical Center	950	3	3.22 %	708	5	1.70 %
Medical Center of the Rockies	-	-	- %	636	6	1.60 %
Woodward Governor	650	7	2.20 %	500	7	1.20 %
Agrium/Crop Production Services	-	0	- %	472	8	1.20 %
Kroll Factual Data	-	-	- %	350	9	0.90 %
Agilent Technologies	2,454	1	8.31 %	300	10	0.70 %
Wal Mart Super Centers	500	10	1.69 %			
Hewlett Packard	730	5	2.47 %			
Teledyne Water Pik	585	8	1.98 %			
Total (Top Ten Principal Employers)	9,897		33.50 %	7,710		18.80 %
Total City Employment	29,546			41,137		

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

Schedule 14
CITY OF LOVELAND, COLORADO
Full-time-Equivalent City Government Employees By Function/Program
Last Ten Fiscal Years

Function/Program	2004 ¹	2005 ¹	2006 ¹	2007 ¹	2008 ¹	2009 ¹	2010 ¹	2011 ^{1,2}	2012 ³	2013 ³
Executive & Legal	18	18	18	15	14	14	13	14	14	18
Community & Business Relations	0	0	0	8	10	8	7	3	1	1
Economic Development	0	0	0	0	0	-	-	-	5	6
Finance	56	59	59	59	55	49	48	48	47	45
Development Services	26	26	27	26	29	30	25	26	24	24
Public Works	82	85	85	86	93	94	89	89	89	92
Police	124	124	128	134	136	136	134	134	134	136
Fire	62	62	67	69	69	68	66	66	66	73
Parks & Recreation	63	64	68	65	65	65	62	64	64	66
Library	29	29	29	29	28	28	27	30	30	31
Cultural Services	11	11	12	12	13	13	12	12	12	13
Human Resources	11	11	11	11	10	10	10	10	13	13
Information Technology	17	23	24	24	25	25	22	21	21	21
Golf - Parks & Recreation	17	17	17	19	19	19	19	14	14	13
Water & Power	122	122	122	119	119	124	115	115	115	115
Solid Waste - Public Works	24	24	24	25	26	28	28	28	28	28
Stormwater - Public Works	11	12	13	12	16	15	15	14	15	15
Total	673	687	704	713	727	726	692	688	692	710

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.

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

Schedule 15
CITY OF LOVELAND, COLORADO
Statistical Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government						
Building Permits Issued	6,955	7,435	6,534	2,118	1,663	1,542
Building Inspections Conducted	32,294	35,952	29,264	23,447	18,706	14,911
Police						
Physical Arrests	2,668	2,900	3,198	3,127	3,419	3,121
Parking Violations	1,345	2,007	1,975	2,627	1,825	1,212
Traffic Violations	9,114	11,273	12,671	14,075	12,669	12,219
Fire						
Emergency Responses	5,425	5,375	5,346	5,503	5,349	5,397
Fires Extinguished	36	41	38 ¹	106	143	104
Business Inspections	813	906	1,166	1,038	751	628
Refuse Collection						
Refuse Collected (tons per day)	72	79	95	92	95	97
Recyclables Collected (tons per day)	30	31	34	35	36	33
Yard Waste Collected (tons per day)	68	70	61	69	80	76
Other Public Works						
Street Resurfacing (miles)	23	26	31	19	19	25
Potholes Repaired	4,608	3,143	2,112	6,467	2,437	1,582
Parks and Recreation						
Athletic Field & Court Reservations	5,200	6,048	6,643	6,812	8,402	8,402
Chilson Center Admissions	317,853	302,851	273,213	267,538	295,475	305,414
Rounds of Golf	130,304	137,721	135,699	132,390	131,851	128,168
Library						
Volumes in Collection	168,774	169,693	169,836	158,739	165,385	161,318
Water						
New Connections	738	723	421	344	225	117
Water Main Breaks	49	65	76	73	63	70
Average Daily Consumption (thousands of gallons)	8,168	9,291	11,086	10,449	10,582	8,951
Peak Daily Consumption (thousands of gallons)	21,560	25,760	27,590	26,900	27,300	23,900
Wastewater						
Average Daily Sewage Treatment (thousands of gallons)	5,690	5,870	5,550	6,040	5,840	6,210
Power						
Megawatt hours (purchased from PRPA)	591,533	534,393	660,379	692,795	726,135	676,931
Transit						
Total Route Miles	175,205	171,377	186,287	184,514	207,789	219,910
Passengers	75,204	89,076	112,236	115,895	136,018	155,695

¹ Fires Extinguished in 2006 and prior years only included building fires. Starting in 2007, Fires Extinguished includes building, grass and vehicle fires.

² 2010 Police Traffic Violations lower due to fewer officers available to patrol while conducting other investigative activities.

³ 2010 Fire Inspections lower due to a decrease in business inspections, a result of budget and service level reductions.

⁴ 2010 Chilson Center Admissions lower due to construction, April - November.

⁵ 2010 Library Volumes lower due to elimination of unused materials in anticipation of construction and planning for a new tagging system.

⁶ 2009 Transit passengers increased due to high gas prices, as well as 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, and is not operated by the City of Loveland.

⁷ 2012 Per a change in State Library standards, "volumes" now includes print, electronic books, audio & video materials, whether purchased, leased, licensed or donated.

Source: City of Loveland Departments

2010	2011	2012	2013
1,795	1,854	2,161	1,932
15,265	14,362	19,027	18,709
3,135	2,767	2,981	2,750
1,527	1,511	1,452	1,393
11,027	9,897	9,581	9,754
5,736	6,265	6,283	6,436
194	110	107	82
260	143	144	266
96	96	96	93
35	33	35	33
77	108	115	159
21	17	13	21
3,167	1,502	1,251	1,402
7,784	7,221	6,610	10,548
247,511	386,753	432,458	468,124
120,885	117,059	127,562	104,597
154,732	148,005	165,624 ⁷	170,853
121	188	257	251
63	99	76	77
9,892	10,145	11,513	9,430
24,800	25,000	26,800	26,600
6,520	6,390	5,900	6,410
702,481	731,522	742,507	752,039
219,225	228,532	234,976	221,396
138,284	133,355	142,169	142,573

Schedule 16
CITY OF LOVELAND, COLORADO
Capital Asset Statistics by Function/Program
Last 10 Fiscal Years

	2004	2005	2006	2007	2008
<i>Police</i>					
Stations	1	1	1	1	1
Divisions / Units	18	18	17	17	17
<i>Fire Stations</i>	6	6	6	6	6
<i>Refuse Collection</i>					
Collection Trucks	16	16	16	16	15
<i>Other Public Works</i>					
Highways (miles)	63	64	65	71	24
Streets (miles)	235	242	245	251	332
Streetlights	4,268	4,709	4,866	5,012	5,086
Traffic Signals	73	75	82	86	91
<i>Parks and Recreation</i>					
Acreage - Developed Park	263	263	318	339	388
Playgrounds	25	25	25	26	27
Baseball/Softball Diamonds	25	25	25	26	30
Soccer/Football Fields	30	30	30	38	38
Community Centers/Recreation Center	1	1	1	1	1
<i>Water</i>					
Water Mains (miles)	371	400	414	423	429
Fire Hydrants	2,353	2,512	2,635	2,718	2,791
Storage Capacity (thousands of gallons)	13,800	18,300	18,300	20,300	24,300
<i>Wastewater</i>					
Sanitary Sewers (miles)	302	324	330	330	332
Treatment Capacity (thousands of gallons)	8,000	10,000	10,000	10,000	10,000
<i>Power</i>					
Overhead Conductors (miles)	304	307	307	307	304
Underground Conductors (miles)	915	941	942	943	952
<i>Transit</i>					
Buses	2	3	3	3	3
Minibuses	6	6	6	7	7

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.

Source: City of Loveland Departments

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
	1	1	1	1	1
	12	12	12	12	12
	6	6	6	6	6
	25	27	21	20	21
¹	24	24	24	25	25
¹	328	² 328	328	329	331
	5,393	5,649	5,734	5,872	5,879
	92	92	93	94	94
	388	388	388	388	388
	27	27	27	27	27
	30	30	30	30	30
	38	38	38	38	38
	1	1	1	1	1
	433	433	435	436	437
	2,823	2,841	2,860	2,870	2,899
	20,300	20,300	20,300	20,300	20,300
	333	334	334	334	336
	10,000	10,000	10,000	10,000	10,000
	306	307	305	304	297
	961	972	991	1,014	1,028
	3	4	5	5	6
	7	6	5	5	4

Schedule 17
CITY OF LOVELAND, COLORADO
Schedule of Terms

A

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

ADA: Americans with Disabilities Act.

Adjudication: The act or process of reaching settlement judicially.

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

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

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

ARC: An abbreviation for Annual Required Contributions.

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

B

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

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

C

CAD: Computer Aided Dispatch.

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

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

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

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

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

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

CAFR: Comprehensive Annual Financial Report.

CDBG: Community Development Block Grant.

CEF: Capital Expansion Fee (see definition above).

CFAC: Citizens' Finance Advisory Commission.

CIRSA: Colorado Intergovernmental Risk Sharing Agency.

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

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

CPI: Consumer Price Index.

CSafe: Colorado Surplus Asset Fund Trust

D

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

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

Department: Major unit of organization in the City.

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

Division: Sub-unit of a department.

DRT: Development Review Team.

E

EMS: Emergency Medical Services.

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

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

EPA: Environmental Protection Agency.

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

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

F

FDIC: Federal Deposit Insurance Corporation.

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

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

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

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

FLSA: Fair Labor Standards Act.

FPPA: An abbreviation for Fire and Police Pension Association.

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

Fund: Accounting entity with a self-balancing set of accounts, which is segregated from other funds, to carry on specific activities or attain certain objectives.

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

G

GAAFR: Governmental Accounting, Auditing and Financial Reporting.

GASB: Governmental Accounting Standards Board.

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

GFOA: Government Finance Officers Association.

GID: General Improvement District.

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

H

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

I

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.

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

J - L

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

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

LLBA: Loveland/Larimer Building Authority.

LURA: Loveland Urban Renewal Authority.

M

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

MFA: An abbreviation for Master Financing Agreement.

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

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

N

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

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

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

O - P

Operating Budget: The portion of the budget that pertains to daily operations providing basic governmental services. The operating budget contains appropriations for such expenditures as personal services, supplies and materials.

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

PDPA: Public Deposit Protection Act

Per capita: An average per person.

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

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

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

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

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

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

PRPA: Platte River Power Authority.

Q - R

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

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

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

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

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

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

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

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

RSI: An abbreviation for Required Supplemental Information.

S

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

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

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

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

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

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

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

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

T - U

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

TIF: Tax Increment Finance

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

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

URA: Urban Renewal Authority.

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

V - Z

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

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Compliance



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



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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, 2013, 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 15, 2014.

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.



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

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 an instance 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

May 15, 2014



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**Independent Auditors' Report On Compliance
 For Each Major Federal Program And
 Report On Internal Control Over Compliance
 Required By OMB Circular A-133**

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 *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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.



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

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

Opinion On Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report On Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control, as described in the accompanying schedule of findings and questioned costs as item 2013-01, which we consider to be significant deficiencies.

The City's response to the internal control over compliance findings indentified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

May 15, 2014

THE CITY OF LOVELAND, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2013

Program Description	Federal CFDA Number	Federal Expenditures
U.S. Department Of Housing And Urban Development		
Direct:		
Community Development Block Grant	14.218	\$ 293,278
Total U.S. Department Of Housing And Urban Development		293,278
U.S. Department Of Transportation		
Direct:		
Air Improvements Program	20.106	18,339
Air Improvements Program	20.106	219,809
Air Improvements Program	20.106	1,536,295
US1374 Small Community Air Service Development Program	20.930	25,803
		1,800,246
Passed through Colorado Department of Transportation:		
Highway Planning And Construction		
Off-System Bridge Funding	20.205	10,396
287/Garfield Signal	20.205	289,514
I25/US 34 and Crossroads variable message signs	20.205	197
Fiber Network	20.205	75,441
SRTS - Madison Trail	20.205	81,128
Safe Routes to Schools - Education 12-13	20.205	6,662
Formula Grants for Other than Urbanized Areas	20.509	60,258
Congestion Mitigation And Air Quality	20.507	308,273
		831,869
		2,632,115
U.S. Department Of Interior		
Passed through Colorado Parks And Wildlife		
Sport Fish Restoration Program	15.605	90,000
Total U.S. Department Of Interior		90,000
U.S. Department Of Energy		
Direct:		
Electric Vehicle Supply Equipment Incentives	81.041	28,640
Total U.S. Department Of Energy		28,640
U.S. Department of Justice		
Passed through Colorado Division of Criminal Justice		
Edward Byrne Memorial Justice Assistance	16.738	13,386
Total U.S. Department Of Justice		13,386
Federal Emergency Management Agency (FEMA)		
Passed through Colorado Department of Local Affairs		
Disater Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1,868,951
Total FEMA		1,868,951
Institute of Museum and Library Services (IMLS)		
Passed through Colorado State Library		
Early Literacy Mini-Grant	45.310	250
Total IMLS		250
Total Expenditures Of Federal Awards		\$ 4,926,620

THE CITY OF LOVELAND, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2013

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, 2013. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

THE CITY OF LOVELAND, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2013

Section I - Summary Of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? x 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 Section 510(a) of Circular A-133? x 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: \$300,000

Auditee qualified as low-risk auditee? _____ yes x no

Section II - Financial Statement Findings

There were no findings relating to the City's financial statements for the year ended December 31, 2013.

THE CITY OF LOVELAND, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For The Year Ended December 31, 2013

Section III - Federal Award Findings And Questioned Costs

Finding 2013-1

Federal Award No. 97.036

Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Criteria: Management of the City is responsible for establishing and maintaining effective internal control over compliance.

Condition: Internal controls over compliance are the responsibility of management. The City does not have adequate controls over compliance relating to monitoring and oversight of federal awards to ensure compliance with OMB Circular A-133 compliance requirements. The City utilized local FEMA guidance during and after the qualifying natural disaster. The original guidance provided by local FEMA authorities was not in accordance with the provisions of FEMA grant program compliance supplement. As a result, there was an instance related to the park and recreation FEMA project worksheets, which were prepared with assistance from local FEMA authorities, that did not initially present estimated insurance reimbursements along with the total gross expenditures related to the project. The project worksheet and related reimbursement request were submitted to the government agency, which later required an amendment to reflect the initial exclusion of the estimated insurance reimbursements.

Effect: The City could be in noncompliance with federal award guidelines as result of the lack of oversight.

Questioned Costs: None.

Cause: The City does not have proper monitoring and oversight over project worksheets prior to submission to the government agency.

Recommendation: We recommend that the City fully implement procedures to ensure the proper monitoring and oversight of all federal grants for compliance with the compliance supplement.

Corrective Action Plan: Grant tracking, monitoring, oversight and coordination responsibility will continue to be moved from individual City departments and will be further incorporated in a new centralized function within the Finance Department to be completed by December 31, 2014.

Completion Date: December 31, 2014.

Contact Person: DeeAnn Hanson, Senior Accountant.

THE CITY OF LOVELAND, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For The Year Ended December 31, 2012

**Section IV - Prior Year Federal Award Findings
And Questioned Costs**

Finding 2012-1

Federal Award No. 66.818
Brownfields Assessment and Cleanup Cooperative Agreement - ARRA

Criteria: Management of the City is responsible for establishing and maintaining effective internal control over compliance.

Condition: Internal controls over compliance are the responsibility of management. The City does not have adequate controls over compliance relating to monitoring and oversight of federal awards to ensure compliance with OMB Circular A-133 compliance requirements.

Effect: The City could be in noncompliance with federal award guidelines as result of the lack of oversight.

Questioned Costs: None.

Cause: The City does not have proper monitoring and oversight of grants. Departments are responsible for grants without monitoring and oversight by an individual knowledgeable with OMB Circular A-133 compliance requirements.

Recommendation: We recommend that the City implement procedures to ensure the proper monitoring and oversight of all federal grants.

Corrective Action Plan: Grant tracking, monitoring, oversight and coordination responsibility will be moved from individual City departments and will be incorporated in a new centralized function within the Finance Department

Completion Date: July 1, 2013.

Contact Person: DeeAnn Hanson, Senior Accountant.

Auditor Response: The City has not fully implemented control procedures to ensure proper monitoring and oversight of all federal grants due to a federally declared natural disaster experienced by the City.

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Larimer
		YEAR ENDING : December 2013
This Information From The Records Of (example - City of _ or County of) City of Loveland, CO	Prepared By: Phone:	Mona Brooks 970-962-2312

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,169,939
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,130,486
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	2,183,347
2. General fund appropriations	5,389,481	b. Snow and ice removal	755,377
3. Other local imposts (from page 2)	2,620,121	c. Other	
4. Miscellaneous local receipts (from page 2)	717,862	d. Total (a. through c.)	2,938,724
5. Transfers from toll facilities		4. General administration & miscellaneous	1,245,854
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	6,970,155
a. Bonds - Original Issues		6. Total (1 through 5)	14,455,158
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)	8,727,464	b. Redemption	
B. Private Contributions	2,068,998	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	3,379,311	2. Notes:	
D. Receipts from Federal Government (from page 2)	279,385	a. Interest	
E. Total receipts (A.7 + B + C + D)	14,455,158	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)	
			14,455,158

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		14,455,158	14,455,158		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	561,643
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	1,657,346	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	4,300	f. Charges for Services	
5. Specific Ownership &/or Other	958,475	g. Other Misc. Receipts	156,219
6. Total (1. through 5.)	2,620,121	h. Other	
c. Total (a. + b.)	2,620,121	i. Total (a. through h.)	717,862
	(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	2,395,415	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	254,781	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	666,491	e. U.S. Corps of Engineers	
e. Other (Specify) - St Hwy Mtce	62,624	f. Other Federal	279,385
f. Total (a. through e.)	983,897	g. Total (a. through f.)	279,385
4. Total (1. + 2. + 3.f)	3,379,311	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		68,967	68,967
b. Engineering Costs	1,978	86,515	88,493
c. Construction:			
(1). New Facilities	0	102,437	102,437
(2). Capacity Improvements	0	24,227	24,227
(3). System Preservation	0	134,980	134,980
(4). System Enhancement & Operation	388,385	362,450	750,835
(5). Total Construction (1) + (2) + (3) + (4)	388,385	624,094	1,012,479
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	390,363	779,576	1,169,939
			(Carry forward to page 1)

Notes and Comments:



ViewPoints

Report to Governance City of Loveland

December 31, 2013



City of Loveland





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City of Loveland, Colorado

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For Management and City Council Use Only



Engagement Team

City of Loveland, Colorado

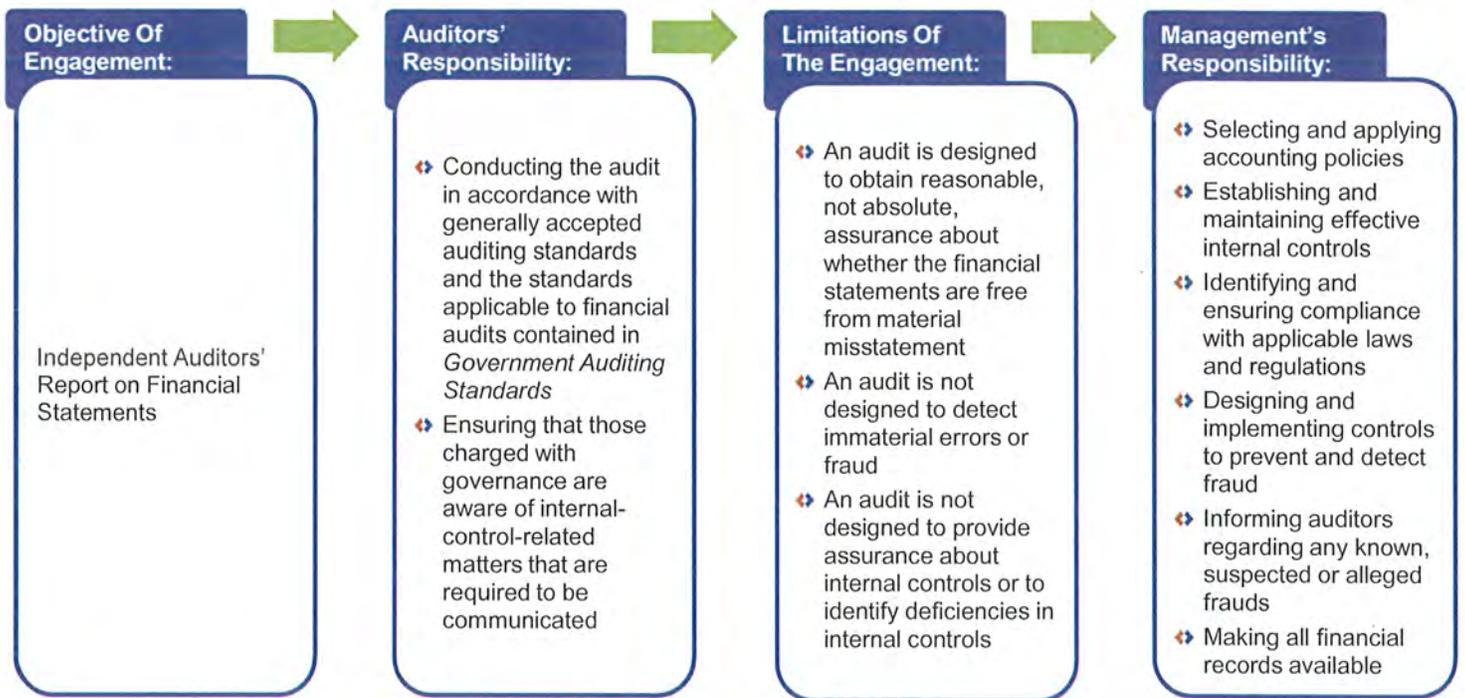
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KEY PARTNERS	ROLE	TELEPHONE	EMAIL
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Greg Osborn	Managing Partner	303.952.1250	greg.osborn@rubinbrown.com



Objective And Scope Of Services

City of Loveland, Colorado



For Management and City Council Use Only



Other Audit Deliverables

City of Loveland, Colorado



For Management and City Council Use Only



Auditor Communications

City of Loveland, Colorado

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

We have audited the basic financial statements of the City of Loveland, Colorado (the City) for the year ended December 31, 2013. Our audit was performed 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 and presented in accordance with accounting principles generally accepted in the United States of America. Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. We also assessed the accounting principles used by the City and the reasonableness of significant estimates made by the City's management, as well as evaluated the overall financial statement presentation.

Auditing standards require the auditor to ensure that those charged with governance receive additional information regarding the scope and results of the audit that may assist the governing body in overseeing the financial reporting and disclosure process for which management is responsible. The following section describes matters which are required to be reported to you.

This information is intended solely for the use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

For Management and City Council Use Only



Auditor Communications (Continued)

City of Loveland, Colorado

AREA	COMMENTS
<p>Our Responsibility Under U.S. Generally Accepted Auditing Standards, Government Auditing Standards And OMB Circular A-133</p> <p>Our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your assistance are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and the City complied in all material respects with the applicable compliance requirements of its major federal programs. Our audit of the financial statements and compliance does not relieve you or management of responsibility for the accuracy of the financial statements and/or compliance with applicable requirements.</p> <p>Professional standards also require that we obtain a significant understanding of the City's internal control to plan the audit. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. Accordingly, we express no such assurance.</p>	<p>Reports issued by RubinBrown:</p> <ul style="list-style-type: none"> ↔ Unmodified report on the City's financial statements based upon an audit of the financial statements in accordance with auditing standards generally accepted in the United States of America and <i>Governmental Auditing Standards</i>. ↔ Unmodified report on the City's internal control over financial reporting and compliance and other matters based upon an audit of the financial statements in accordance with <i>Governmental Auditing Standards</i>. ↔ Unmodified report on the City's compliance for each major federal program and on internal control over compliance and report on the schedule of expenditures of federal awards in accordance with the Office of Management and Budget (OMB) Circular A-133.



Auditor Communications (Continued)

City of Loveland, Colorado

AREA	COMMENTS
Other Information In Documents Containing Audited Financial Statements	None.
Planned Scope And Timing Of The Audit	We preformed the audit according to the planned scope and timing previously communicated to you on September 20, 2013 in our meeting and in our letter also dated September 20, 2013 regarding the timing and extent of our audit procedures.
Qualitative Aspects Of Accounting Practices Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.	<ul style="list-style-type: none"> ↔ Significant accounting policies are described in Note 1. ↔ No new accounting policies were adopted, and the application of existing policies was not changed, except for: <ul style="list-style-type: none"> ↳ GASB 61: <i>The Financial Reporting Entity: Omnibus - an Amendment of GASB No. 14 and 34.</i> ↳ GASB 65: <i>Items Previously Reported as Assets and Liabilities.</i> ↳ GASB 66: <i>Technical Corrections - 2012 - An Amendment to GASB Statements No. 10 and No. 62.</i> ↔ We noted no transactions entered into during the year for which there was a lack of authoritative guidance or consensus. ↔ No significant transactions have been recognized in a different period than when the transactions occurred.



Auditor Communications (Continued)

City of Loveland, Colorado

AREA	COMMENTS
<p>Management Judgments And Accounting Estimates The preparation of the financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's expectations.</p>	<p>We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The most sensitive estimates affecting the financial statements are:</p> <ul style="list-style-type: none"> ↔ Management's estimate of depreciation is based upon estimated useful lives of capital assets. ↔ Management's estimate for the allowance for bad debts is based on management's review of outstanding receivables. ↔ Management's estimate of the net pension and post-employment benefit obligations are based on actuarial valuations and employee census data.
<p>Financial Statement Disclosures</p>	<p>The disclosures are neutral, consistent and clear. Certain disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are:</p> <ul style="list-style-type: none"> ↔ Disclosures for capital assets in Note 4. ↔ Disclosures for long-term debt in Note 5. ↔ Disclosure of fund balance designation in Note 13.



Auditor Communications (Continued)

City of Loveland, Colorado

AREA	COMMENTS
Difficulties Encountered in Performing The Audit	None.
Corrected And Uncorrected Misstatements	We accumulated uncorrected misstatements (including the current-year effect of prior-periods' uncorrected misstatements), as summarized in the attached schedule, that management has determined are not material, both individually and in the aggregate, to the financial statements taken as a whole (see the attached Passed Journal Entries Report).
Disagreements With Management	None.
Management Representations	Management representation letter received dated May 15, 2014, which is attached.
Management Consultations With Other Independent Accountants	None.
Other Audit Findings Or Issues	There were no matters of significant discussion that affected our retention as the City's auditors.



Auditor Communications (Continued)

City of Loveland, Colorado

AREA	COMMENTS
Other Matters (Supplementary Information)	<p>With respect to the supplementary information (combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the Local Highway Finance Report) accompanying the financial statements:</p> <ul style="list-style-type: none"> ◀▶ We made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles. ◀▶ The method of preparing it has not changed from the prior period. ◀▶ The information is appropriate and complete in relation to our audit of the financial statements. ◀▶ We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



Management Letter

City of Loveland, Colorado

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

The following are other matters involving internal control that we did not consider to be material weaknesses or significant deficiencies:

- ↔ **Contributed Assets** - During our audit, it was brought to our attention that several donated assets, specifically artwork, were not properly valued or recorded in the City's accounting records. In order to maintain a consistent accounting treatment for donated assets and to contribute to the safeguarding of the donated assets, we recommend the City enhance the process, across all departments, under which donated assets are accepted and tracked in the City's records.
- ↔ **Capital Assets Inventory Counts** - During our audit, we noted physical inventory counts of capital assets were not standardized across all City departments. Additionally, we noted the counts only included equipment. The City has plans to complete a comprehensive review and reconciliation of all capital assets currently on the City's records and a search for capital assets not previously recognized in the City's records. In order to maintain strong accounting and control procedures over all capital assets, we recommend the City implement a periodic standardized capital asset inventory count process across all City departments and capital asset categories. This process should include specific tasks to be performed by the Accounting Department, the intervals at which counts are to take place, the procedures that are required and a listing of any required documentation.



Management Letter (Continued)

City of Loveland, Colorado

PRIOR-YEAR INTERNAL CONTROL OBSERVATIONS AND SUGGESTIONS OF NOTE	STATUS
<p>Timely Reimbursement Requests Timely reimbursement requests can aid in maintaining consistent cash flows and reduce the likelihood of unsubmitted reimbursement requests for which reimbursement may become ineligible. Consider creating a policy which requires reimbursement requests be submitted at regular intervals regardless of the project progress.</p>	<p>No untimely filings noted.</p>
<p>Federal Reporting And Compliance Training For All City Departments Consider training and providing classes to all departments that will be involved in administration and expenditure of federal grant funds. This will help to ensure that all City employees are aware of the related compliance and reporting requirements associated with the grant funds.</p>	<p>We noted continued improvement in this area and encourage further training.</p>
<p>Journal Entry Review Consider supervisor or peer review of all significant journal entries prior to posting. This can help to prevent errors and the use of excessive journal entries.</p>	<p>Supervisor and peer reviews of significant journal entries were noted to occur.</p>
<p>Tracking Of Capital Asset Purchased With Federal Funds We recommend that the City implement a process by which assets purchased with federal funds are tracked/tagged to help to ensure that the related compliance and reporting requirements are met upon disposal of the asset.</p>	<p>No noted instances of disposal of items purchased with federal funds.</p>



Upcoming GASB Pronouncements

City of Loveland, Colorado

- ↔ **GASB 67: *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25***
 - Effective for financial statements for periods beginning after June 15, 2013.
 - Replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.

- ↔ **GASB 68: *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27***
 - Effective for financial statements for periods beginning after June 15, 2014.
 - Improves information provided by state and local governmental employers about financial support for pensions that are provided by other entities. The statement replaces requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

- ↔ **GASB 69: *Government Combinations and Disposals of Government Operations***
 - Effective for financial statements for periods beginning after December 15, 2013.
 - Establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions and transfers of operations.



GASB Statement No. 68: A Closer Look

City of Loveland, Colorado



↔ GASB Statement No. 68 - Key Changes For The City

- ▶ Effective for the City's 2015 year.
- ▶ Significant changes in accounting and financial reporting for City's agent multiple-employer defined benefit pension plans, the Loveland and Rural Consolidated Volunteer Firefighters Plan and Loveland Firefighters Plan.
- ▶ The City will have to recognize a liability representing both of the Plans' underfunded status.
- ▶ There will also be new financial statement footnote and required supplementary information disclosures.

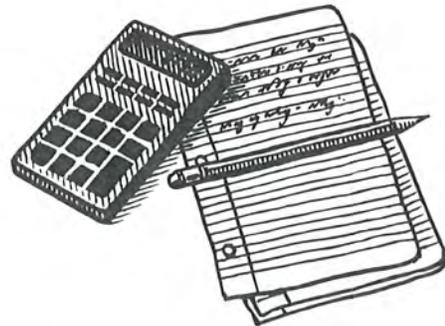


GASB Statement No. 68: A Closer Look (Continued)

City of Loveland, Colorado

- ◀▶ Under current standards, the City would only report a pension liability to the extent it is behind on its annual pension contributions.
- ◀▶ Under GASB Statement No. 68, the City must report a pension liability for the entire underfunded status of the plans.
- ◀▶ Computation of liability:

Total pension liability
 Less: Value of assets available in plan's trust
Net pension liability





OMB Circular A-133 Changes

City of Loveland, Colorado

- ❖ December 26, 2013, OMB published final guidance on revisions to OMB Circular A-133 in the Federal Register entitled *"Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."*
 - Effective for single audits beginning on or after January 1, 2015.
 - Threshold that requires a Single Audit under OMB A-133 has changed from \$500,000 to \$750,000.
 - Increase of the minimum threshold to \$750,000 for Type A/B program determination, from the current \$300,000 threshold, for organizations that expend between \$750,000 and \$25 million in federal awards.
 - Type A programs are classified as high-risk only if, in the most recent period, they failed to receive an unmodified opinion, had a material weakness in internal control, or had questioned costs exceeding five percent of the program's expenditures.
 - The number of high-risk Type B programs that must be tested as major programs has been reduced to at least one-fourth of the number of low-risk Type A programs, a decrease from the current rule of at least one-half.
 - Small Type B programs are considered those programs that are 25% of the Type A/B threshold.
 - The percentage of coverage required in a Single Audit is 40% (normal) and 20% (low-risk auditees) of federal expenditures, a decrease from the current 50% (normal) and 25% (low-risk auditees) of federal expenditures.
 - The questioned cost threshold for reporting auditor findings is \$25,000, an increase from the prior threshold of \$10,000.



Independent Auditors' Report On Additional Information

City of Loveland, Colorado

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

Our report on our audit of the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Loveland, Colorado (the City) as of December 31, 2013 appears in the financial statements of the City. That audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The additional information presented in this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on it.

RubinBrown LLP

May 15, 2014



City of Loveland, Colorado

Attachments

5/29/2014
4:14 PM

Client: 35253.0000 - City of Loveland
 Engagement: 2013 AUD - City of Loveland
 Period Ending: 12/31/2013
 Trial Balance: TB Database
 Workpaper: 3003 - Passed Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Proposed JE # 3		5101		
To note the revenue recorded in the improper period.				
00-00-000-0000-352C	Miscellaneous		147,850.00	
30-00-000-0000-220C	Fund Balance			147,850.00
Total			147,850.00	147,850.00
Proposed JE # 6		4132		
To record a passed adjusting journal entry based on our calculation of the market value adjustment for the Capital Projects				
20-00-000-0000-120C	Investments-Market Value		37,224.00	
20-00-000-0000-351C	Gain/Loss On Investments			37,224.00
Total			37,224.00	37,224.00
Proposed JE # 7		4132		
To record proper allocation of market value adjustment per our calculation for the Stormwater fund.				
45-00-000-0000-120C	Investments-Market Value		19,627.00	
45-23-280-0000-351C	Gain/Loss On Investments			19,627.00
Total			19,627.00	19,627.00
Proposed JE # 8		4200		
To recognize flood related expenses and reimb. grant revenue for estimated amount of expenses that were expensed in 2013 but will				
00-00-000-0000-142C	Grants Receivable		660,000.00	
00-00-000-0000-213C	Deferred Revenue			660,000.00
Total			660,000.00	660,000.00
Proposed JE # 9		4613		
To remove assets that were improperly capitalized in 2013				
30-45-302-2908-4824	Machinery & Equipment		275,173.00	
30-00-000-0000-160C	Equipment			275,173.00
Total			275,173.00	275,173.00

Gov. Wide PJE's:

1. WP 4603, To adjust beginning fund balance for capital assets not capitalized in the prior year
 DR: Capital Assets 786,554
 CR: Fund Balance 786,554

2. WP 4603, To reverse current year correction

DR. Revenue 786,554
 CR. Capital Assets 786,544

**CITY OF LOVELAND**

FINANCE DEPARTMENT

500 East Third, Suite 320 • Loveland, Colorado 80537
(970) 962-2695 • FAX (970) 962-2918 • TDD (970) 962-2620

May 15, 2014

RubinBrown LLP
1900 16th Street
Suite 300
Denver, CO 80202

We are providing this letter in connection with your audit of the financial statements of City of Loveland as of December 31, 2013 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Loveland and the respective changes in financial position and, where applicable, cash flows thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changes or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We understand we are responsible for management decisions and functions, for designating a qualified employee to oversee any nonattest services you provide, for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

We confirm, to the best of our knowledge and belief the following representations made to you during your audit.

Financial Statements:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required

by generally accepted accounting principles to be included in the financial reporting entity.

3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
8. The effects of uncorrected misstatements are immaterial both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the honorable mayor and members of city council is contingently liable, if any, have been properly recorded or disclosed.

Information Provided:

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,

- b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
 16. We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
 17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government Specific:

19. We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. We have a process to track the status of audit findings and recommendations.
22. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
23. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
24. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
27. As part of your audit, you prepared the financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with

suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

28. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
29. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
30. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
31. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
32. The financial statements properly classify all funds and activities.
33. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
34. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
35. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
36. Provisions for uncollectible receivables have been properly identified and recorded.
37. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
38. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
39. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
40. Special and extraordinary items are appropriately classified and reported.
41. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
42. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
43. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
44. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

45. We acknowledge our responsibility for presenting the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and Local Highway Finance Report in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and Local Highway Finance Report, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and Local Highway Finance Report have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
46. With respect to federal award programs:
- a. We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations., including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Circular. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
 - c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
 - d. We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - e. We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
 - f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of

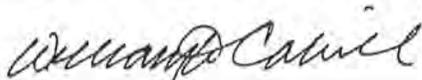
contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.

- g. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to major federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied, in all material respects, with the direct and material compliance requirements, including when applicable, those set forth in the OMB Circular A-133 Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.
- j. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken up to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, Cost Principles for State, Local, and Tribal Governments, and OMB's Uniform Administrative Requirements for Grants and Cooperative Agreements.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- p. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- q. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133.

- r. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
 - s. We have charged costs to federal awards in accordance with applicable cost principles.
 - t. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
 - u. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
 - v. We are responsible for preparing and implementing a corrective action plan for each audit finding.
 - w. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
 - x. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
 - y. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report
 - z. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
47. No pollution remediation events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
48. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.



Brent Worthington, Finance Director



Bill Cahill, City Manager



Fort Collins ~ Loveland

Municipal Airport

Year Ended December 31, 2013



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FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

June 1, 2014

The Fort Collins–Loveland Municipal Airport (Airport) annual financial statements for the year ended December 31, 2013 are respectfully submitted. This report was prepared by the City of Loveland, Colorado’s Finance Department. The responsibility for both the accuracy of the presented data and fairness of the presentation, including all the disclosures rests with the City of Loveland. The City believes that the data as presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the airport as measured by the financial activity of the airport; and that all disclosures necessary to enable the reader to gain an understanding of the Airport’s financial affairs have been included.

Generally Accepted Accounting Principles (GAAP) requires management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Airport’s MD&A can be found immediately following the external auditor letter.

Overview of the Airport

The Fort Collins-Loveland Airport (FNL) has served as a regional airport since 1965. It is a general aviation and commercial service airport and is administered and operated jointly by the Cities of Fort Collins and Loveland serving the Northern Colorado Front Range. In 2013 FNL accommodated approximately 95,000 aircraft flight operations ranging from air carrier, private charter, corporate flight activity, air ambulance transport, aerial fire suppression, flight school training, and other general aviation usage. A total estimated 4,000 inbound and outbound passengers traveled from and returned to the airport via charter services supported by various aircraft charter carriers including Frontier and Sun Country Airlines.



Size	1,0 Acres
Runway (Primary)	8,500’ X 100’
Runway (Crosswind)	2,179’ X 40’
Based Aircraft	245
Hangars	210
Enplanements	2,000

In 2013 the Airport continued to face challenges associated with the reduction in operational revenues due to the discontinuance of commercial flights provided in the past by Allegiant Airlines. Allegiant made an internal business decision to no longer serve the region with regularly scheduled air service to Las Vegas Nevada, and Phoenix – Mesa Arizona in October of 2012. The revenue generation derived from commercial air carrier activities amounted to approximately 33% of the total airport operating revenue budget.

As a result of the income shortfall, Airport Management and City staff reacted quickly to reduce airport costs and to seek assistance from the City owners for additional revenue support. The airport budget was reduced by approximately 15%, and each City’s contribution levels were increased. The combined efforts of cost reduction and increased support funding were able to offset the revenue losses allowing the

airport to continue with providing for the needs of airport users.

In 2013 the airport again saw an increase in flight activity. The main indicator of airport activity levels are related to the total amount of fuel sold on the airport. Fuel sales volume at the airport has increased 7.2% from the previous calendar year with 998,282 gallons pumped in 2013 as compared to 925,501 gallons in 2012. The past two years have seen a substantial increase in fuel activity as the total amount of fuel pumped at the airport was 633,760 gallons in 2011. The fuel flowage data is taken from the airport’s fuel flowage reports and State fuel tax data. Fuel sales volume is anticipated to continue to increase assuming that the regional economy and fuel prices remain stable.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

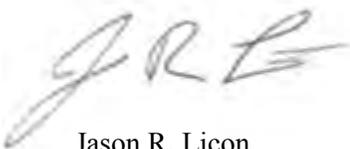
The Airport completed a \$2.8 million aircraft parking ramp rehabilitation through FAA and State grant sources in 2013. This project replaced pavement areas that were original to the airport, or were last paved in 1977. The aircraft parking ramp is the site where all transient aircraft park to load fuel, passengers, and other supplies.

The outlook for 2014 is as follows:

- The Airport's Land and Hangar revenues is projected to increase slightly due to increases in the Consumer Price Index, as well as the addition to a couple of new leases for short term airport property.
- The airport's fuel flowage fees remain constant, however are tied to percentages. As the airport continues to see increases in fuel flowage volumes and slight increases in fuel prices, the airport will see revenues increase relative to those figures.
- The Airport is working with the two cities for the accommodation of a planned police training facility. This facility is to be jointly owned and operated by the Cities of Fort Collins and Loveland, and will be constructed on leased airport property. Due to regulations as set forth by the Federal Aviation Administration (FAA) the Cities are required to lease the property at fair market value, of which will be used to fund airport operations and capital expenditures.
- The Airport continues its work with the Colorado Department of Transportation Division of Aeronautics and the FAA on the development of a virtual tower program. This innovative concept has the potential to create a safety enhancement for airport users, and has been widely supported by all airport stakeholders. The virtual tower concept will provide air traffic control type services at the airport during peak times of activity, which will reduce risk factors for all of those operating within the airspace. This will be done at a significant cost reduction over the construction and maintenance of a physical air traffic control facility. It is anticipated that the CDOT Division of Aeronautics and the FAA will be implementing this innovative program in 2015.

The Airport Steering Committee is composed of the Mayors and City Managers of both Fort Collins and Loveland and their function is to facilitate communication between the Cities and advising the Councils of each City concerning Airport issues. With their help, as well as the decision makers from both City Councils, we continue to make progress at the airport with the mission statement of the airport in mind. The airport's mission is to develop and operate the airport and aviation facilities to serve the needs of the traveling public, and the aviation related business in the area. The aviation facilities will continue to be operated to the highest standards of safety and service.

Respectfully,



Jason R. Licon
Airport Director

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT



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 & Business Consultants

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Independent Auditors' Report

Airport Steering Committee
 Fort Collins-Loveland Municipal Airport
 Loveland, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the Fort Collins-Loveland Municipal Airport (the Airport) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Airport'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 an opinion 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.



FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Airport Steering Committee
Fort Collins-Loveland Municipal Airport

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport as of December 31, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report On Summarized Comparative Information

We have previously audited the Airport's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 7, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 8 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.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Airport Steering Committee
Fort Collins-Loveland Municipal Airport

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The budgetary comparison schedule and the schedule of passenger facility charges collected and expended as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule and the schedule of passenger facility charges collected and expended 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 budgetary comparison schedule and the schedule of passenger facility charges collected and expended are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has 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 it.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2014 on our consideration of the Airport'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 Airport's internal control over financial reporting and compliance.

RubinBrown LLP

May 15, 2014

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

MANAGEMENT’S DISCUSSION & ANALYSIS

Our discussion and analysis of the Fort Collins–Loveland Municipal Airport’s financial performance provides an overview of the Airport’s financial activities as of and for the year ended December 31, 2013. Please read it in conjunction with the financial statements, which begin on page 9.

Financial Highlights

- In 2013, net position increased by \$1,906,903 (8.47%) primarily due to construction of capital assets.
- Total operating revenues decreased to \$685,397, a decrease of \$316,204 (31.57%) compared to 2012.
- Total operating expenses decreased to \$2,073,375, a decrease of \$145,019 (6.54%) compared to 2012.

Overview of the Financial Statements

The Statement of Net Position presents information on all the Airport’s assets and liabilities. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Airport is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information that reflects how the Airport’s net position changed during the year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows reports the Airport’s cash flows from operating, capital and non-capital financing and investing activities. The financial statement demonstrates how the various activities of the Airport impact its cash balances.

The Notes to Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements.

Entity-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Airport’s financial position. As of December 31, 2013, assets exceeded liabilities by \$24,431,613.

Net Position		
	2013	2012
Current Assets	\$ 2,034,499	\$ 1,825,729
Capital Assets	22,784,642	21,091,123
Total Assets	24,819,141	22,916,852
Current Liabilities	387,528	392,142
Net Position:		
Net Investment in Capital Assets	22,784,642	21,091,123
Restricted for Capital	22,492	80,460
Unrestricted	1,624,479	1,353,127
Total Net Position	\$ 24,431,613	\$ 22,524,710

Net Position

Net position of the Airport at December 31, 2013 is shown to the left.

The largest portion (93%) of the Airport’s net position is the net investment in capital assets (land, buildings, improvements, runways, leasehold improvements and equipment). The Airport uses these capital assets to provide aviation services to the surrounding communities. Consequently, these assets are not available for future spending. Unrestricted net position may

be used to meet the Airport’s ongoing obligations.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Changes in Net Position		
	2013	2012
Program Revenues	\$ 685,397	\$ 1,001,600
Program Expenses	2,073,375	2,218,393
Operating Loss	(1,387,979)	(1,216,793)
Non-operating Revenues		
City Contributions	355,000	170,000
Passenger Facility Charge	7,399	150,375
Interest Income	(8,804)	11,929
Gain (Loss) on Disposal of Capital Assets	-	-
Total Non-operating Revenues	353,595	332,304
Net Loss before Capital Contributions	(1,034,384)	(884,489)
Capital Contributions	2,941,287	976,036
Change in Net Position	1,906,903	91,547
Net Position - Beginning	22,524,710	22,433,163
Net Position - Ending	\$ 24,431,613	\$ 22,524,710

Change In Net Position

The Airport's total revenues of \$3,980,278 exceeded total operating expenses of \$2,073,375 for an increase in net position of \$1,906,903 for 2013. A summary of revenues and expenses is shown to the left.

Debt Administration And Capital Assets

Debt Administration

The Airport currently has no long-term debt.

Capital Assets

At the end of December 31, 2013, the Airport had \$22,784,642 invested in capital assets. This represents a net increase of \$1,693,519, or 8.03%, from 2012. This increase is due primarily to capital construction. More detailed information about the Airport's capital assets is presented in the Notes to Financial Statements.

Budgetary Highlights

The airport had a larger number of capital projects in 2013 funded by FAA Entitlement grants, Passenger Facility Charge Funds and State Grant funds. Work accomplished includes General Aviation Ramp rehab, Runway Information System, Security Fencing and the purchase of a Snow Plow truck. Due to the loss of Allegiant Air scheduled flights, Passenger Facility Charges, Landing Fees, and Parking revenues were significantly less in 2013 compared to 2012. The Cities of Fort Collins and Loveland increased their contributions to the Airport to make up for these lower revenues. Purchased Services were lower in 2013 compared to 2012 due to a large maintenance project in 2012.

Economic Factors And Next Year's Budget

The Airport's outlook for 2014 is a positive trend due to an increase in general aviation activity attributed to the regional economic health. This increased facility usage has increased revenue amounts received through fuel sales that is used to help pay for airport operational expenses. Airport Management is also working on obtaining new non-aviation income sources to help diversify revenues. The Airport continues to seek a commercial air service provider, which has the potential to greatly enhance the financial health and sustainability of the facility.

Requests For Information

This financial report is designed to provide a general overview of the Airport's finances. If you have questions about this report or need additional financial information, contact the City of Loveland Finance Department at 500 East Third Street, Loveland, Colorado, 80537.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

FORT COLLINS - LOVELAND MUNICIPAL AIRPORT

STATEMENT OF NET POSITION

December 31, 2013

(With Summarized Comparative Totals at December 31, 2012)

	2013	2012
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,183,016	\$ 1,381,436
Restricted Cash - PFC	22,466	80,136
Accounts Receivable - PFC	26	325
Accounts Receivable	120,581	65,971
Grants Receivable	708,410	297,861
Total Current Assets	2,034,499	1,825,729
Noncurrent Assets		
Land	563,614	563,614
Construction in Progress	55,817	606,821
Runways	21,713,818	21,713,818
Improvements other than Buildings	12,861,937	9,902,714
Equipment	1,933,576	1,313,595
Buildings	468,929	468,929
Total Capital Assets	37,597,691	34,569,491
Accumulated Depreciation	(14,813,049)	(13,478,368)
Capital Assets, Net of Accumulated Depreciation	22,784,642	21,091,123
TOTAL ASSETS	24,819,141	22,916,852
LIABILITIES		
Current Liabilities		
Accounts Payable	333,712	346,094
Accrued Liabilities	53,816	46,048
Total Current Liabilities	387,528	392,142
NET POSITION		
Net Investment in Capital Assets	22,784,642	21,091,123
Restricted for Capital	22,492	80,460
Unrestricted	1,624,479	1,353,127
TOTAL NET POSITION	\$ 24,431,613	\$ 22,524,710

The accompanying notes are an integral part of the financial statements.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

FORT COLLINS - LOVELAND MUNICIPAL AIRPORT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended December 31, 2013

(With Summarized Comparative Totals for the year ended December 31, 2012)

	2013	2012
OPERATING REVENUES		
Hangar Rental	\$ 95,442	\$ 95,631
FBO Rent	53,516	51,065
Gas and Oil Commissions	258,313	230,881
State Aircraft Fuel Tax	106,138	119,894
Land Lease	137,572	138,497
Terminal Lease and Landing Fees	4,356	43,431
Concessions	-	440
Parking	10,905	147,545
Private Contributions	-	144,685
Miscellaneous	19,154	29,531
	685,397	1,001,600
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Personal Services	357,574	392,488
Purchased Services	330,304	440,806
Supplies	23,645	26,256
Depreciation	1,361,852	1,358,843
	2,073,375	2,218,393
TOTAL OPERATING EXPENSES		
OPERATING LOSS	(1,387,979)	(1,216,793)
NONOPERATING REVENUES		
City Contributions	355,000	170,000
Passenger Facility Charge	7,399	150,375
Interest/Investment Income (Loss)	(8,804)	11,929
	353,595	332,304
TOTAL NONOPERATING REVENUES		
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(1,034,384)	(884,489)
Capital Contributions	2,941,287	976,036
	1,906,903	91,547
CHANGE IN NET POSITION		
NET POSITION, Beginning	22,524,710	22,433,163
NET POSITION, Ending	\$ 24,431,613	\$ 22,524,710

The accompanying notes are an integral part of the financial statements.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

FORT COLLINS - LOVELAND MUNICIPAL AIRPORT

STATEMENT OF CASH FLOWS

Year Ended December 31, 2013

(With Summarized Comparative Totals for the year ended December 31, 2012)

	2013	2012
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 630,786	\$ 1,001,441
Cash Payments for Goods and Services	(366,331)	(1,260,212)
Cash Payments to Employees	(349,806)	(390,586)
Net Cash Used by Operating Activities	(85,351)	(649,357)
Cash Flows from Noncapital Financing Activities		
Contributions from Cities	355,000	170,000
Cash Flows from Capital and Related Financing Activities		
Proceeds from State and Federal Grants	2,530,738	1,635,513
Passenger Facility Charge Revenue	7,698	167,997
Payments for Capital Acquisition	(3,055,371)	(867,969)
Net Cash Provided (Used) by Capital and Related Financing Activities	(516,935)	935,541
Cash Flows from Investing Activities		
Interest Received (Losses)	(8,804)	11,929
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(256,090)	468,113
CASH AND CASH EQUIVALENTS, Beginning	1,461,572	993,459
CASH AND CASH EQUIVALENTS, Ending	\$ <u>1,205,482</u>	\$ <u>1,461,572</u>
CASH AND CASH EQUIVALENTS:		
Cash	\$ 1,183,016	\$ 1,381,436
Cash - Restricted PFC	22,466	80,136
Total Cash and Cash Equivalents	\$ <u>1,205,482</u>	\$ <u>1,461,572</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (1,387,979)	\$ (1,216,793)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation	1,361,852	1,358,843
Changes in Assets and Liabilities		
Increase in Accounts Receivable	(54,610)	(159)
Decrease in Accounts Payable	(12,382)	(793,149)
Increase in Accrued Liabilities	7,768	1,901
Total Adjustments	1,302,628	567,436
Net Cash Used by Operating Activities	\$ <u>(85,351)</u>	\$ <u>(649,357)</u>

The accompanying notes are an integral part of the financial statements.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fort Collins–Loveland Municipal Airport (the Airport) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The more significant accounting policies of the Airport are described below.

Reporting Entity

In accordance with governmental accounting standards, the Airport has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. The Airport is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Airport officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the Airport. The Airport may also be financially accountable for other organizations that are fiscally dependent upon it.

Based upon the application of these criteria, no additional organizations are includable within the Airport’s reporting entity.

The Airport is jointly operated under an Intergovernmental Agreement between the Cities of Fort Collins and Loveland, Colorado. Only the financial transactions of this joint venture are included in this report, and the Airport is not included as a component unit of any other government.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Airport uses an enterprise fund to account for its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Airport’s principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When both restricted and unrestricted resources are available for use, it is the Airport's practice to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments

The Airport's cash and investments are pooled with those of the City of Loveland. The City of Loveland's Investment Policy authorizes investments in accordance with State statutes for investing of public funds. Current investment holdings include Money Market Funds, Certificates of Deposit, a local Government Investment Pool, U.S. Treasury Notes, Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bureau and Corporate Bonds that mature within five years. Investments are stated at fair value. Because the investments are part of a pool, the underlying securities cannot be determined. For the purposes of the statement of cash flows, management 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.

GASB 65 Adoptions

In 2013, the Airport adopted GASB Statement No. 65, Items Previously Recognized as Assets and Liabilities. The objective of this statement is to establish standards that reclassify certain items that were previously reported as assets and liabilities and, instead, classify them as deferred inflows of resources, deferred outflows of resources, inflows of resources or outflows of resources.

Receivables

Receivables consist primarily of federal and state grants, land and hangar leases, as well as other miscellaneous receivables. At December 31, 2013, the grants receivable balance was \$708,410.

Capital Assets

Capital assets include land, improvements, buildings, runways, leasehold improvements and equipment. Capital assets are defined by the Airport as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is computed using the 6-month convention method over the estimated useful lives of the assets. Buildings are depreciated over a period of 50 years, improvements from 5–40 years, runways from 20–40 years, leasehold improvements from 5–50 years and equipment from 5–10 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Accounts Payable

Accounts payable consist primarily of retainage and miscellaneous payments to vendors due in the current year but not actually paid until the following year. At December 31, 2013, the Retainage payable balance was \$247,726

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Compensated Absences

Airport employees are allowed to accumulate vacation and sick time as stipulated in the administrative regulations of the City of Loveland. A liability is recorded on the Airport financial statements for these accrued compensated absences.

Net Position

Net position is restricted when constraints placed on the net assets are externally imposed.

Comparative Data

Comparative total data for the prior year has been presented in the financial statements in order to provide an understanding of changes in financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Accordingly, such information should be read in conjunction with the Airport's financial statements as of and for the year ended December 31, 2012.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The budget is developed by the City of Loveland's staff on a non-GAAP budgetary basis, which includes budgeting for capital outlay and excludes depreciation. The budget is then submitted to the Airport Steering Committee. Upon approval by the Steering Committee, the City of Loveland legally adopts the budget before commencement of the following fiscal year as part of the support role for the City in the Airport Management IGA between the City of Loveland and City of Fort Collins. The budget includes proposed expenditures and the means of financing them. Expenditures may not legally exceed budgeted appropriations at the fund level. Revisions that alter total expenditures of the fund must be approved by the City Councils. Appropriations lapse at year end.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2013 is summarized below:

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

	Balances 12/31/12	Additions	Deletions	Balances 12/31/13
Capital Assets, Not Being Depreciated				
Land	\$ 563,614	\$ -	\$ -	\$ 563,614
Construction in Progress	606,821	2,791	553,795	55,817
Total Capital Assets, Not Being Depreciated	1,170,435	2,791	553,795	619,431
Capital Assets, Being Depreciated				
Runways	21,713,818			21,713,818
Improvements	7,374,237	2,959,223		10,333,460
Equipment	1,313,595	647,152	27,171	1,933,576
Buildings	468,929			468,929
Leasehold Improvements	2,528,477			2,528,477
Total Capital Assets, Being Depreciated	33,399,056	3,606,375	27,171	36,978,260
Less Accumulated Depreciation				
Runways	(9,579,874)	(750,523)		(10,330,397)
Improvements	(1,097,597)	(406,792)		(1,504,389)
Equipment	(769,796)	(126,414)	(27,171)	(869,039)
Buildings	(106,669)	(27,780)		(134,449)
Leasehold Improvements	(1,924,432)	(50,343)		(1,974,775)
Total Accumulated Depreciation	(13,478,368)	(1,361,852)	(27,171)	(14,813,049)
Total Capital Assets, Being Depreciated, Net	19,920,688	2,244,523	-	22,165,211
Total Capital Assets, Net	\$ 21,091,123	\$ 2,247,314	\$ 553,795	\$ 22,784,642

NOTE 4: RISK MANAGEMENT

The Airport is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Cities of Fort Collins and Loveland carry commercial insurance for these risks of loss. During the last three years, there have not been any claims that exceeded coverage.

NOTE 5: CONTRACTURAL AGREEMENTS

Facilities Leased to Fixed Base Operator

The City of Loveland, on behalf of the Airport, leases certain facilities to the Fixed Base Operator (FBO). The 24-year lease agreement includes monthly rent of land and improvements for the first four years of \$4,766. Monthly rent payments for the next 20 years will be \$6,824. Annual base rent shall be increased on January 1, 2015 and on each third anniversary of January 1, 2015 in an amount equal to the increase, if any, in the "Consumer Price Index" The Lessee shall have the option to extend the term of the agreement for two additional periods of five years each. The new annual rental rate for the first four year term is \$57,192 per year.

The agreement also provides for a fuel flowage fee of 6% of delivered fuel cost or \$.05 per gallon, whichever is higher.

Scheduled Flight Service

In October of 2012, Allegiant Airlines pulled its operations out of the Fort Collins/Loveland Airport. This will result in a significant decrease in parking revenues, landing fees, Passenger Facility Charge revenues, and fuel revenues. This will also decrease the amount of Entitlement grants the FAA will grant to the Airport. The Airport is currently working on acquiring a new airline for scheduled service.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Intergovernmental Agreement

The Airport is jointly operated under an Intergovernmental Agreement between the City of Fort Collins, Colorado and the City of Loveland, Colorado.

Pursuant to the agreement, any needed contributions for annual operating budgets or capital improvements are shared equally by both cities. Also, either city may invest additional funds in the Airport as it sees fit.

Since July 3, 1979, ownership of assets vests equally with each city. Assets acquired prior to July 3, 1979 vested one-third with the City of Loveland and two-thirds with the City of Fort Collins.

The agreement provides that if either city does not pay its one-half of agreed expenses in a given year, it will convey to the other city 10% of its total Airport ownership. Each city contributed \$177,500 in 2013.

Certain administrative services are provided by the City of Loveland. These include legal services, accounting and purchasing, audit costs, personnel and benefits administration, engineering, facilities maintenance, general administration, environment services and risk and insurance management. In 2013, the City of Loveland was paid \$23,450 for these services.

As part of personnel administration, the employees of the Airport also participate in the City of Loveland's 401(a) money purchase plan that was established (and may be amended) by City Council of the City of Loveland. This Plan requires contributions of 5% from the employer and 3% from the employee. The Airport contributed \$13,055 to the Plan in 2013, representing the required contributions.

As of December 31, 2013, the Airport owed the City of Loveland \$6,883.

NOTE 6: COMMITMENTS AND CONTINGENCIES

TABOR Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including raising revenue, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Airport believes it is in compliance with the requirements of the Amendment.

The Airport is operated as a unit of each City through the Intergovernmental Agreement; therefore both the City of Loveland and the City of Fort Collins included the Airport's emergency reserves in its city-wide financial statements.

Claims and Judgments

The City of Loveland receives Federal and State grants for use by the Airport. These grants are reported as grant revenues in the Airport's financial statements. However, certain Federal compliance and reporting requirements remain the responsibility of the City of Loveland. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Airport may be required to reimburse the grantor government. As of December 31, 2013, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Airport.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Construction Commitments

At December 31, 2013 the Airport had the following construction projects in process:

<i>Project</i>	<i>Cost to Date</i>
Taxiway B & D Design	\$55,817

Lease Commitments

The Airport is obligated to pay the Fixed Base Operator for modification, upgrade, or replacement of the Fuel Farm equipment to the extent the cost of such modification, upgrade or replacement, exceeds \$50,000.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

FORT COLLINS - LOVELAND MUNICIPAL AIRPORT

BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)

Year Ended December 31, 2013

(With Summarized Comparative Totals for the year ended December 31, 2012)

	2013			DIFFERENCE WITH FINAL BUDGET	2012 ACTUAL
	BUDGET		ACTUAL		
	ORIGINAL	FINAL			
REVENUES					
Hangar Rental	\$ 85,000	\$ 90,000	\$ 95,442	\$ 5,442	\$ 95,631
FBO Rent	57,000	57,000	53,516	(3,484)	51,065
Gas and Oil Commissions	135,000	106,330	258,313	151,983	230,881
Passenger Facility Charge	185,000	-	7,399	7,399	150,375
State Aircraft Fuel Tax	50,000	50,000	106,138	56,138	119,894
Land Lease	125,000	125,000	137,572	12,572	138,497
Terminal Lease and Landing Fees	53,000	-	4,356	4,356	43,431
Concessions	500	500	-	(500)	440
Parking	200,000	-	10,905	10,905	147,545
Miscellaneous	40,300	26,300	19,154	(7,146)	29,531
Interest/Investment Income (Losses)	10,710	10,710	(8,804)	(19,514)	11,929
Private Contributions	-	-	-	-	144,685
Federal and State Grants	1,405,000	3,213,930	2,941,287	(272,643)	976,036
City Contributions	170,000	355,000	355,000	-	170,000
TOTAL REVENUES	2,516,510	4,034,770	3,980,278	(54,492)	2,309,940
EXPENDITURES					
Personal Services	435,890	360,100	357,574	2,526	392,488
Purchased Services	331,010	650,530	330,304	320,226	440,806
Supplies	36,700	27,350	23,645	3,705	26,256
Capital Outlay	1,405,000	3,246,950	3,055,371	191,579	867,969
TOTAL EXPENDITURES	2,208,600	4,284,930	3,766,894	518,036	1,727,519
CHANGE IN NET POSITION, Budgetary Basis	\$ 307,910	\$ (250,160)	213,384	\$ 463,544	582,421
RECONCILIATION TO GAAP BASIS					
Capital Outlay			3,055,371		867,969
Depreciation			(1,361,852)		(1,358,843)
CHANGE IN NET POSITION, GAAP Basis			\$ 1,906,903		\$ 91,547

See the accompanying Independent Auditors' Report.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT



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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*

Airport Steering Committee
 Fort Collins-Loveland Municipal Airport
 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 Fort Collins-Loveland Municipal Airport (the Airport) as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements and have issued our report thereon dated May 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport'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.



FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Airport Steering Committee
Fort Collins-Loveland Municipal Airport

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 Airport'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

May 15, 2014

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT



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Independent Auditors' Report On Compliance With Requirements Applicable To The Passenger Facility Charge Program And On Internal Control Over Compliance

Airport Steering Committee
 Fort Collins-Loveland Municipal Airport
 Loveland, Colorado

Report On Compliance

We have audited the compliance of Fort Collins-Loveland Municipal Airport (the Airport) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, for its passenger facility charge program for the year ended December 31, 2013.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulations applicable to its passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on the Airport's compliance 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 Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Airport Steering Committee
Fort Collins-Loveland Municipal Airport

We believe that our audit provides a reasonable basis for our opinion on compliance with those requirements. However, our audit does not provide a legal determination of the Airport's compliance.

Opinion

In our opinion, the Airport complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2013.

Report On Internal Control Over Compliance

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit of compliance, we considered the Airport's internal control over compliance with the requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, 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 Airport'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 compliance requirement 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 compliance requirement 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 compliance requirement 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.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

Airport Steering Committee
Fort Collins-Loveland Municipal Airport

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 Guide. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

May 15, 2014

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED For The Year Ended December 31, 2013

FORT COLLINS - LOVELAND MUNICIPAL AIRPORT

SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED

For Each of the Quarters
In the Year Ended December 31, 2013

2013		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Receipts		483	1,198	2,237	3,481	7,399
Interest		295	30	109	212	646
	Total PFC Revenue Received	<u>778</u>	<u>1,228</u>	<u>2,346</u>	<u>3,693</u>	<u>8,045</u>
Expenditures:	Approved Commitment					
Application #6:						
	(11) Purchase ARFF Truck	26,316	-	-	-	-
	(13) Install Airfield Electrical Vault Backup	80,000	-	-	-	-
	Total Application #6	<u>106,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Application #7:						
	(4) Survey, Geotechnical & Design of General Aviation Ramp Rehab	7,894	635	-	-	635
	(5) Geographic Information System Plan and Submission	5,263	-	-	-	-
	(6) T-Hangar Pavement Rehab-Taxilanes 1 and 3	17,122	-	-	-	-
	(7) Perimeter Security Fencing	170,000	-	-	21,695	21,695
	(8) General Aviation Ramp Rehab	39,473	-	-	39,473	39,473
	(9) Purchase Snow Removal Equipment	4,210	4,210	-	-	4,210
	(10) Acquire ARFF Vehicle	18,421	-	-	-	-
	(11) Construct Commercial Apron Expansion	62,105	-	-	-	-
	(12) Airport Terminal Expansion Concept Design	80,000	-	-	-	-
	(13) Airport Terminal Expansion Site Work	162,245	-	-	-	-
	(14) Airport Terminal Expansion Phase I	26,315	-	-	-	-
	(15) Construct Taxiway F	30,000	-	-	-	-
	Total Application #7	<u>623,048</u>	<u>4,845</u>	<u>-</u>	<u>61,168</u>	<u>66,013</u>
	Total PFC Expenditures	<u>4,845</u>	<u>-</u>	<u>-</u>	<u>61,168</u>	<u>66,013</u>
	Net Change in Passenger Facility Charges	<u>(4,067)</u>	<u>1,228</u>	<u>2,346</u>	<u>(57,475)</u>	<u>(57,968)</u>
	Passenger Facility Charges, Beginning of year					<u>80,460</u>
	Passenger Facility Charges, End of year					<u>22,492</u>

See the accompanying notes to schedule of passenger facility charges collected and expended.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

**NOTES TO SCHEDULE OF PASSENGER FACILITY
CHARGES COLLECTED AND EXPENDED**

December 31, 2013

NOTE 1: GENERAL

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of local Passenger Facility Charges (PFCs) and use of resulting PFC revenue for Federal Aviation Administration (FAA) approved projects meeting at least one of the following criteria: (1) preserve or enhance safety, security, or capacity of the national air transportation system; (2) reduce noise or mitigate noise impacts resulting from an airport; or (3) furnish opportunities for enhanced competition between or among carriers.

NOTE 2: SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED

The accompanying Schedule of Passenger Facility Charges Collected and Expended (Schedule) presents the PFC collected and interest earned thereon, and expenditures incurred on approved projects. PFC's received and expenditures spent on approved projects in the accompanying Schedule represent amounts reported to the FAA on the Passenger Facility Charge Quarterly Status Reports.

PFC charges collected represent cash collected for the year ended December 31, 2013 as reported to the FAA. The interest earned represents the actual interest collected on the unexpended PFCs during the year. Expenditures represent FAA-approved projects expended in prior and current years and are reported when projects are complete.

The Schedule is not intended to be a complete presentation of the Airport's assets, liabilities, revenue and expenses in conformity with generally accepted accounting principles.

FORT COLLINS – LOVELAND MUNICIPAL AIRPORT

**SCHEDULE OF PASSENGER FACILITY CHARGE PROGRAM
FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2013**

Section I - Summary Of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	<u> </u>	yes	<u> x </u>	no
• Significant deficiency(ies)?	<u> </u>	yes	<u> x </u>	none reported
Noncompliance material to financial statements noted?	<u> </u>	yes	<u> x </u>	no

Passenger Facility Charge Program

Type of auditors' report issued on compliance:	Unmodified			
Internal control over passenger facility charge program				
• Material weakness(es) identified?	<u> </u>	yes	<u> x </u>	no
• Significant deficiency(ies) identified?	<u> </u>	yes	<u> x </u>	none reported

Section II - Financial Statement Findings

There were no findings relating to the Airport's financial statements for the year ended December 31, 2013.

**Section III - Passenger Facility Charge Program Findings
And Questioned Costs**

There were no findings or questioned costs relating to the Airport's passenger facility charge program.

**Section IV - Prior-Year Audit On Passenger Facility Charge
Program Findings And Questioned Costs**

No prior-year audit or passenger facility charge program findings or questioned costs for the year ended December 31, 2012.

**Prepared by:
Finance Department
Accounting Division**





Report to Governance

Fort Collins - Loveland Municipal Airport

December 31, 2013





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Fort Collins - Loveland Municipal Airport

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For Management Use Only



Auditor Communications

Fort Collins - Loveland Municipal Airport

Steering Committee
Fort Collins - Loveland Municipal Airport
Loveland, Colorado

We have audited the financial statements of the Fort Collins - Loveland Municipal Airport (the Airport) for the year ended December 31, 2013. Our audit was performed in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and presented in accordance with accounting principles generally accepted in the United States of America. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We also assessed the accounting principles used by the Airport and the significant estimates made by the Airport's management, as well as evaluated the overall financial statement presentation.

Auditing standards require the auditor to ensure that those charged with corporate governance receive additional information regarding the scope and results of the audit that may assist the governing body in overseeing the financial reporting and disclosure process for which management is responsible. The following section describes matters which are required to be reported to you.

This communication is intended solely for the information and use of management and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

RubinBrown LLP

May 15, 2014

For Management Use Only



Auditor Communications (Continued)

Fort Collins - Loveland Municipal Airport

AREA	COMMENTS
<p>Auditors' Responsibility Under U.S. Generally Accepted Auditing Standards</p> <p>Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of responsibility for the accuracy of the financial statements.</p>	<p>We have issued an unmodified opinion on the Airport's financial statements for the year ended December 31, 2013.</p> <p>We also issued ViewPoints, including advisory comments.</p>



Auditor Communications (Continued)

Fort Collins - Loveland Municipal Airport

AREA	COMMENTS
<p>Other Information In Documents Containing Audited Financial Statements</p>	<p>The management's discussion and analysis, as listed in the table of contents in the financial statements, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.</p> <p>Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Airport's basic financial statements. The budgetary comparison information and schedule of passenger facility charges collected and expended are presented for purposes of additional analysis and are not a required part of 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 budgetary comparison information and schedule of passenger facility charges collected and expended are fairly stated, in all material respects, in relation to the basic financial statements as a whole.</p>



Auditor Communications (Continued)

Fort Collins - Loveland Municipal Airport

AREA	COMMENTS
<p>Planned Scope And Timing Of The Audit</p>	<p>Communicated to you in June 2013 regarding the nature, timing and extent of our audit procedures.</p>
<p>Qualitative Aspects Of Accounting Practices Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.</p>	<ul style="list-style-type: none"> ❖ Significant accounting policies are described in Note 1. ❖ No new accounting policies were adopted, and the application of existing policies was not changed. ❖ We noted no transactions entered into during the year for which there was a lack of authoritative guidance or consensus. ❖ No significant transactions have been recognized in a different period than when the transactions occurred.
<p>Management Judgments And Accounting Estimates The preparation of the financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's expectations.</p>	<ul style="list-style-type: none"> ❖ Depreciation methods and useful lives.



Auditor Communications (Continued)

Fort Collins - Loveland Municipal Airport

AREA	COMMENTS
Financial Statement Disclosures	The disclosures are neutral, consistent and clear.
Difficulties Encountered In Performing The Audit	There were no difficulties encountered in dealing with management related to the performance of the audit.



Auditor Communications (Continued)

Fort Collins - Loveland Municipal Airport

AREA	COMMENTS
Corrected And Uncorrected Misstatements	Uncorrected misstatements were passed on that amount to \$4,662. See Attachments.
Disagreements With Management	None.
Management Representations	A management representation letter was signed dated May 15, 2014, and is attached.
Management Consultations With Other Independent Accountants	None.
Other Audit Findings Or Issues	There were no matters of significant discussion that affected our retention as the Airport's auditors.

For Management Use Only



Advisory Comments And Suggestions

Fort Collins - Loveland Municipal Airport

Steering Committee
Fort Collins - Loveland Municipal Airport
Loveland, Colorado

In planning and performing our audit of the accompanying financial statements of the Fort Collins - Loveland Municipal Airport (the Airport), as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, significant deficiencies or material weaknesses may exist that were not identified.

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.



Advisory Comments And Suggestions *(Continued)*

Fort Collins - Loveland Municipal Airport

The following is a matter involving internal control that we did not consider to be a material weakness or significant deficiency:

↔ Intergovernmental Agreement

- ▶ The intergovernmental agreement (IGA) to support the allocation of administrative expenses to be paid by the Airport has not been updated since 2004. Thus, the expenses termed in the agreement are outdated and do not agree to the footnote disclosure in the financial statements. We recommend the Airport update this IGA annually to clarify the allocation of administrative expenses.

This communication is intended solely for the information and use of management and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.



Independent Auditors' Report On Additional Information

Fort Collins - Loveland Municipal Airport

Steering Committee
Fort Collins - Loveland Municipal Airport
Loveland, Colorado

Our report on our audit of the financial statements of the business-type activities of Fort Collins - Loveland Municipal Airport (the Airport) as of December 31, 2013 appears in the financial statements of the Airport. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information presented in this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion on it.

RubinBrown LLP

May 15, 2014

For Management Use Only



Fort Collins - Loveland Municipal Airport

Attachments

For Management Use Only

5/29/2014
3:29 PM

Client: 35253.0001 - City of Loveland Airport
Engagement: 2013 AUD - City of Loveland Airport
Period Ending: 12/31/2013
Trial Balance: TB Database
Workpaper: 3003 - Passed Journal Entries Report

<u>Account</u>	<u>Description</u>	<u>W/P Ref</u>	<u>Debit</u>	<u>Credit</u>
Passed Journal Entries JE # 2				
To account for the variance between recorded T-Hangar revenue and actual T-Hangar revenue.				
150.10-00	Accounts Receivable		4,662.00	
386.06-00	T-Hanger Rental			4,662.00
Total			<u><u>4,662.00</u></u>	<u><u>4,662.00</u></u>



CITY OF LOVELAND
FINANCE DEPARTMENT

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2695 • FAX (970) 962-2918 • TDD (970) 962-2620

May 15, 2014
RubinBrown LLP
1900 16th Street
Suite 300
Denver, CO 80202

We are providing this letter in connection with your audit of the financial statements of the Fort Collins-Loveland Municipal Airport (Airport) as of December 31, 2013 and 2012 and for the years then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the Airport and the respective changes in financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We understand we are responsible for management decisions and functions, for designating a qualified employee to oversee any nonattest services you provide, for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

We confirm, to the best of our knowledge and belief the following representations made to you during your audit.

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
8. The effects of uncorrected misstatements are immaterial both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the Airport is contingently liable, if any, have been properly recorded or disclosed.
11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Airport Steering Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.

Information Provided

12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
16. We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

17. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
18. We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.

Government Specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have a process to track the status of audit findings and recommendations.
21. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
23. The Airport has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
24. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
26. As part of your audit, you prepared the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
27. The Airport has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
28. The Airport has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
29. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
30. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
31. The financial statements properly classify all funds and activities.

32. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
33. Components of net assets (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
34. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
35. Provisions for uncollectible receivables have been properly identified and recorded.
36. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
37. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
38. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
39. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
40. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
41. We have appropriately disclosed the Airport's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
42. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
43. We acknowledge our responsibility for presenting the schedule of passenger facility charges collected and expended and the budgetary comparison schedule in accordance with U.S. generally accepted accounting principles, and we believe schedule of passenger facility charges collected and expended and the budgetary comparison schedule including its form and content, is fairly presented in accordance with U.S. generally accepted accounting principles. The methods of measurement and presentation of the schedule of passenger facility charges collected and expended and the budgetary comparison schedule have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
44. With respect to passenger facility charges:
 - a. We are responsible for understanding and complying with and have complied with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, including requirements relating to preparation of the schedule of passenger facility charges collected and expended.
 - b. We acknowledge our responsibility for presenting schedule of passenger facility charges collected and expended as specified in the Passenger Facility Charge Audit

Guide for Public Agencies, issued by the Federal Aviation Administration. The methods of measurement and presentation of which have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the information.

- c. If the schedule of passenger facility charges collected and expended is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration and included in the schedule of passenger facility charges collected and expended made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.
- g. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating schedule of passenger facility charges collected and expended.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied, in all material respects, with the direct and material compliance requirements, including when applicable, those set forth in the specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.
- j. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that

- directly relate to the objectives of the compliance audit, including findings received and corrective actions taken up to the date of the auditor's report.
- k. Amounts claimed or used for matching were determined in accordance with relevant guidelines in specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration.
 - l. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - m. We have made available to you all documentation related to the compliance requirements, including information related to schedule of passenger facility charges collected and expended financial reports and claims for advances and reimbursements.
 - n. Schedule of passenger facility charges collected and expended financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - o. The copies of schedule of passenger facility charges collected and expended financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - p. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration.
 - q. We have charged costs to schedule of passenger facility charges collected and expended in accordance with the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration.
 - r. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to specified in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
 - s. We are responsible for preparing and implementing a corrective action plan for each audit finding.
 - t. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
 - u. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
 - v. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report
 - w. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

- 45. We will continue to provide funding to the Airport until it is able to operate on its own without substantial contributions from the Cities of Loveland and Fort Collins. Additionally, we will continue to search for a replacement to Allegiant Airlines.
- 46. We believe that the financial statements and related notes disclose all the matters that we believe are relevant to the Airport's ability to continue as a going concern, including principal conditions or events and management's plans.



Brent Worthington, Finance Director



Bill Cahill, City Manager