

AGENDA
LOVELAND CITY COUNCIL STUDY SESSION
TUESDAY, JUNE 14, 2016
CITY COUNCIL CHAMBERS
500 EAST THIRD STREET
LOVELAND, COLORADO

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“La Ciudad de Loveland está comprometida a proporcionar igualdad de oportunidades para los servicios, programas y actividades y no discriminar en base a discapacidad, raza, edad, color, origen nacional, religión, orientación sexual o género. Para más información sobre la no discriminación o para asistencia en traducción, favor contacte al Coordinador Título VI de la Ciudad al TitleSix@cityofloveland.org o al 970-962-2372. La Ciudad realizará las acomodaciones razonables para los ciudadanos de acuerdo con la Ley de Discapacidades para americanos (ADA). Para más información sobre ADA o acomodaciones, favor contacte al Coordinador de ADA de la Ciudad en bettie.greenberg@cityofloveland.org o al 970-962-3319”.

STUDY SESSION 6:30 P.M.

STUDY SESSION AGENDA

1. **FINANCE** (presenter: Cheryl Wallace, Rubin Brown LLC, 40 min.)
2015 ANNUAL AUDIT
 This is an information item. The Comprehensive Annual Financial Report for the year ending December 31, 2015, received an unmodified 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.

2. **DEVELOPMENT SERVICES** (presenter: Brett Limbaugh, 30 min.)
BUILDING DIVISION IMPROVEMENTS UPDATE
 This is an information item to review and discuss City staff's ongoing improvements to the building permit processes. This staff presentation will focus on improvements that have been recently implemented along with upcoming changes that will better serve our customers.

3. **CITY COUNCIL**
DISCUSSION OF THE PROCESS TO APPOINT AN INTERIM CITY MANAGER

ADJOURN

AGENDA ITEM: 1
MEETING DATE: 6/14/2016
TO: City Council
FROM: Brent Worthington, Finance Director
PRESENTER: Brent Worthington, Finance Director
Cheryl Wallace, CPA



TITLE:
2015 Comprehensive Annual Financial Report and Audit Report

SUMMARY:

This is an information item. The Comprehensive Annual Financial Report for the year ending December 31, 2015, received an unmodified 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.

BACKGROUND:

The City's Comprehensive Annual Financial Report for the year which ended December 31, 2015, 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 unmodified 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 A. Cavill

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

2015 Comprehensive Annual Financial Report



For the Fiscal Year Ended December 31, 2015



City of Loveland, Colorado

Comprehensive Annual Financial Report

For the fiscal year ended
December 31, 2015

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

Prepared by the
Finance Department

Joyce Robinson, Senior Accountant
Rebecca Masters, Accounting Manager
Sarah Knapp, Accountant II
Mona Brooks, Accountant II
Laura Homiak, Accountant
Pat Lamfers, Accounting Tech
Chloe Romero, Business Services Coordinator

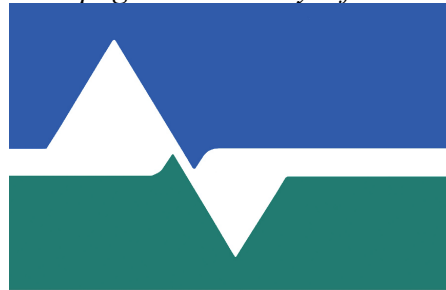


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Introduction



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


CITY OF LOVELAND

FINANCE DEPARTMENT

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

June 2, 2016

 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, 2015, is hereby respectfully submitted. State law requires that every general purpose local government publish within six months of the fiscal year end (fiscal year is the calendar year by Charter) a complete set of audited financial statements. The City's Charter requires an annual audit performed by a certified public accounting firm selected by the City Council. This report is published to fulfill these requirements.

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

Rubin Brown, LLP, Certified Public Accountants, have issued an unqualified opinion ("clean opinion") on the City of Loveland's financial statements for the year ended December 31, 2015. 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 74,349 representing approximately 32,088 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. (On April 27, 2016, the governing body, the Northern Colorado Regional Airport Commission, voted to change the name of the Airport to the Northern Colorado Regional Airport). A separate report is issued for that operation which includes federal grant requirement compliance and passenger facility charge reporting. All governing and reporting relationships are disclosed in the footnotes to the financial statements.

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

laws and the local government uniform accounting laws. A public hearing is required and two readings of an ordinance adopts the budget, setting the appropriation for the year at the fund level. Any supplemental appropriations must be approved using the same procedures outlined above for the original adoption of the budget. Departments have the flexibility, with the appropriate approvals, to move money between divisions within the same accounting fund. However, any funding moved between accounting funds requires a supplemental appropriation, public hearing and two readings of the ordinance.

Local Economy

Major employers in the City include the school district, several technology companies, discount store distribution center, and the healthcare industry. There are 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.

Overall, the local economy has returned to pre-recession levels. Employment has been trending upward, with the number of employed shown in the February and March employment reports exceeding the 2007 peaks. The unemployment rate at the end of 2015, 2.9%, is lower than at the same time in the previous year of 3.4%.

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

2015 brought continued recovery from the flood event of September 2013. Total recovery expenditures as of December 31, 2015 were \$22,211,983 (total costs are estimated to be \$30.5 million) Recovery from the flood damage will continue through 2016 and beyond. The City will continue to be reimbursed for much of these costs, through the Federal Emergency Management Agency, the State of Colorado Division of Homeland Security and Emergency Management, the City's insurer, the Federal Highway Administration and other disaster relief granting entities. However, the City has a 12.5% match for all FEMA and State reimbursements; 20% match for Federal Highway Authority grants; and \$200,000 insurance deductible.

Long-Term Financial Planning

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

As we moved through 2015, several indicators suggest cautious optimism:

- Sales tax collections over the same months last year were higher in 10 of 12 months, and finished with total collections 3.5% above 2014.
- However, the City budgeted for 6% growth in 2015 over the 2014 revised forecast; actual sales tax collections came in at 2.9% of budget. This demonstrates slowing sales tax growth, and indicates a need to constrain growth projections. (The 2016 Budget projects sales tax growth at 3%).
- Building activity in both the residential and commercial/industrial sectors showed significant growth in 2015, showing a 31% increase over 2014.

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

Major Initiatives

One major capital project was completed in 2015: the grand opening of MeHaffey Park occurred on August 1, 2015. The total cost for this project was \$12.4 million.

Projects initiated in 2015 included property and land acquisition in the South Catalyst Project area (\$4.8 million). The City spent \$3.4 million from the Open Lands Fund to acquire land along the first Ridgeline and Boedecker Lake on the west side of Loveland.

The City continued to invest capital dollars committed to transportation projects, with \$1.7 million of impact fees and General Fund revenues included in the 2015 adopted Budget for a variety of street widening and traffic signal projects.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Loveland, Colorado for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2014. This was the thirty-fifth 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 2015. It is the thirty first consecutive year that the City will have received the budget presentation award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Finally, we would like to express our gratitude and appreciation to the members of the Loveland City Council, the Citizens Finance Advisory Commission, the City Manager's Office and City departments for their policy guidance which is contained in this document. As the governing body, your commitment to ensure accurate and reliable financial accounting and reporting systems, establishes an environment influencing all other decisions that are made. We are very proud to convey the City Council's commitment to excellence to our citizens and all readers of the Fiscal Year Ending 2015 CAFR.

Respectfully Submitted,

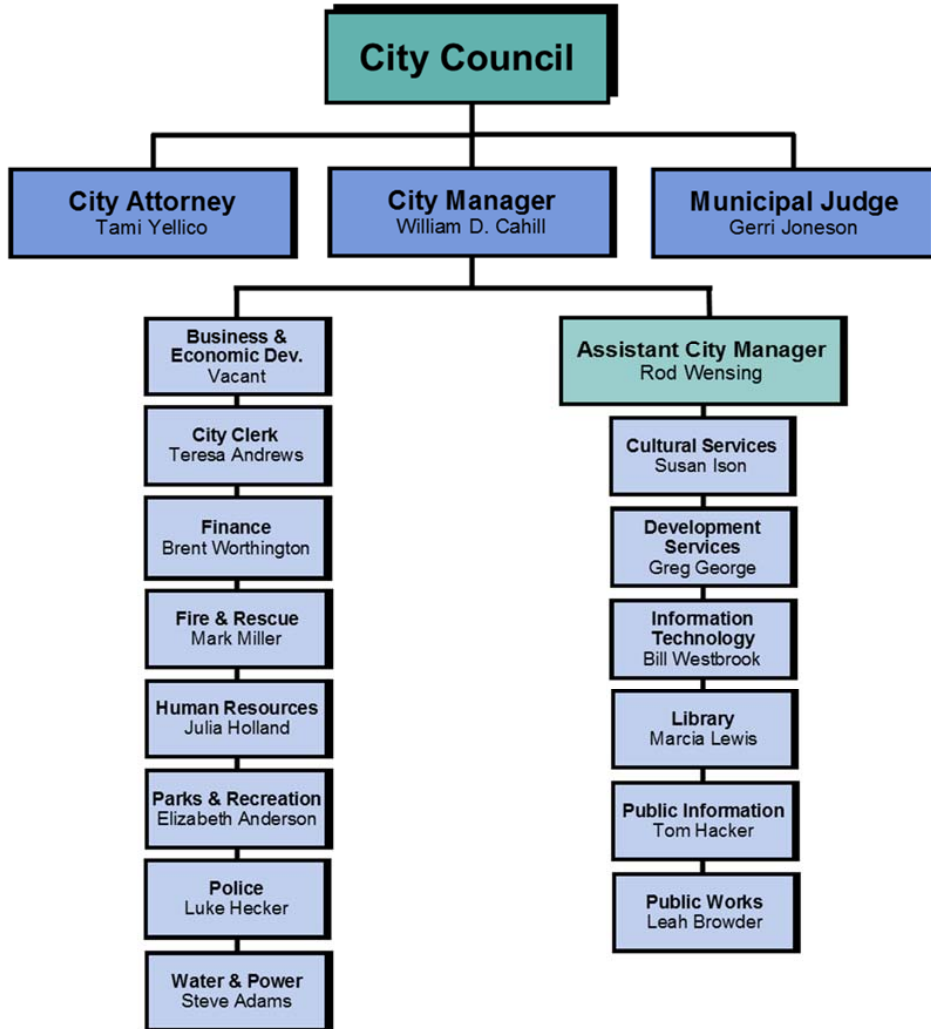


William D. Cahill
City Manager



Brent Worthington
Finance Director

City Organizational Chart & Officials



City Council

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Loveland
Colorado**

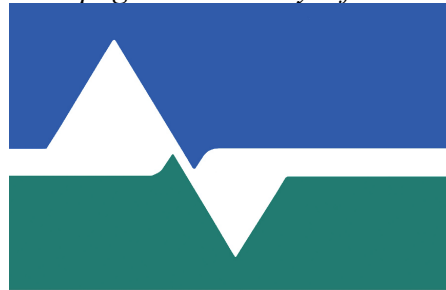
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

A handwritten signature in black ink, which appears to read "Jeffrey R. Emswiler". The signature is written in a cursive, flowing style.

Executive Director/CEO

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Financial



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



RubinBrown LLP
 Certified Public Accountants
 & Business Consultants

1900 16th Street
 Suite 300
 Denver, CO 80202

T 303.698.1883
 F 303.777.4458

W rubinbrown.com
 E info@rubinbrown.com

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, 2015 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, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matters

As discussed in Note 1, the Board adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, effective July 1, 2014, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinions were not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Other Information

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

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

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

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2016, 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.

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

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RubinBrown LLP

June 2, 2016

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, 2015.

Major Initiatives and Impacts

2015 saw:

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 total cost was \$12.4 million and it opened in August 2015.

South Catalyst Project: The City invested \$4.8 million in land and property acquisition in the southern part of Loveland's downtown area to be used in a major urban renewal project. Demolition of existing structures and site preparation will occur in 2016; construction is expected to commence in early 2017.

Open Land Acquisition: The City purchased Open Lands totaling \$3.4 million.

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

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

Several projects that carried into 2015 were completed. Three significant projects will carry through 2016 into 2017:

Viestenz-Smith Mountain Park (estimated cost \$3 million)

Solar Generating Facility (estimated cost \$9.2 million)

Railroad Avenue Reconstruction (estimated cost \$5 million)

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

The City was required to fund all flood response and recovery projects out of cash on hand. As of December 31, 2015, the City incurred recovery expenses of \$22,211,983, and received total reimbursements of \$14,354,481, broken out as follows:

FEMA	\$6,599,062
Insurance	\$7,050,329
Other	\$ 705,090

Overview of the Financial Statements

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the City’s Most Significant Funds

Fund Financial Statements

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

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

The City as a Trustee

Reporting the City’s Fiduciary Responsibilities

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

The City As A Whole

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the City of Loveland’s case, assets exceeded liabilities by \$949,199,943 as of December 31, 2015.

Net Position

Combined net position of the City of Loveland at December 31, 2015 were as follows:

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

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2015	2014	2015	2014	2015	2014	
Current and other assets	\$ 155,015,681	\$ 151,986,168	\$ 107,209,993	\$ 98,055,843	\$ 262,225,674	\$ 250,042,011	4.9 %
Capital assets	338,199,379	331,581,484	422,468,085	398,830,123	760,667,464	730,411,607	4.1 %
Total Assets	493,215,060	483,567,652	529,678,078	496,885,966	1,022,893,138	980,453,618	4.3 %
Deferred Outflow of Resources	117,002	-	-	-	117,002	-	- %
Total Assets and Deferred Outflows of Resources	493,332,062	483,567,652	529,678,078	496,885,966	1,023,010,140	980,453,618	4.3 %
Long-term liabilities	9,043,974	8,710,045	11,992,715	1,707,373	21,036,689	10,417,418	101.9 %
Other liabilities	16,875,161	14,853,404	16,088,944	13,179,600	32,964,105	28,033,004	17.6 %
Deferred Inflows of Resources	19,809,403	18,820,492	-	-	19,809,403	18,820,492	5.3 %
Total Liabilities and Deferred Inflows of Resources	45,728,538	42,383,941	28,081,659	14,886,973	73,810,197	57,270,914	28.9 %
Net Position:							
Net investment in capital assets	334,471,486	327,486,198	412,250,813	398,830,123	746,722,299	726,316,321	2.8 %
Restricted- Nonspendable	3,367,328	3,286,229	-	-	3,367,328	3,286,229	2.5 %
Restricted	20,623,735	22,139,533	38,346,067	43,987,341	58,969,802	66,126,874	(10.8)%
Unrestricted	89,140,975	88,271,751	50,999,539	39,181,529	140,140,514	127,453,280	10.0 %
Total Net Position	\$ 447,603,524	\$ 441,183,711	\$ 501,596,419	\$ 481,998,993	\$ 949,199,943	\$ 923,182,704	2.8 %

As of December 31, 2015, 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 \$262,225,674 current and other assets include \$212,118,526 in cash and investments. The restricted balance of cash and investments is \$49,451,990 for acquisition or construction of future capital assets.

The largest portion of the City's total net position (79%) 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 \$4,539,300, and oversizing agreements of \$3,727,893. Long-term debt in the Business-Type Activities is compensated absences of \$1,775,443; oversizing agreements of \$10,678 and water bonds of \$10,206,594.

Changes In Net Position

Revenues and transfers in 2015 of \$238,724,237 exceeded program expenses of \$209,952,968 for an increase in net position of \$28,771,269, this increase was impacted by a prior period adjustment due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions for (\$2,754,030) as detailed in Note 14 which changed the beginning Net Position in 2015. This increase included \$9,894,280 from contributed assets and revenue restricted for capital spending. The remaining \$18,876,989 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

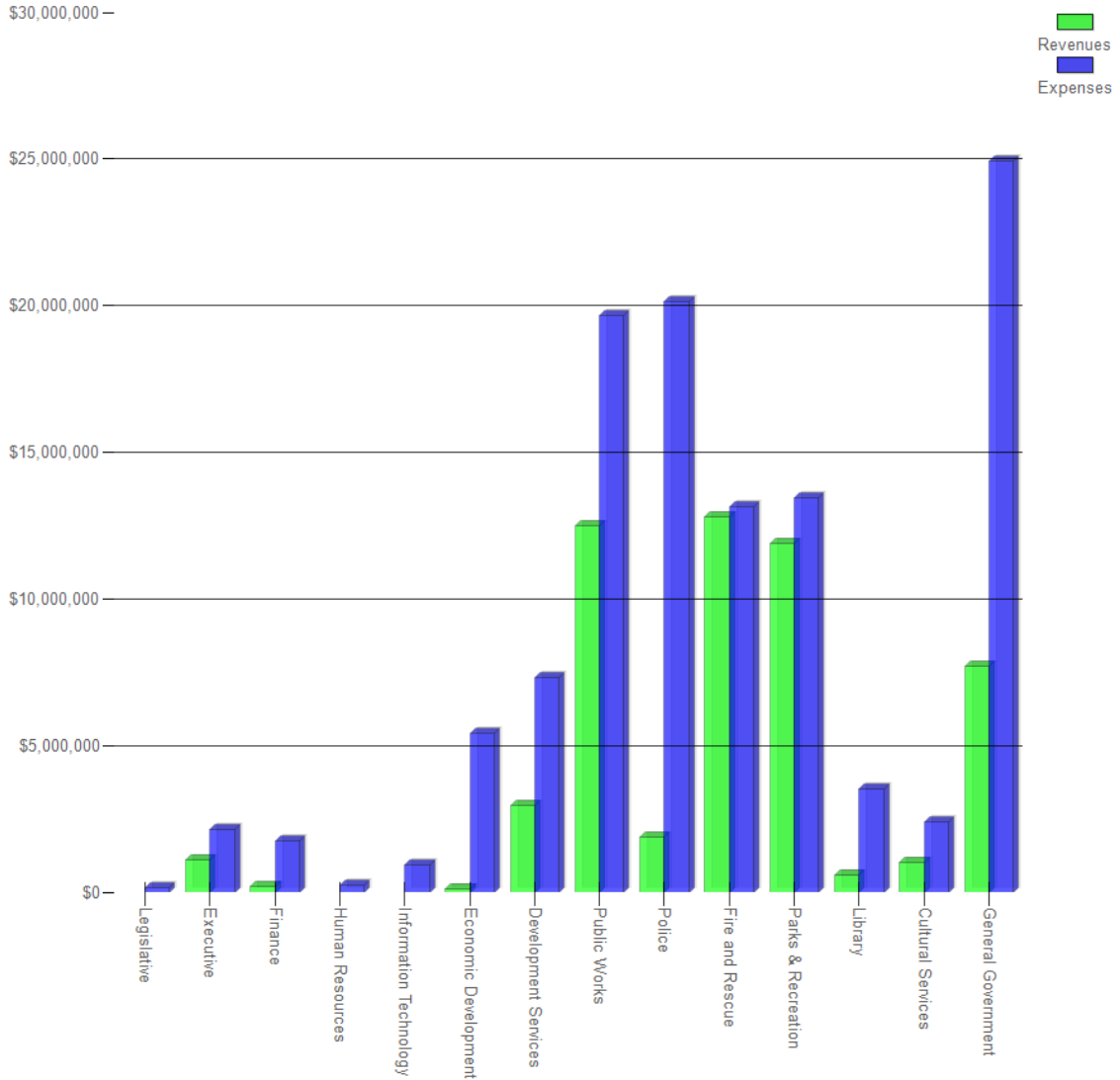
	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2015	2014	2015	2014	2015	2014	
Program Revenue							
Charges for service	\$ 22,109,839	\$ 20,316,632	\$ 95,644,331	\$ 90,706,870	\$ 117,754,170	\$ 111,023,502	6.1 %
Operating							
grants/contributions	18,170,851	15,144,081	288,683	89,863	18,459,534	15,233,944	21.2 %
Capital grants/contributions	12,390,432	24,080,916	16,712,187	17,332,613	29,102,619	41,413,529	(29.7)%
General Revenues:							
Property Taxes	18,546,909	18,706,275	-	-	18,546,909	18,706,275	(0.9)%
Sales and Use Taxes	48,751,148	46,954,355	-	-	48,751,148	46,954,355	3.8 %
Franchise and Other Taxes	3,280,210	3,277,106	-	-	3,280,210	3,277,106	0.1 %
Investment Earnings	1,265,529	1,917,038	994,979	1,500,081	2,260,508	3,417,119	(33.8)%
Other	569,139	298,520	-	(1,006,167)	569,139	(707,647)	(180.4)%
Total Revenues	125,084,057	130,694,923	113,640,180	108,623,260	238,724,237	239,318,183	(0.2)%
Program Expenses:							
Legislative	157,812	162,625	-	-	157,812	162,625	(3.0)%
Executive	2,134,424	1,944,875	-	-	2,134,424	1,944,875	9.7 %
Finance	1,731,226	1,736,626	-	-	1,731,226	1,736,626	(0.3)%
Human Resources	249,177	156,840	-	-	249,177	156,840	58.9 %
Information Technology	925,018	656,388	-	-	925,018	656,388	40.9 %
Economic Development	5,416,693	3,922,742	-	-	5,416,693	3,922,742	38.1 %
Development Services	7,303,464	7,085,388	-	-	7,303,464	7,085,388	3.1 %
Public Works	19,659,340	29,259,394	-	-	19,659,340	29,259,394	(32.8)%
Police	20,122,411	19,092,543	-	-	20,122,411	19,092,543	5.4 %
Fire & Rescue	13,127,952	11,267,310	-	-	13,127,952	11,267,310	16.5 %
Parks & Recreation	13,433,473	13,139,972	-	-	13,433,473	13,139,972	2.2 %
Library	3,513,276	3,465,978	-	-	3,513,276	3,465,978	1.4 %
Cultural Services	2,375,343	2,269,629	-	-	2,375,343	2,269,629	4.7 %
General Government	24,936,240	21,610,982	-	-	24,936,240	21,610,982	15.4 %
Interest on Long-Term Debt	-	-	-	3,190	-	3,190	(100.0)%
Water	-	-	14,993,052	14,417,893	14,993,052	14,417,893	4.0 %
Wastewater	-	-	9,004,724	8,152,372	9,004,724	8,152,372	10.5 %
Stormwater	-	-	4,218,805	4,142,323	4,218,805	4,142,323	1.8 %
Power	-	-	56,935,935	56,745,572	56,935,935	56,745,572	0.3 %
Solid Waste	-	-	5,956,930	5,772,448	5,956,930	5,772,448	3.2 %
Golf	-	-	3,757,673	3,649,645	3,757,673	3,649,645	3.0 %
Total Expenses	115,085,849	115,771,292	94,867,119	92,883,443	209,952,968	208,654,735	0.6 %
Increase in net position before transfers	9,998,208	14,923,631	18,773,061	15,739,817	28,771,269	30,663,448	(6.2)%
Transfers	(824,365)	1,297,774	824,365	(1,297,774)	-	-	- %
Increase in net position	9,173,843	16,221,405	19,597,426	14,442,043	28,771,269	30,663,448	(6.2)%
Net Position-Beginning	441,183,711	424,962,306	481,998,993	467,556,950	923,182,704	892,519,256	3.4 %
Restatement, Change in Accounting Principle	(2,754,030)	-	-	-	(2,754,030)	-	- %
Net Position -Ending	\$ 447,603,524	\$ 441,183,711	\$ 501,596,419	\$ 481,998,993	\$ 949,199,943	\$ 923,182,704	2.8 %

Governmental Activities

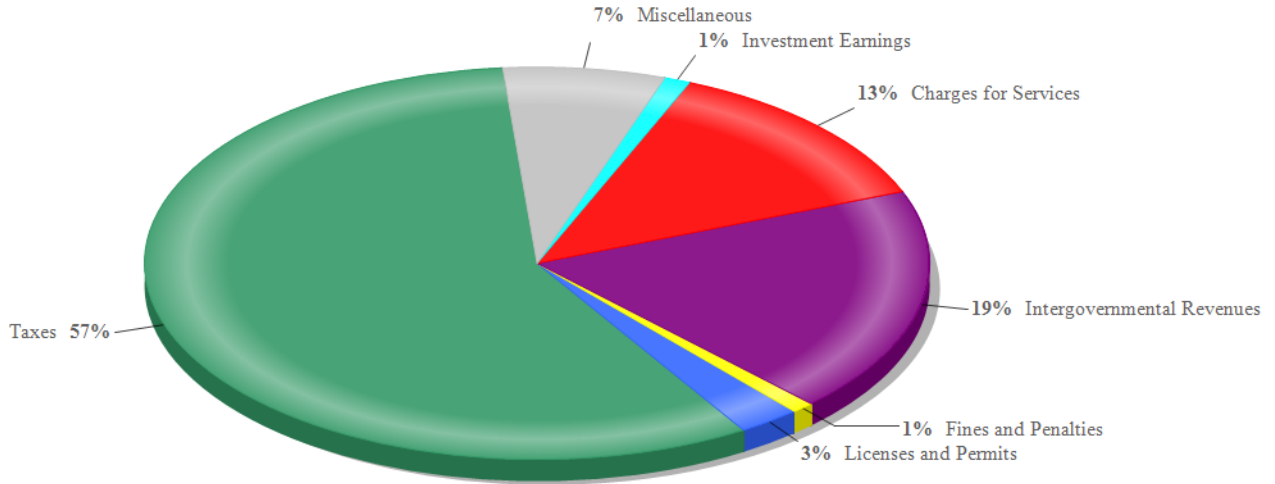
Governmental Activities increased the City's net position by \$9,173,843. 21% (\$1,887,442) of this increase is from developer donated streets. Of the remaining increase, \$1,799,897 relates to general revenues. Earnings on investments decreased in 2015 by (34)% from \$1,917,038 to \$1,265,529. This decrease is due to the sale of certain investments as part of a managed portfolio, market interest rates, and accounting adjustments for the unrealized losses. Property tax revenue decreased in 2015 by \$159,366.

The graph compares program revenues and expenses of Governmental Activities in 2015. This graph illustrates that the majority of those expenses are related to public services and safety.

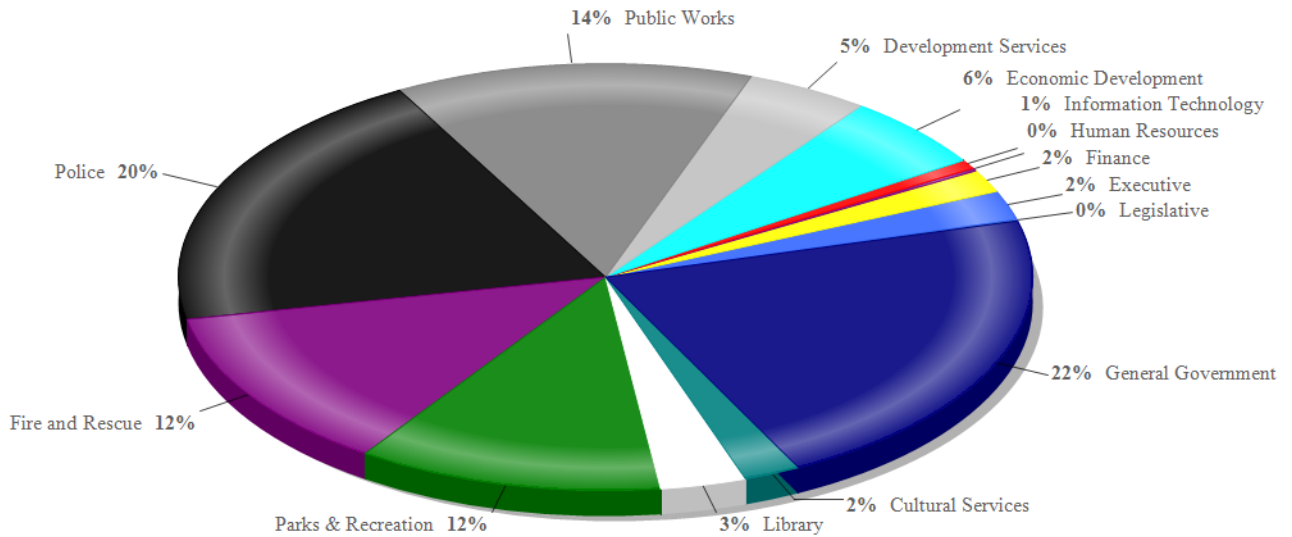
Program Revenues & Expenses Governmental Activities



**Revenue By Source
Governmental Funds**



**Expense By Source
Governmental Funds**



Business-Type Activities

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

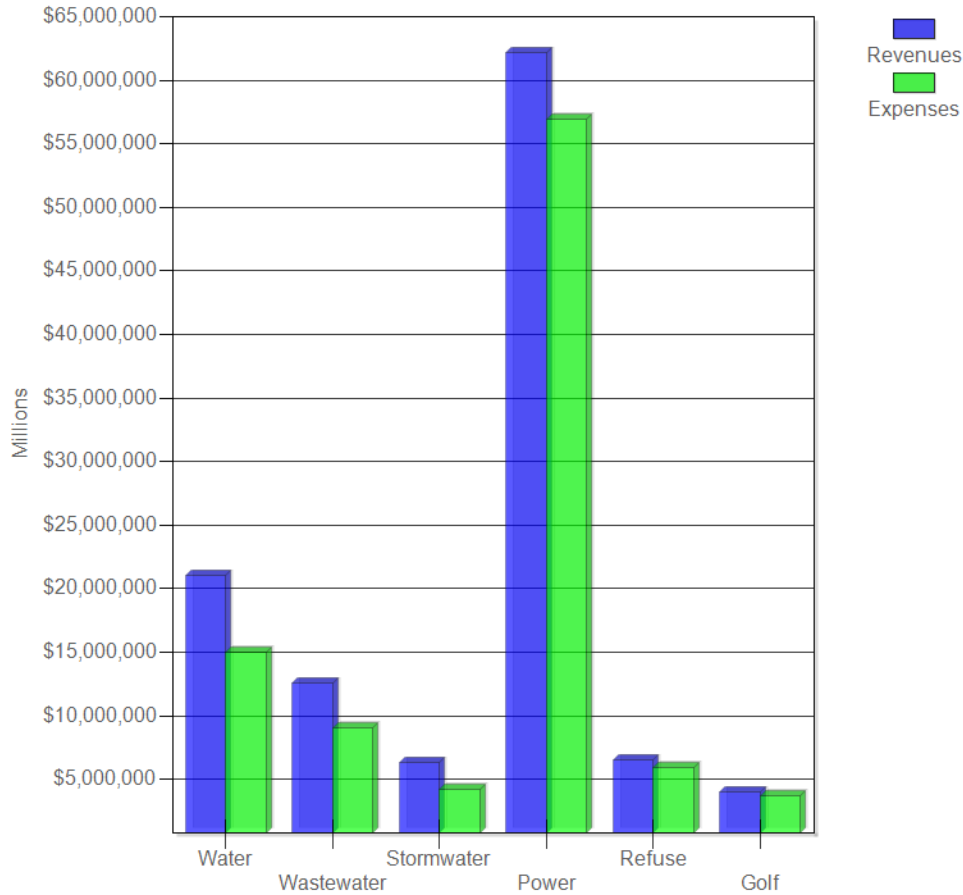
In the graph below, all activities had higher revenues in comparison to expenses.

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

For year-end 2015, net position for the Business-Type Activities increased by \$19,597,426. Earnings on investments decreased from \$1,500,081 in 2014 to \$994,979 in Statement of Revenues, Expenses and Changes in Net Position.

Expenses increased 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 22. These funds are accounted for using the modified accrual basis of accounting. Overall, the balances of these funds increased by \$5,197,551, and the City ended the year with a combined fund balance of \$104,549,676.

The City’s Governmental Funds collected more revenue than the constitutional limits (TABOR) by \$7,303,684 in 2015. The City is allowed to keep and spend these revenues for public safety, parks maintenance and construction and street maintenance and construction.

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

- Nonspendable includes payments for perpetual care \$975,168.
- Restricted balance of \$20,614,735 includes \$2,317,041 reserved for emergencies; \$18,297,694 for Open Space Acquisitions; funds for Parks & Recreation; Urban Revitalization; Convention & Tourism; Fire & Rescue; and Law

Enforcement.

- Committed balances include \$23,410,458 for excess TABOR; \$35,190,655 for future capital improvements; the Council Capital Reserve; Art in Public Places; public education; affordable housing and downtown maintenance .
- Assigned balances of \$6,378,988 are for items such as Library Books, Museum Programs, Equipment Replacement, as well as other governmental funds.
- Unassigned General Fund is \$17,902,106, 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 \$4,561,099. 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 fund balance is \$400,993.

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 \$1,246,708 (3%); total General Fund revenue of \$76,653,388 increased by 3.8% for the year. Tax revenue of \$57,998,280 (76% of the total General Fund revenue) increased by 3.1% in Statement of Revenues, Expenditures and Changes in Fund Balances, as a result of increased retail sales activity in 2015. There were no changes made to the City's mill levy or sales tax rate in 2015.

The Loveland Urban Renewal Authority (LURA) Fund revenues decreased in 2015 to \$11,084,842. Tax revenues of \$10,989,018 (99% of total revenues) decreased by 1.6% (180,066). Total 2015 expenditures (\$10,866,093) include the distribution of tax increment financing (\$9,785,221), school district fund (\$937,477), and other services (\$97,491).

Total revenues in the Capital Expansion Fees (CEF) fund increased by \$2,825,194 (43%). The fund balance in the CEF Fund increased by \$5,252,129 (19%).

Including transfers, the total revenue for the Capital Projects Fund was \$5,765,199. Expenditures were for major capital projects (including Fire Aerial Platform Truck, Barnes Park light replacement and the completion of Mehaffey Park.). Total expenditures and transfers were \$5,579,347, leaving a fund balance of \$1,058,324 (an increase of 21%).

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 \$501,596,419. Each of the Proprietary Funds except for Refuse had net asset increases, totaling \$19,597,426. The most significant increase was in the Water Fund (\$7,269,555).

General Fund Budgetary Highlights

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

The largest variance between the General Fund original budget and final budget in 2015 was Interfund Transfer supplemental appropriations throughout the year. Those included transfers to the Transportation program for \$3.4 million, Employee Benefit Fund for \$610,000 and Capital Project fund for \$5 million.

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

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

Proprietary Fund Budgetary Highlights

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

Capital Assets And Debt Administration

Capital Assets

At the end of 2015, the City had \$760,667,460 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, wastewater, and power lines. (See table below.)

Overall in the Statement of Net Position, buildings decreased by (3)% and construction in process increased by 15% in both Governmental and Business-Type Activities. This increase funded the following projects:

Reconstruction of Rivers Edge	\$ 744,135
Substation Land Purchase 29th St. & Wilson	\$ 927,740
Overhead to Underground Taft to Van Buren to 22nd	\$1,599,390
Water Treatment Plant Expansion Phase II	\$4,939,375

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

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

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2015	2014	2015	2014	2015	2014	
Land	\$ 45,228,739	\$ 40,900,824	\$ 3,453,971	\$ 3,431,756	\$ 48,682,710	\$ 44,332,580	9.8 %
Art Collection	6,496,483	6,240,474	-	-	6,496,483	6,240,474	4.1 %
Buildings	53,750,084	55,471,559	10,036,431	10,100,942	63,786,515	65,572,501	(2.7)%
Improvements	31,610,774	20,671,707	166,420,968	204,699,211	198,031,742	225,370,918	(12.1)%
Equipment	12,181,881	10,356,537	7,920,884	8,976,795	20,102,765	19,333,332	4.0 %
Water rights	2,624,520	2,624,520	64,796,767	62,545,869	67,421,287	65,170,389	3.5 %
Infrastructure	177,383,170	179,143,466	115,589,764	71,094,399	292,972,934	250,237,865	17.1 %
Easements	2,043,984	1,504,247	8,671,785	7,027,715	10,715,769	8,531,962	25.6 %
Construction in Process	6,879,742	14,668,151	45,577,513	30,953,436	52,457,255	45,621,587	15.0 %
Total	\$ 338,199,377	\$ 331,581,485	\$ 422,468,083	\$ 398,830,123	\$ 760,667,460	\$ 730,411,608	4.1 %

This year's major additions included the following assets:

Open Space Acquisitions	\$ 2,548,905	Barnes Park Light Replacement	\$ 609,957
Aerial Platform Truck	\$ 1,339,793	Mehaffey Park	\$ 12,368,850

Debt

At year-end, the City had a number of oversizing agreements related to Streets totaling \$3,727,893. There were no contract amendments in 2015. In 2013, the City secured \$10,000,000 for improvements to the Water Treatment Plant and secured an additional \$3,200,000 in 2015. Of that amount, \$10,206,594 has actually been drawn.

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

Next Year’s Budgets and Rates

The City of Loveland continues to be in a strong financial position moving into 2016 and beyond. The 2016 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 2016, 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 increased by 8% in 2016; all of which is for treatment plant and distribution system capital improvements. Power rates increased by 5.6%, driven by increased wholesale power costs and funding capital needs. Wastewater rates increased by 8.8% for 2016.

Capital items for 2016 include: Water Treatment Plant expansion; the Water Line Replacement project; Museum Storage Facility; Viestenz-Smith Mountain Park redevelopment; Waste Water Treatment Plant expansion and improvement; recreation trails and open space acquisition; and natural area development.

Flood recovery projects will continue through 2016. The City anticipates recovering 85-90% of recovery costs from insurance, FEMA, the State of Colorado, and other funding sources. The City received total reimbursements of \$3,058,609 in 2015. Additional expenses and reimbursements will continue in 2016 and beyond.

Contacting The City's Financial Management

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

Basic Financial Statements



Basic financial statements are accounting reports compiled in conformity with the provisions of GAAP.

These statements are necessary for the fair evaluation of operations of an entity that include the balance sheet, income statement (profit and loss account), and the cash-flow statement.

CITY OF LOVELAND, COLORADO
Statement of Net Position
December 31, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 9,300	\$ 5,300	\$ 14,600
Equity in Pooled Cash	23,206,101	14,289,630	37,495,731
Equity in Pooled Investments	87,514,228	37,641,977	125,156,205
Receivables (Net):			
Taxes	25,387,145	-	25,387,145
Accounts	4,956,452	9,695,801	14,652,253
Grants	2,163,854	3,988,155	6,152,009
Accrued Interest	217,710	161,153	378,863
Inventory of Supplies	454,969	3,081,909	3,536,878
Restricted Assets:			
Equity in Pooled Restricted Investments	11,105,922	38,346,068	49,451,990
Capital Assets:			
Land, Water Rights and Other Assets not Being Depreciated	56,393,728	76,922,524	133,316,252
Building, Improvements and Equipment, Net of Depreciation	274,925,909	299,968,048	574,893,957
Construction in Process	6,879,742	45,577,513	52,457,255
Total Assets	493,215,060	529,678,078	1,022,893,138
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension	117,002	-	117,002
Total DEFERRED OUTFLOWS OF RESOURCES	117,002	-	117,002
Liabilities			
Accounts Payable	12,190,200	12,092,645	24,282,845
Accrued Liabilities	3,918,229	1,053,508	4,971,737
Unearned Other Revenue	737	47,767	48,504
Deposits	765,995	2,895,024	3,661,019
Noncurrent Liabilities:			
Due Within One Year	2,854,615	976,494	3,831,109
Due in More Than One Year	5,412,577	11,016,221	16,428,798
Pension Liability	776,782	-	776,782
Total Liabilities	25,919,135	28,081,659	54,000,794
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	19,809,403	-	19,809,403
NET POSITION			
Net Investment in Capital Assets	334,471,486	412,250,813	746,722,299
Restricted - Nonexpendable	3,367,328	-	3,367,328
Restricted:			
Future Capital Improvements	-	38,346,067	38,346,067
Tabor 3% Emergency Reserve	2,317,041	-	2,317,041
Conservation Trust Fund	4,300,116	-	4,300,116
Open Space Acquisitions	12,382,647	-	12,382,647
Other	1,623,931	-	1,623,931
Unrestricted	89,140,975	50,999,539	140,140,514
Total Net Position	\$ 447,603,524	\$ 501,596,419	\$ 949,199,943

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, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities:				
Legislative	\$ 157,812	\$ -	\$ -	\$ -
Executive	2,134,424	1,093,954	-	-
Finance	1,731,226	213,550	-	-
Human Resources	249,177	-	-	-
Information Technology	925,018	-	-	-
Economic Development	5,416,693	80,205	21,139	-
Development Services	7,303,464	2,742,511	218,106	-
Public Works	19,659,340	5,272,211	4,421,785	2,783,187
Police	20,122,411	1,124,858	161,270	589,618
Fire and Rescue	13,127,952	365,378	11,772,004	652,779
Parks & Recreation	13,433,473	4,326,854	882,582	6,666,037
Library	3,513,276	93,226	60,299	420,867
Cultural Services	2,375,343	366,894	73,920	552,198
General Government	24,936,240	6,430,198	559,746	725,746
Total Governmental Activities	115,085,849	22,109,839	18,170,851	12,390,432
Business-Type Activities				
Water	14,993,052	13,252,667	-	7,825,067
Wastewater	9,004,724	9,523,580	-	3,029,038
Stormwater	4,218,805	5,113,905	9,710	1,239,376
Power	56,935,935	57,513,426	-	4,618,706
Refuse	5,956,930	6,506,747	465	-
Golf	3,757,673	3,734,006	278,508	-
Total Business-Type Activities	94,867,119	95,644,331	288,683	16,712,187
City Total	\$ 209,952,968	\$ 117,754,170	\$ 18,459,534	\$ 29,102,619

General Revenues:

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

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Restatement, Change in Accounting Principle

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
\$ (157,812)	\$ -	\$ (157,812)
(1,040,470)	-	(1,040,470)
(1,517,676)	-	(1,517,676)
(249,177)	-	(249,177)
(925,018)	-	(925,018)
(5,315,349)	-	(5,315,349)
(4,342,847)	-	(4,342,847)
(7,182,157)	-	(7,182,157)
(18,246,665)	-	(18,246,665)
(337,791)	-	(337,791)
(1,558,000)	-	(1,558,000)
(2,938,884)	-	(2,938,884)
(1,382,331)	-	(1,382,331)
<u>(17,220,550)</u>	<u>-</u>	<u>(17,220,550)</u>
(62,414,727)	-	(62,414,727)
-	6,084,682	6,084,682
-	3,547,894	3,547,894
-	2,144,186	2,144,186
-	5,196,197	5,196,197
-	550,282	550,282
-	254,841	254,841
-	17,778,082	17,778,082
(62,414,727)	17,778,082	(44,636,645)
18,546,909	-	18,546,909
48,751,148	-	48,751,148
1,864,925	-	1,864,925
1,415,285	-	1,415,285
1,265,529	994,979	2,260,508
569,139	-	569,139
(824,365)	824,365	-
<u>71,588,570</u>	<u>1,819,344</u>	<u>73,407,914</u>
9,173,843	19,597,426	28,771,269
441,183,711	481,998,993	923,182,704
(2,754,030)	-	(2,754,030)
\$ 447,603,524	\$ 501,596,419	\$ 949,199,943

CITY OF LOVELAND, COLORADO

Balance Sheet
Governmental Fund Types
December 31, 2015

ASSETS	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash	\$ 9,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,300
Equity in Pooled Cash	23,020,658	-	70,568	-	-	114,876	23,206,102
Equity in Pooled Investments	23,174,378	-	-	30,412,109	2,955,782	18,697,583	75,239,852
Receivables (Net):							
Taxes	13,849,017	11,022,820	211,526	-	-	303,782	25,387,145
Accounts	1,553,165	1,432,169	319,986	67,554	17,507	122,413	3,512,794
Grants	734,192	-	360,147	3,471	481,378	584,666	2,163,854
Due from Other Funds	10,753	-	-	-	-	-	10,753
Accrued Interest	83,710	10,174	-	54,929	5,719	42,302	196,834
Interfund Loan Receivable	55,603	-	-	3,076,566	-	-	3,132,169
Inventory	6,762	-	181,265	-	-	21,964	209,991
Restricted Assets:							
Equity in Pooled Restricted Investments	909,920	5,477,064	-	-	-	4,718,938	11,105,922
Total Assets	63,407,458	17,942,227	1,143,492	33,614,629	3,460,386	24,606,524	144,174,716
LIABILITIES							
Accounts Payable	3,296,996	4,752,046	542,419	215,758	1,193,117	492,997	10,493,333
Accrued Liabilities	2,173,558	-	192,470	3,044	-	537,266	2,906,338
Unearned Other Revenue	545,005	-	397,850	64,742	442,950	556,502	2,007,049
Due to Other Funds	-	-	10,753	-	-	-	10,753
Deposits	-	-	-	-	765,995	-	765,995
Interfund Loan Payable	2,200,000	1,432,169	-	-	-	-	3,632,169
Total Liabilities	8,215,559	6,184,215	1,143,492	283,544	2,402,062	1,586,765	19,815,637
DEFERRED INFLOWS OF RESOURCES							
Deferred Property Taxes	8,747,052	11,022,820	-	-	-	39,531	19,809,403
Total Liabilities and Deferred Inflows of Resources	16,962,611	17,207,035	1,143,492	283,544	2,402,062	1,626,296	39,625,040
Fund Balances:							
Nonspendable	55,603	-	-	-	-	997,132	1,052,735
Restricted	2,317,041	735,192	-	-	-	17,562,502	20,614,735
Committed	24,784,252	-	-	33,331,085	-	485,775	58,601,112
Assigned	1,385,845	-	-	-	1,058,324	3,934,819	6,378,988
Unassigned	17,902,106	-	-	-	-	-	17,902,106
Total Fund Balances	46,444,847	735,192	-	33,331,085	1,058,324	22,980,228	104,549,676
Total Liabilities and Fund Balances	\$ 63,407,458	\$ 17,942,227	\$ 1,143,492	\$ 33,614,629	\$ 3,460,386	\$ 24,606,524	

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.	332,850,379
Inclusion of the City's Net Pension Liability not reported in the funds	(776,782)
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.	2,007,049
Certain deferred outflows of resources represent deferred expenses relating to pension expenses	116,998
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.	16,956,121
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
(Accrued Leave \$4,372,024 and developer oversizing agreements \$3,727,893)	(8,099,917)
Net Position of Governmental Activities	<u>\$ 447,603,524</u>

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, 2015

	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 57,998,280	\$ 10,989,018	\$ -	\$ -	\$ -	\$ 1,130,038	\$ 70,117,336
Licenses and Permits	2,601,406	-	355,813	-	-	118,970	3,076,189
Fines and Penalties	1,123,670	-	-	-	-	-	1,123,670
Intergovernmental	2,059,064	-	4,339,078	356,145	289,102	15,717,420	22,760,809
Charges for Services	4,447,057	27,126	2,297,481	8,624,713	-	139,104	15,535,481
Investment Earnings	560,938	68,698	(6,267)	332,645	21,481	288,035	1,265,530
Miscellaneous	7,862,973	-	13,670	94,064	42,155	206,288	8,219,150
Total Revenues	76,653,388	11,084,842	6,999,775	9,407,567	352,738	17,599,855	122,098,165
Expenditures:							
Current:							
Legislative	157,812	-	-	-	-	-	157,812
Executive	2,122,554	-	-	-	-	-	2,122,554
Finance	1,683,036	-	-	-	-	-	1,683,036
Human Resources	240,311	-	-	-	-	-	240,311
Information Technology	639,513	-	-	-	-	-	639,513
Economic Development	4,336,953	-	-	-	-	1,076,490	5,413,443
Development Services	4,228,418	-	-	-	-	288,081	4,516,499
Public Works	3,470,872	-	8,994,806	-	190,014	546,829	13,202,521
Police	19,512,548	-	-	-	53,000	36,937	19,602,485
Fire	289	-	-	-	-	11,928,813	11,929,102
Parks & Recreation	9,720,778	-	-	332,496	-	1,128,061	11,181,335
Library	3,158,826	-	-	-	-	7,138	3,165,964
Cultural Services	2,086,915	-	-	-	-	-	2,086,915
General Government	10,155,215	10,866,093	-	-	-	14,536	21,035,844
Capital Outlay	2,477,059	-	5,267,009	1,176,067	5,314,921	4,254,052	18,489,108
Total Expenditures	63,991,099	10,866,093	14,261,815	1,508,563	5,557,935	19,280,937	115,466,442
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,662,289	218,749	(7,262,040)	7,899,004	(5,205,197)	(1,681,082)	6,631,723
Other Financing Sources							
(Uses):							
Transfers In	1,824,756	-	7,315,464	6,461	5,412,461	-	14,559,142
Transfers (Out)	(13,240,337)	-	(53,424)	(2,653,336)	(21,412)	(25,000)	(15,993,509)
Insurance Recoveries	-	-	-	-	-	195	195
Total Other Financing Sources (Uses)	(11,415,581)	-	7,262,040	(2,646,875)	5,391,049	(24,805)	(1,434,172)
Net Change in Fund							
Balance	1,246,708	218,749	-	5,252,129	185,852	(1,705,887)	5,197,551
Fund Balances--Beginning	45,198,139	516,443	-	28,078,956	872,472	24,686,115	99,352,125
Fund Balances--Ending	\$ 46,444,847	\$ 735,192	\$ -	\$ 33,331,085	\$ 1,058,324	\$ 22,980,228	\$104,549,676

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

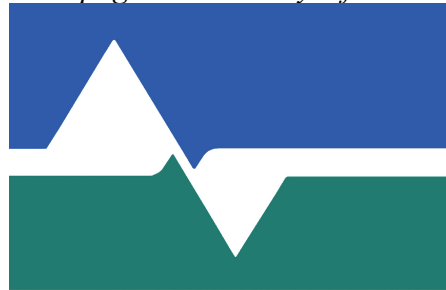
CITY OF LOVELAND, COLORADO
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2015

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

Net change in fund balances - total governmental funds	\$ 5,197,551
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 \$19,315,305 exceeded depreciation \$14,451,707 in the current period.	4,863,598
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.	1,624,521
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.	437,239
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes an decrease in accrued leave \$89,851; a decrease for developer oversizing agreements, net of accrued interest \$367,392; and a increase in pension costs due to the change in the Net Pension \$(237,330).	219,913
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.	(3,168,979)
Change in net position of governmental activities	\$ 9,173,843

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, 2015

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Power
ASSETS				
Current Assets:				
Cash	\$ -	\$ -	\$ -	\$ 1,350
Equity in Pooled Cash	1,535,790	2,821,897	2,195,281	5,972,048
Equity in Pooled Investments	6,965,363	7,233,440	4,086,198	15,304,732
Receivables, Net	4,542,884	1,382,131	610,723	6,140,155
Accrued Interest	58,503	32,955	15,065	43,303
Inventory, at Cost	177,782	4,005	15,292	2,638,742
Total Current Assets	13,280,322	11,474,428	6,922,559	30,100,330
Non-current Assets:				
Interfund Loan Receivable	-	-	-	4,500,000
Restricted Assets:				
Future Raw Water Projects	19,476,460	-	-	-
Future Easement Improvements	-	-	-	-
Restricted Cash	91,734	-	-	-
Reservoir Improvements	-	-	-	-
System Impact Fees	3,331,129	8,159,050	2,029,191	2,870,709
Windy Gap Commitment	1,699,042	-	-	-
Total Restricted Assets	24,598,365	8,159,050	2,029,191	2,870,709
Capital Assets:				
Land	508,866	365,148	116,631	1,407,824
Intangible Assets/Easements	2,128,289	2,141,552	2,192,355	2,209,590
Buildings	3,567,553	3,441,799	94,184	3,654,047
Equipment	1,951,154	3,050,696	2,616,469	4,057,327
Improvements Other Than Buildings	144,848,815	79,141,395	47,780,716	139,170,506
Water Rights	64,702,267	-	-	-
Construction in Progress	24,634,870	2,025,886	5,424,143	13,445,718
Total Capital Assets	242,341,814	90,166,476	58,224,498	163,945,012
Accumulated Depreciation	(45,654,279)	(26,988,351)	(14,591,599)	(52,851,422)
Net Capital Assets	196,687,535	63,178,125	43,632,899	111,093,590
Total Non-Current Assets	221,285,900	71,337,175	45,662,090	118,464,299
Total Assets	\$234,566,222	\$ 82,811,603	\$ 52,584,649	\$148,564,629

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

			Governmental Activities
Refuse	Golf	Totals	Internal Service
\$ 1,000	\$ 2,950	\$ 5,300	\$ -
527,319	1,237,294	14,289,629	-
2,214,579	1,837,665	37,641,977	12,274,375
712,903	295,158	13,683,954	1,436,896
5,437	5,891	161,154	20,875
189,856	56,232	3,081,909	251,739
3,651,094	3,435,190	68,863,923	13,983,885
800,000	-	5,300,000	500,000
-	-	19,476,460	-
-	87,937	87,937	-
430,863	-	522,597	-
-	169,952	169,952	-
-	-	16,390,079	-
-	-	1,699,042	-
430,863	257,889	38,346,067	-
-	1,055,502	3,453,971	209,516
-	-	8,671,786	-
378,098	4,233,789	15,369,470	1,976,509
6,124,738	2,423,736	20,224,120	13,011,267
129,238	8,212,184	419,282,854	-
-	94,500	64,796,767	-
-	46,897	45,577,514	376,896
6,632,074	16,066,608	577,376,482	15,574,188
(4,116,801)	(10,705,945)	(154,908,397)	(10,225,183)
2,515,273	5,360,663	422,468,085	5,349,005
3,746,136	5,618,552	466,114,152	5,849,005
\$ 7,397,230	\$ 9,053,742	\$ 534,978,075	\$ 19,832,890

CITY OF LOVELAND, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2015
(Continued)

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Power
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 6,000,101	\$ 495,284	\$ 782,308	\$ 4,375,945
Accrued Liabilities	335,273	173,681	84,455	271,386
Unearned Other Revenue	20,870	19,502	7,395	-
Deposits	-	-	-	2,895,024
Current Portion of Long-Term Debt	245,602	189,205	83,008	281,710
Total Current Liabilities	6,601,846	877,672	957,166	7,824,065
Long-Term Liabilities:				
Compensated Absences	201,853	153,909	67,916	230,479
Loan Payable	10,206,594	-	-	-
Oversizing	10,678	-	-	-
Interfund Loan Payable	4,500,000	-	800,000	-
Total Long-Term Liabilities	14,919,125	153,909	867,916	230,479
Total Liabilities	21,520,971	1,031,581	1,825,082	8,054,544
NET POSITION				
Net Investment in Capital Assets	196,687,535	63,178,125	43,632,899	111,093,590
Restricted for Future Capital				
Improvements	24,598,365	8,159,050	2,029,191	2,870,709
Unrestricted	(8,240,649)	10,442,847	5,097,477	26,545,786
Total Net Position	\$213,045,251	\$ 81,780,022	\$ 50,759,567	\$140,510,085

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, 2015
(Continued)

		Governmental Activities	
Refuse	Golf	Totals	Internal Service
\$ 184,011	\$ 254,991	\$ 12,092,640	\$ 1,696,866
115,872	72,842	1,053,509	1,011,891
-	-	47,767	737
-	-	2,895,024	-
66,799	110,170	976,494	92,001
366,682	438,003	17,065,434	2,801,495
54,654	90,139	798,950	75,274
-	-	10,206,594	-
-	-	10,678	-
-	-	5,300,000	-
54,654	90,139	16,316,222	75,274
421,336	528,142	33,381,656	2,876,769
2,515,273	5,360,663	422,468,085	5,349,005
430,863	257,889	38,346,067	-
4,029,758	2,907,048	40,782,267	11,607,116
\$ 6,975,894	\$ 8,525,600	\$ 501,596,419	\$ 16,956,121

CITY OF LOVELAND, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Business-Type Activities- Enterprise Funds			
	Water	Waste Water	Stormwater	Power
Operating Revenues:				
Charges for Services	\$ 10,749,255	\$ 9,488,086	\$ 5,074,489	\$ 56,138,644
Miscellaneous	2,471,813	18,936	39,417	1,342,318
Total Operating Revenue	13,221,068	9,507,022	5,113,906	57,480,962
Operating Expenses:				
Personal Services	3,840,471	2,865,669	1,444,926	3,401,279
Supplies	1,092,789	673,807	69,883	580,205
Purchased Services	4,771,228	2,388,932	1,229,777	4,274,358
Purchased Power	-	-	-	40,629,266
Payment for Services	751,824	662,004	353,170	3,886,434
Depreciation	3,534,884	2,147,901	1,261,950	3,790,359
Total Operating Expenses	13,991,196	8,738,313	4,359,706	56,561,901
Net Operating Income (loss)	(770,128)	768,709	754,200	919,061
Nonoperating Revenues (Expenses):				
Investment Earnings	386,860	190,855	81,296	279,566
Interest Expense	(176,915)	-	(11,760)	-
Bond Expenses	(60,050)	-	-	-
Intergovernmental	-	-	9,710	-
Gain (Loss) on Sale of Capital Assets	63,361	(266,411)	152,661	(374,034)
Windy Gap	(828,252)	-	-	-
Total Nonoperating Revenues (Expense)	(614,996)	(75,556)	231,907	(94,468)
Net Income (Loss) Before Contributions and Transfers	(1,385,124)	693,153	986,107	824,593
Capital Contributions:				
System Impact/Development Fees	3,022,908	1,703,872	457,299	2,784,483
Contributed Assets	2,053,537	650,140	782,077	402,506
Aid to Construction	-	-	-	1,429,573
Raw Water Development Fees	703,810	-	-	-
Cash in Lieu of Water Rights	1,336,438	-	-	-
Capital Grant Contributions	739,973	675,026	-	2,144
Transfers In	11,656,956	116,980	5,654	103,583
Transfers (Out)	(10,858,943)	(26,006)	(5,045)	(162,174)
Insurance Recoveries	-	16,559	-	32,461
Change in Net Position	7,269,555	3,829,724	2,226,092	5,417,169
Total Net Position - Beginning	205,775,696	77,950,298	48,533,475	135,092,916
Total Net Position - Ending	\$ 213,045,251	\$ 81,780,022	\$ 50,759,567	\$ 140,510,085

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

Business-Type Activities - Enterprise Funds			Governmental Activities
Refuse	Golf	Totals	Internal Service
\$ 6,480,681	\$ 3,733,567	\$ 91,664,722	\$ 18,432,403
26,067	439	3,898,990	122,927
6,506,748	3,734,006	95,563,712	18,555,330
2,135,074	1,711,853	15,399,272	1,655,599
97,222	496,709	3,010,615	1,969,858
2,487,170	713,378	15,864,843	17,802,587
-	-	40,629,266	-
434,044	111,526	6,199,002	-
869,488	719,172	12,323,754	1,231,239
6,022,998	3,752,638	93,426,752	22,659,283
483,750	(18,632)	2,136,960	(4,103,953)
20,558	35,844	994,979	184,088
-	-	(188,675)	-
-	-	(60,050)	-
465	278,508	288,683	(174)
66,068	(5,035)	(363,390)	141,059
-	-	(828,252)	-
87,091	309,317	(156,705)	324,973
570,841	290,685	1,980,255	(3,778,980)
-	-	7,968,562	-
-	-	3,888,260	-
-	-	1,429,573	-
-	-	703,810	-
-	-	1,336,438	-
-	-	1,417,143	-
-	-	11,883,173	610,000
-	(6,640)	(11,058,808)	-
-	-	49,020	-
570,841	284,045	19,597,426	(3,168,980)
6,405,053	8,241,555	481,998,993	20,125,101
\$ 6,975,894	\$ 8,525,600	\$ 501,596,419	\$ 16,956,121

CITY OF LOVELAND, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Power
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 7,873,831	\$ 9,283,758	\$ 5,035,549	\$ 55,842,544
Cash Received from Interfund Services	-	-	-	-
Cash Payments for Goods and Services	(3,815,403)	(3,426,616)	(1,230,307)	(48,949,734)
Cash Payment to Employees	(3,728,494)	(2,799,482)	(1,417,666)	(3,339,081)
Miscellaneous	2,471,813	26,289	39,415	1,374,782
Net Cash Provided (Used) by Operating Activities	2,801,747	3,083,949	2,426,991	4,928,511
Cash Flows from Non-Capital Financing Activities:				
Transfers In	11,656,956	116,980	5,654	103,583
Transfers (Out)	(10,858,943)	(26,006)	(5,045)	(162,174)
Net Cash Provided (Used) by Non-Capital Financing Activities	798,013	90,974	609	(58,591)
Cash Flows from Capital and Related Financing Activities:				
Contributions	5,063,156	1,703,872	457,299	4,214,056
Proceeds on Sale of Capital Assets	146,900	35,320	186,690	22,000
Payments for Capital Acquisition	(20,540,226)	(2,951,992)	(531,229)	(8,825,402)
Intergovernmental Revenue	-	-	9,710	-
Capital Grant Contributions	739,973	675,026	-	2,144
Debt Principal Payment	9,385,994	-	(400,000)	750,000
Oversizing	10,678	-	-	-
Bond Expenses	(60,800)	-	-	-
Interest Paid	(32,259)	-	(11,760)	-
Windy Gap Payment	(827,502)	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,114,086)	(537,774)	(289,290)	(3,837,202)
Cash Flows from Investing Activities:				
Purchase of Investments	(1,208,113)	(4,855,999)	(3,444,629)	(9,973,088)
Proceeds from Sale of Investments	3,728,875	2,068,548	1,487,317	10,697,867
Investment Earnings	275,849	179,576	79,160	284,352
Net Cash Flows Provided (Used) by Investing Activities	2,796,611	(2,607,875)	(1,878,152)	1,009,131
Net Increase in Cash and Cash Equivalents	282,285	29,274	260,158	2,041,849
Cash and Cash Equivalents - Jan. 1	1,253,505	2,792,623	1,935,123	3,931,549
Cash and Cash Equivalents - Dec. 31	\$ 1,535,790	\$ 2,821,897	\$ 2,195,281	\$ 5,973,398
Reconciliation of Operating Income (Loss) to Net Operating Income (Loss)				
Operating Income (Loss)	\$ (770,128)	\$ 768,709	\$ 754,200	\$ 919,061
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	3,534,884	2,147,901	1,261,950	3,790,359
(Increase) in Accounts Receivable	(2,875,424)	(196,977)	(38,940)	(263,639)
(Increase) Decrease in Inventory	19,836	454	6,054	583,393
Increase (Decrease) in Current Liabilities	2,892,579	363,862	443,727	(100,663)
Total Adjustments	3,571,875	2,315,240	1,672,791	4,009,450
Net Cash Provided (Used) by Operating Activities	\$ 2,801,747	\$ 3,083,949	\$ 2,426,991	\$ 4,928,511
Noncash Investing, Capital and Financing Activities:				
Contributed Assets from Subdividers	\$ 2,053,537	\$ 650,140	\$ 782,077	\$ 402,506
Unrealized Loss on Investments	\$ (125,388)	\$ (70,698)	\$ (32,318)	\$ (92,898)

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

Business-Type Activities - Enterprise Funds			Governmental Activities
Refuse	Golf	Totals	Internal Service
\$ 6,358,985	\$ 3,460,403	\$ 87,855,070	\$ -
-	-	-	17,652,782
(3,759,827)	(1,318,859)	(62,500,746)	(18,539,411)
(2,128,321)	(1,691,639)	(15,104,683)	(1,630,505)
26,066	449	3,938,814	122,926
496,903	450,354	14,188,455	(2,394,208)
-	-	11,883,173	610,000
-	(6,640)	(11,058,808)	-
-	(6,640)	824,365	610,000
-	-	11,438,383	-
485,520	-	876,430	30,495
(183,100)	(281,327)	(33,313,276)	(1,422,117)
465	278,508	288,683	(174)
-	-	1,417,143	-
400,000	-	10,135,994	(500,000)
-	-	10,678	-
-	-	(60,800)	-
-	-	(44,019)	-
-	-	(827,502)	-
702,885	(2,819)	(10,078,286)	(1,891,796)
(1,098,992)	(1,536,670)	(22,117,491)	(9,244,669)
409,607	1,384,388	19,776,602	12,724,196
16,916	33,536	869,389	196,477
(672,469)	(118,746)	(1,471,500)	3,676,004
527,319	322,149	3,463,034	-
1,000	918,095	10,831,895	-
\$ 528,319	\$ 1,240,244	\$ 14,294,929	\$ -
\$ 483,750	\$ (18,632)	\$ 2,136,960	\$ (4,103,953)
869,488	719,172	12,323,754	1,231,239
(121,696)	(273,154)	(3,769,830)	(779,621)
(86,705)	(5,810)	517,223	15,632
(647,934)	28,778	2,980,348	1,242,495
13,153	468,986	12,051,495	1,709,745
\$ 496,903	\$ 450,354	\$ 14,188,455	\$ (2,394,208)
\$ -	\$ -	\$ 3,888,260	\$ -
\$ (11,664)	\$ (12,637)	\$ (345,603)	\$ (44,784)

CITY OF LOVELAND, COLORADO
Statement of Assets and Liabilities
Agency Funds
December 31, 2015

ASSETS		
Equity in Pooled Cash and Cash Equivalents	\$	59,898
Equity in Pooled Investments		266,650
Accounts Receivable		62,586
Accrued Interest		608
Total Assets	\$	389,742
LIABILITIES		
Due to Improvement District	\$	389,742
Total Liabilities	\$	389,742

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

City of Loveland, Colorado
Notes to Financial Statements
December 31, 2015

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 Authority, but the Authority has a governing body substantively the same as the City and a financial benefit/burden relationship exists. The Authority also provides service that almost exclusively benefits the City.

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, 2015, 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.

Note 1: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

Government-Wide and Fund Financial Statements

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

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

revenues are transfers from other funds.

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

The City reports the following Proprietary Funds as major:

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

Additionally, the City reports the following fund types:

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

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

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

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

C. 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.

Note 1: Summary of Significant Accounting Policies (continued)

D. Cash and Investments (continued)

Investments are not made in any derivative types of arrangements.

Investments are stated at fair value.

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

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, 2015, the allowance for uncollectable accounts was \$319,350. 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, unless debt is incurred for the purpose of financing a capital asset. The City developed a Capitalization Policy that defines the recording of capital assets in accordance with Generally Accepted Accounting Principles. The Capitalization Policy includes a physical inventory count of capital assets by fund and department in a three-year cycle. In 2015, the three-year cycle of physical inventories included Airport, Library, Police, Power, Rialto, Risk, Solid Waste, Traffic, Transit and Golf.

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 Outflows/Inflows of Resources

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

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

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, 2015, consisted of the following:

Deposits	\$ 37,570,229
Investments	174,873,832
Total	<u><u>\$212,444,061</u></u>

Note 2: Cash and Investments (continued)

Deposits and investments are displayed within this report as follows:

Cash	\$ 14,600
Equity in Pooled Cash and Cash Equivalent	37,495,731
Equity in Pooled Investments	125,156,205
Equity in Restricted Investments	49,451,990
Equity in Pooled Cash and Cash Equivalent - Agency Funds	59,898
Equity in Pooled Investments - Agency Funds	265,637
Total	\$ 212,444,061

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, 2015 the City had \$13,731,534 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, 2015, the City had the following investments:

Investment Type	Standard and Poor's Rating	Investment Maturities (in Years)				Total
		Less than 1	1-3	4-5		
Governmental and Business-Type Activities						
Certificates of Deposit	N/A	\$ -	\$ 1,723,372	\$ 498,411	\$ -	\$ 2,221,783
U.S. Treasury Notes	N/A	-	5,930,566	29,717,161	-	35,647,727
U.S. Agency Securities	AA+	-	74,516,986	44,741,534	-	119,258,520
Corporate Bonds	A/A+/AA+	3,015,090	8,951,086	4,517,533	-	16,483,709
Foreign Issues	A+	-	996,456	-	-	996,456
Total		\$ 3,015,090	\$ 92,118,466	\$ 79,474,639	\$ -	\$ 174,608,195
Fiduciary Funds						
Certificates of Deposit	N/A	\$ -	\$ 2,349	\$ 679	\$ -	\$ 3,028
U.S. Treasury Notes	N/A	\$ -	\$ 9,024	\$ 45,219	\$ -	\$ 54,243
U.S. Agency Securities	AA+	-	113,365	68,066	-	181,431
Corporate Bonds	A/A+/AA+	4,650	13,804	6,967	-	25,421
Foreign Issues	A+	-	1,514	-	-	1,514
Total		\$ 4,650	\$ 140,056	\$ 120,931	\$ -	\$ 265,637

Note 2: Cash and Investments (continued)

B. Investments (continued)

1. **Local Government Investment Pools:** At December 31, 2015, the City had \$2,302 invested in Colotrust and \$12,028,173 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, 2015, 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: US Treasury Notes (20.30%), Federal Home Loan Bank (11.42%), Federal National Mortgage Association (19.91%), Federal Home Loan Mortgage Corporation (19.93%) and Federal Farm Credit Bank (17.08%).

C. Restricted Investments

Investments of \$49,451,990 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, 2015, were as follows:

Due From	Due to	Amount
Transportation Fund	General Fund	\$10,753
	Total Due To	
	General Fund	\$10,753

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

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

Advance From	Advance To	Original Amount	Principal Payments	Principal Balance at December 31, 2015
CEF Fund	General Fund	\$ 4,850,000	\$ 4,850,000	\$ -
Power Fund	Water Fund	6,000,000	1,500,000	4,500,000
Refuse Fund	Stormwater Fund	1,600,000	800,000	800,000
CEF Fund	Loveland Urban Renewal	1,500,000	123,434	1,376,566
General Fund	Loveland Urban Renewal	63,100	7,497	55,603
CEF Fund	Economic Incentive Fund	1,700,000	-	1,700,000
Fleet Fund	Economic Incentive Fund	\$ 500,000	\$ -	\$ 500,000

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
2015	\$ 659,275	\$ 659,275	\$ 6,461	\$ 665,736
Total	\$ -	\$ 659,275	\$ 6,461	\$ 665,736

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
2016	\$ 4,500,000	\$ 750,000	\$ 46,620	\$ 796,620
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	\$ -	\$ 4,500,000	\$ 215,370	\$ 4,715,370

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

In 2013, City Council approved an Interfund Loan of \$1,600,000 from Refuse to Stormwater to help fund their portion of the Service Center Phase II. The loan will be paid back in annual installments from 2014 to 2016. The interest rate will be the same as the City's annual return on it's investment portfolio.

Stormwater Fund Payment Schedule				
	Beginning Balance	Principal	Interest	Total Payment
2016	\$ 800,000	\$ 800,000	\$ 8,288	\$ 808,288
Total	\$ -	\$ 800,000	\$ 8,288	\$ 808,288

Interest Rate Projections*

2016	2017	2018	2018 - 2021
1.04%	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)

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

Loveland Urban Renewal Authority Payment Schedule				
	Beginning Balance	Principal	Interest	Total Payment
2016	\$ 1,376,566	\$ 96,996	\$ 41,297	\$ 138,293
2017	1,279,570	99,906	38,387	138,293
2018	1,179,665	102,903	35,390	138,293
2019	1,076,762	105,990	32,303	138,293
2020	970,772	109,170	29,123	138,293
2021	861,603	112,445	25,848	138,293
2022	749,158	115,818	22,475	138,293
2023	633,340	119,293	19,000	138,293
2024	514,048	122,871	15,421	138,292
2025	391,176	126,557	11,735	138,292
2026	264,619	131,641	7,939	139,580
2027	132,976	132,976	4,028	137,004
Total	\$ -	\$ 1,376,566	\$ 282,946	\$ 1,659,512

Loveland Urban Renewal Authority Payment Schedule				
	Beginning Balance	Principal	Interest	Total Payment
2016	\$ 55,603	\$ 3,918	\$ 1,668	\$ 5,586
2017	51,685	4,035	1,551	5,586
2018	47,650	4,157	1,429	5,586
2019	43,493	4,281	1,305	5,586

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

Loveland Urban Renewal Authority Payment Schedule

	Beginning Balance	Principal	Interest	Total Payment
2020	39,212	4,410	1,176	5,586
2021	34,802	4,542	1,044	5,586
2022	30,261	4,678	908	5,586
2023	25,582	4,819	767	5,586
2024	20,764	4,963	623	5,586
2025	15,801	5,112	474	5,586
2026	10,689	5,265	321	5,586
2027	5,423	5,423	163	5,586
Total	\$ -	\$ 55,603	\$ 11,429	\$ 67,032

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

Economic Incentive Fund Payment Schedule

	Beginning Balance	Principal	Interest	Total Payment
2016	\$ 2,200,000	\$ 188,920	\$ 66,000	\$ 254,920
2017	2,011,080	194,588	60,332	254,920
2018	1,816,492	200,425	54,495	254,920
2019	1,616,067	206,438	48,482	254,920
2020	1,409,629	212,631	42,289	254,920
2021	1,196,998	219,010	38,910	257,920
2022	977,988	225,580	29,340	254,920
2023	752,408	232,348	22,572	254,920
2024	520,060	239,318	15,602	254,920
2025	280,742	246,498	8,422	254,920
2026	34,244	34,244	1,027	35,271
Total	\$ 12,815,708	\$ 2,200,000	\$ 387,471	\$ 2,587,471

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

Transfers between funds were as follows:

	Transfers In:									Total
	General	Capital Projects	Transportation	CEF'S	Water	Waste Water	Storm Water	Power	Internal Services	
Transfers Out:										
General	\$ 1,404,790	\$ 3,760,889	\$ 6,252,933	\$ 6,461	\$ 979,047	\$ 116,980	\$ 5,654	\$ 103,583	\$ 610,000	\$ 13,240,337
Capital Projects	21,412	-	-	-	-	-	-	-	-	21,412
Lodging Tax	25,000	-	-	-	-	-	-	-	-	25,000
Transportation	53,424	-	-	-	-	-	-	-	-	53,424
CEF's	-	1,590,804	1,062,531	-	-	-	-	-	-	2,653,335
Water	163,068	17,966	-	-	10,677,909	-	-	-	-	10,858,943
Waste Water	13,099	12,907	-	-	-	-	-	-	-	26,006
Power	138,919	23,255	-	-	-	-	-	-	-	162,174
Storm Water	5,045	-	-	-	-	-	-	-	-	5,045
Golf	-	6,640	-	-	-	-	-	-	-	6,640
	\$ 1,824,757	\$ 5,412,461	\$ 7,315,464	\$ 6,461	\$ 11,656,956	\$ 116,980	\$ 5,654	\$ 103,583	\$ 610,000	\$ 27,052,316

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

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

The General Fund transferred \$6,252,933 to the Transportation Fund for various capital projects throughout the City

The General Fund transferred \$3,760,889 to the Capital Projects Fund for various capital projects throughout the City

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

Governmental Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 40,900,824	\$ 4,577,915	\$ 250,000	\$ 45,228,739
Easements	1,504,247	539,737	-	2,043,984
Water Rights	2,624,520	-	-	2,624,520
Art Collection	6,240,474	256,009	-	6,496,483
Construction in Process	14,668,151	3,586,858	11,375,267	6,879,742
Total Capital Assets, not being depreciated	65,938,216	8,960,519	11,625,267	63,273,468
Capital Assets, being depreciated				
Buildings	75,933,691	1,117,993	926,396	76,125,288
Equipment	36,024,498	4,594,091	895,574	39,723,015
Improvements Other Than Buildings	37,744,849	12,984,126	186,698	50,542,277
Infrastructure	261,581,668	7,234,375	-	268,816,043
Total Capital Assets, being depreciated	411,284,706	25,930,585	2,008,668	435,206,623
Less accumulated depreciation for:				
Buildings	20,462,132	2,070,217	157,145	22,375,204
Equipment	25,667,961	2,746,669	873,496	27,541,134
Improvements Other Than Buildings	17,073,142	1,871,388	13,027	18,931,503
Infrastructure	82,438,202	8,994,671	-	91,432,873
Total Accumulated Depreciation	145,641,437	15,682,945	1,043,668	160,280,714
Total capital assets, being depreciated, net	265,643,269	10,247,640	965,000	274,925,909
Governmental activities capital assets, net	\$ 331,581,485	\$ 19,208,159	\$ 12,590,267	\$ 338,199,377

Business-type Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 3,431,756	\$ 22,215	\$ -	\$ 3,453,971
Easements	7,027,715	1,644,070	-	8,671,785
Water Rights	62,545,869	2,250,898	-	64,796,767
Construction in Process	30,953,436	30,144,679	15,520,602	45,577,513
Total Capital Assets, not being depreciated	103,958,776	34,061,862	15,520,602	122,500,036
Capital Assets, being depreciated				
Buildings	15,089,044	280,426	-	15,369,470
Equipment	22,144,120	1,373,055	3,293,055	20,224,120
Improvements Other Than Buildings	308,041,080	5,104,388	49,346,895	263,798,573
Infrastructure	96,723,965	59,390,037	629,720	155,484,282
Total Capital Assets, being depreciated	441,998,209	66,147,906	53,269,670	454,876,445
Less accumulated depreciation for:				
Buildings	4,988,102	344,937	-	5,333,039
Equipment	13,167,325	1,949,324	2,813,413	12,303,236
Improvements Other Than Buildings	103,341,869	7,311,507	13,275,771	97,377,605
Infrastructure	25,629,566	14,547,743	282,791	39,894,518
Total Accumulated Depreciation	147,126,862	24,153,511	16,371,975	154,908,398
Total capital assets, being depreciated, net	294,871,347	41,994,395	36,897,695	299,968,047
Business-type activities capital assets, net	\$ 398,830,123	\$ 76,056,257	\$ 52,418,297	\$ 422,468,083

Stormwater Improvements Other Than Buildings were reclassified to Infrastructure. This resulted in a entry to accumulated depreciation of \$11,829,757.

Note 4: Capital Assets (continued)

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

Governmental Activities	
Executive	\$ 630
Library	346,413
Finance	17,607
Information Technology	253,574
Development Services	2,874,352
Public Works	6,900,222
Police	679,756
Fire	752,711
Parks & Recreation	2,230,071
Cultural Services	284,707
Nondepartmental	111,663
Internal Service Fund	1,231,239
Total Governmental Activities	\$ 15,682,945
Business-Type Activities	
Water	\$ 3,534,884
Wastewater	2,147,901
Stormwater	1,261,950
Power	3,790,359
Solid Waste	869,488
Golf	719,172
Total Business-Type Activities	\$ 12,323,754

Note 5: Long-Term Debt

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Balance			Balance	Due Within
	12/31/2014	Additions	Reductions	12/31/2015	One Year
Governmental Activities					
Compensated Absences	\$ 4,614,760	\$ 2,464,626	\$ 2,540,086	\$ 4,539,300	\$ 2,496,615
Oversizing Agreements	4,095,285	-	367,392	3,727,893	358,000
Total	\$ 8,710,045	\$ 2,464,626	\$ 2,907,478	\$ 8,267,193	\$ 2,854,615
Business-Type Activities					
Water Bonds	\$ 100,000	\$10,106,594	\$ -	\$10,206,594	\$ -
Compensated Absences	1,607,373	835,497	667,427	1,775,443	976,494
Oversizing Agreements	-	10,678	-	10,678	-
Total	\$ 1,707,373	\$10,952,769	\$ 667,427	\$11,992,715	\$ 976,494

A. Capital Lease

There were no capital leases in 2015.

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. There were additional draws totaling \$6,906,594 in 2015 and it is expected the remaining balance will be drawn in 2016. The rate of interest on the bonds is 3.19% and interest payments began in February 2014. Principal payments are due annually beginning August 1st 2017, and interest payments are due semi-annually on February 1st and August 1st. The 2013 revenue bonds are payable solely from the net revenue of the water utility system, after deduction of

Note 5: Long-Term Debt (continued)

B. Water Bonds (continued)

operating expenses.

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

Year	Principal		Interest	
	2013 Water Bond	2015 Water Bond	2013 Water Bond	2015 Water Bond
2016	\$ -	\$ -	\$ 199,160	\$ 89,400
2017	450,000	150,000	223,510	94,988
2018	465,000	155,000	209,155	90,505
2019	480,000	160,000	194,322	85,874
2020	495,000	165,000	179,010	81,093
2021-2025	2,735,000	875,000	646,868	330,097
2026-2030	2,381,594	1,015,000	186,499	191,477
2031-2033	-	680,000	-	39,286
Total	\$ 7,006,594	\$ 3,200,000	\$ 1,838,524	\$ 1,002,720

Pledged Revenues

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

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

	Amount Pledged	Term of Commitment
2013 Water Bond	\$ 8,845,118	2029
2015 Water Bond	4,202,720	2033
	\$ 13,047,838	

C. Special Assessment Bonds

The City has also authorized the issuance of Special Assessment Bonds Series 2007 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.

In December, 2015, the City refunded Special Assessment Bonds Series 2007 (“the Refunded Bonds”). The net proceeds of the refunding bonds, along with proceeds in accounts held for the Refunded Bonds were deposited in an escrow account to provide for all future debt service payments on the Refunded Bonds. As a result of the refunding, the City reduced the aggregated debt service payments for the Special Improvement District #1 by approximately \$1,361,665 and obtained a net present value savings of \$501,094. The outstanding balance of the defeased debt at December 31, 2015 was \$5,231,606.

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, 2015, the City had oversizing agreements for transportation and water. The City appropriates money

Note 5: Long-Term Debt (continued)**D. Developer Oversizing Agreements (continued)**

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, 2015 is as follows:

Project	Date of Contract	Orig.			Contract Changes	Contract Additions	Contract Payments	December 31, 2015 Balance
		Contract Amount	Jan 1, 2015 Balance					
*Waterford Place 2nd Sub	12/13/02	\$ 507,205	\$ 400,867	\$ -	\$ -	\$ -	\$ 400,867	
Blackbird Knolls 2nd Sub	5/2/05	307,337	307,337	-	-	-	307,337	
*Taft and 14th St. SW Intersection	2/6/07	358,706	358,706	-	-	-	358,706	
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	1,104,569	-	-	100,000	1,004,569	
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	387,653	-	-	150,000	237,653	
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		\$ 5,863,970	\$ 4,095,285	\$ -	\$ -	\$ 367,392	\$ 3,727,893	
Wintergreen 3rd	6/12/15	\$ 10,678	\$ -	\$ -	\$ 10,678	\$ -	\$ 10,678	
Water Oversizing Agreements		\$ 10,678	\$ -	\$ -	\$ 10,678	\$ -	\$ 10,678	
TOTAL DEVELOPER AGREEMENTS		\$ 5,874,648	\$ 4,095,285	\$ -	\$ 10,678	\$ 367,392	\$ 3,738,571	

*Interest applies to these contracts.

Note 6: Contractual Obligations

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

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

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

Master Financing Agreement

On January 20, 2004, the Master Financing Agreement (MFA) was entered into between the City, Centerra Metropolitan District #1 (District), the Loveland Urban Renewal Authority (LURA), Centerra Properties West LLC (Developer), Centerra Public Improvement Collection Corporation, and Centerra Public Improvement Development Corporation. The MFA's intent was to establish an agreement for the City and the LURA to participate financially in the construction of public improvements through the use of new property and sales tax revenues generated from the approximately 1300

Note 6: Contractual Obligations (continued)

acres of land at the northwest and northeast corners of the Interstate 25 and US Highway 34 interchange (the Commercial Area). Pursuant to the MFA, the LURA pledges to pay the District the net tax increment revenues for the purpose of financing certain public and regional improvements. The TIF allocation terminates the earlier of the date the LURA obligation is paid or 25 years after the LURA commencement date of January 20, 2004. The MFA also requires the recording of the Public Improvement Fee (PIF) Covenant against all of the property within the Commercial Area to provide for the imposition of a Public Improvement Fee. In connection with the PIF, the City agrees in the MFA to grant a sales tax credit against the collection of 1.25% of its 3.0% sales tax on taxable sales transactions occurring within the Commercial Area.

Note 7: Police Seizure Funds

Police, a department of the General Fund, receives proceeds from the seizure of contraband. These funds must be used for the specific purpose of law enforcement activities. State Statute requires the formation of a committee on disposition of forfeited property. The committee accepts and spends forfeiture proceeds without the approval from the City Council. A \$36,937 overtime grant from Northern Colorado Drug Task Force, passing through the City of Fort Collins, was received and spent during 2015. Funds not spent in 2015 will be carried forward into 2016. Total revenues received were \$36,937 and expenditures were \$36,937 leaving an ending fund balance of \$45,938.

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 \$25,863,404 in the project.

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:

<u>2016</u>	<u>2017</u>
\$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 Pinnacle Assurance.

Other public entities must meet the following criteria:

1. Be a "public entity" as that term is defined in the Colorado Governmental Immunity Act (school districts are ineligible for CIRSA membership);
2. Have an intergovernmental agreement in effect with a CIRSA member municipality for the provision of one

Note 9: Commitments And Contingencies (continued)

A. Risk Management (continued)

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 2015, the deductible paid by the City for property, and auto physical damage is \$200,000 per occurrence. The deductible paid by the City for liability claims is \$200,000.

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

The Employee Benefits Fund provides dental coverage for employees and is fully self-insured. Health insurance is self-insured up to stop-loss coverage which is purchased from insurance companies. Estimated liabilities for claims incurred but not reported (IBNR) at year end, are shown as accrued liabilities in the fund. These estimates are based on projections from historical claims data. Administrative costs of preparing these estimates are not included in the accrual of these liabilities. Short-term and Long-term Disability and Life Insurance coverage are purchased through premiums paid to insurance companies. Individual stop-loss coverage reduces the City's risk by shifting responsibility for large claims to the stop-loss provider. Claim amounts paid in excess of \$175,000 for a covered individual in a calendar year are reimbursed to the City by the stop-loss provider. Aggregate stop-loss coverage is also applicable and protects the City against high total claims for the healthcare plan. The Employee Benefits Fund has \$400,993 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 \$4,561,099 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 \$4,962,092.

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

Description	December 31, 2015	December 31, 2014
Unpaid Claims - Beginning	\$ 1,079,365	\$ 977,011
Incurred Claims (includes IBNR's)	13,225,898	11,031,854
Claims Paid	(12,550,194)	(10,929,500)
Unpaid Claims Ending	\$ 1,755,069	\$ 1,079,365

Note 9: Commitments And Contingencies (continued)

B. Construction Commitments

At December 31, 2015 the City had several construction projects in process. The most significant of these are as follows:

Project	Budget	Cost to date
Wastewater Treatment Plant Expansion	\$ 37,640,735	\$ 1,640,735
Windy Gap FIRMING	35,453,840	2,007,364
Water Treatment Plant Expansion	27,216,658	22,216,658
Washington Ave Outfall Phase 4	4,275,480	4,215,600
Viestenz-Smith Park Flood Improvements	\$ 3,375,610	\$ 347,505

C. Contingent Liabilities

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

Note 10: Retirement Commitments

A. Defined Contribution Plans

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

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

1. **Police:** All certified officers of the Police Department must participate from the date of hire. The plan is 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 2015 are as follows:

	Police Officers	Firefighters	Non-uniformed Employees
Required Contribution Rate			
Employer	11%	11%	5% - 9%
Employee	7%	9%	3%
Amounts Contributed			
Employer	\$808,675	\$606,747	\$2,199,510
Employee	\$514,613	\$496,428	\$963,012

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.

Note 10: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

Loveland and Rural Consolidated Volunteer Firefighters

1. Plan Description:

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

2. Benefits Provided:

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

As of January 1, 2015, the most recent actuarial valuation date, the plan was 78.7% funded. The membership of the Loveland and Rural Consolidated Volunteer Firefighters Pension Plan is:

Retirees and Beneficiaries	60
Inactive, Nonretired Members	4
Active Members	8
Total Members	72

3. Funding Policy:

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

4. Net Pension Liability:

The net pension liability (i.e., the plan's liability determined in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions) as of December 31, 2015 is:

Total Pension Liability:	\$3,646,726
Plan Fiduciary Net Position:	\$2,869,944
Net Pension Liability:	\$ 776,782

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balance	\$ 3,485,362	\$ 2,880,119	\$ 605,243
Changes for the Year			
Service Cost	9,256	-	9,256
Interest	248,058	-	248,058
Difference between expected and actual experience	1,626	-	1,626
Contributions - Employer	-	182,799	(182,799)
Net Investment Income	-	183,273	(183,273)
Benefit Payments, Including Refunds	(371,640)	(371,640)	-
Administrative Expense	-	(4,607)	4,607
Benefit Changes	274,064	-	274,064
Net Changes	<u>161,364</u>	<u>(10,175)</u>	<u>171,539</u>
Ending Balance as of 12/31/15	<u>\$ 3,646,726</u>	<u>\$ 2,869,944</u>	<u>\$ 776,782</u>

The benefit changes are due to an increase in benefit payments to \$700 in 2014.

Note 10: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

\$96,210 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pensions which is Actual Investment Earnings different than Assumed \$20,490 and Difference between Actual and Expected Experience \$302 will be recognized in pension expense as follows:

Year Ended December 31:

2016	\$5,425
2017	5,123
2018	5,123
2019	\$5,121

5. Actuarial Methods and Assumption:

The total pension liability shown is based on an actuarial study for period December 31, 2015 for the measurement period ending December 31, 2014. Actuarial valuation of the plan involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future, such as mortality and inflation.

Actuarial Assumptions are:

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

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

6. Development of Single Discount Rate:

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

Single Discount Rate	7.5%
Long-Term Expected Rate of Investment Return	7.5%
Long-Term Municipal Bond Rate ²	3.65%

The last year ending December 31 in the 2015 to 2114 projection period for which projected benefit payments are fully funded is year 2114.

²Source: "State & local bonds" rate from Federal Reserve statistical release (H.15) as of December 24, 2014. The statistical release describes this rate as "Bond Buyer Index, general obligation, 20 years to maturity, mixed quality." In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

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

1% Decrease to 6.5%	\$1,090,061
Current Single Discount Rate Assumption of 7.5%	\$ 776,782
1% Increase to 8.5%	\$ 507,379

Note 10: Retirement Commitments (continued)**B. Defined Benefit Plans (continued)**8. Long Term Expected Rate of Return:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	40%	8.9%
Equity Long/Short	10%	7.5%
Illiquid Alternatives	18%	10.5%
Fixed Income	15%	4.6%
Absolute Return	12%	6.5%
Managed Futures	4%	5.5%
Cash	1%	2.5%
Total	100%	46.0%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2014, are summarized in the above table.

Loveland Firefighters1. Plan Description:

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

This plan is considered immaterial for GASB 68 implementation.

Note 11: 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, 2011 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.

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, 2014, the Annual Required Contribution (ARC) is \$47,944. For the year ended December 31, 2015, 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.

Note 11: Postemployment Commitments (continued)

C. Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial valuation date of January 1, 2014 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)	\$ 6,931,476
UAAL as percentage of covered payroll	8.65%

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	9,896
Adjustment to ARC	<u>(8,415)</u>
Annual OPEB Cost	49,425
Net OPEB Obligation Beginning of Year	<u>\$ 239,029</u>
End of Year	<u>\$ 288,454</u>

Three Year Trend Information

Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
December 31, 2013	\$45,573	0%	\$191,569
December 31, 2014	\$47,460	0%	\$239,029
December 31, 2015	\$49,425	0%	\$288,454

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, 2015, \$23,410,458 was available for these purposes. Of that amount, \$4,601,410 is budgeted to be spent in 2016.

The City has established an Emergency Reserve, representing 3% of qualifying expenditures, as required by the amendment. At December 31, 2015, the emergency reserve of \$2,317,041 was reported as a restriction of fund balance in the General Governmental Fund.

The following table shows revenue and growth items applicable to the revenue limit for 2015.

Actual revenue	\$ 94,792,684	CPI increase	1.18
Base revenue	<u>87,488,999</u>	Growth increase	<u>1.30</u>
Surplus	<u><u>\$ 7,303,684</u></u>	Total increase allowed	<u><u>2.48%</u></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.

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

Note 13: Fund Balance Designation (continued)

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, 2015 is \$12,576,647.

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

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

FUND BALANCES	General	Loveland Urban Renewal Authority	Capital Expansion Fees	Capital Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 21,964	\$ 21,964
Interfund Loan Receivable	55,603	-	-	-	-	55,603
Permanent Fund Principal	-	-	-	-	975,168	975,168
Total Nonspendable	55,603	-	-	-	997,132	1,052,735
Restricted:						
Tabor 3% Emergency Reserve	2,317,041	-	-	-	-	2,317,041
Urban Revitalization	-	735,192	-	-	-	735,192
Parks & Recreation	-	-	-	-	4,300,116	4,300,116
Open Space Acquisitions	-	-	-	-	12,382,647	12,382,647
Law Enforcement	-	-	-	-	45,938	45,938
Fire & Rescue	-	-	-	-	17,397	17,397
Conventions & Tourism	-	-	-	-	816,404	816,404
Total Restricted	2,317,041	735,192	-	-	17,562,502	20,614,735
Committed:						
Reserve For Excess Tabor	23,410,458	-	-	-	-	23,410,458
Special Projects	1,150,389	-	-	-	-	1,150,389
Future Capital Improvements	-	-	32,904,519	-	-	32,904,519
Art In Public Places	223,405	-	-	-	-	223,405
Interfund Loan Receivable	-	-	426,566	-	-	426,566
Public Education	-	-	-	-	423,758	423,758
Downtown Maintenance	-	-	-	-	59,777	59,777
Affordable Housing Agreements	-	-	-	-	2,240	2,240
Total Committed	24,784,252	-	33,331,085	-	485,775	58,601,112
Assigned:						
Parks Capital Improvements	-	-	-	-	1,833,646	1,833,646
Council Contingency	100,000	-	-	-	-	100,000
Unfunded Liability	200,000	-	-	-	-	200,000
Equipment Replacement	250,000	-	-	-	-	250,000
Museum Programs	501,604	-	-	-	-	501,604
Police Donations	18,956	-	-	-	-	18,956
Library Books	315,285	-	-	-	-	315,285
Fiber Network	-	-	-	-	317,513	317,513
Capital Improvements	-	-	-	1,058,324	-	1,058,324
Spendable Portion Of Permanent Fund	-	-	-	-	1,783,660	1,783,660
Total Assigned	1,385,845	-	-	1,058,324	3,934,819	6,378,988
Unassigned:	* 17,902,106	-	-	-	-	17,902,106
Total Fund Balances	\$ 46,444,847	\$ 735,192	\$ 33,331,085	\$ 1,058,324	\$ 22,980,228	\$ 104,549,676

* 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 \$12,576,647.

Note 14: Prior Period Adjustment

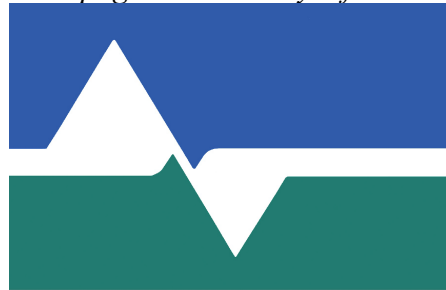
Effective January 1, 2015, government-wide net position has been restated due to the implementation of the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

Net Position December 31, 2014 as previously reported	\$441,183,711
Net Pension Liability Restatement (measurement date as of December 31, 2013)	(2,936,829)
Deferred outflows of resources - contributions	<u>182,799</u>
Net Position - December 31, 2014 as Restated	<u>\$438,429,681</u>

Note 15: Subsequent Event

In February 2016 Stormwater paid their entire interfund loan to Refuse; it was scheduled to be fully repaid in 2017.

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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, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 57,381,280	\$ 57,381,280	\$ 57,998,280	\$ 617,000
Licenses and Permits	2,333,070	2,333,070	2,601,406	268,336
Fines and Penalties	970,000	970,000	1,123,670	153,670
Intergovernmental	867,450	1,473,727	2,059,064	585,337
Charges for Services	4,361,420	4,469,270	4,447,057	(22,213)
Investment Earnings	348,730	348,730	560,938	212,208
Miscellaneous	7,446,910	7,509,796	7,862,973	353,177
Total Revenues:	73,708,860	74,485,873	76,653,388	2,167,515
Expenditures:				
Current:				
Legislative	153,590	153,590	157,812	(4,222)
Executive	2,201,340	2,257,125	2,122,554	134,571
Finance	1,867,030	2,011,185	1,683,036	328,149
Human Resources	315,830	315,830	240,311	75,519
Information Technology	766,230	945,951	639,513	306,438
Economic Development	1,191,400	4,542,517	4,336,953	205,564
Development Services	4,064,170	4,916,109	4,228,418	687,691
Public Works	3,690,710	4,158,737	3,470,872	687,865
Police	19,591,890	19,923,868	19,512,548	411,320
Fire	-	-	289	(289)
Parks & Recreation	9,295,720	9,291,335	9,720,778	(429,443)
Library	3,167,350	3,241,246	3,158,826	82,420
Cultural Services	2,131,050	2,168,530	2,086,915	81,615
General Government	10,165,270	10,637,593	10,155,215	482,378
Capital Outlay	1,550,800	5,748,707	2,477,059	3,271,648
Total Expenditures	60,152,380	70,312,323	63,991,099	6,321,224
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	13,556,480	4,173,550	12,662,289	8,488,739
Other Financing Sources (Uses):				
Transfers In	2,027,300	4,320,690	1,824,756	(2,495,934)
Transfers (Out)	(10,826,810)	(19,904,605)	(13,240,337)	6,664,268
Total Other Financing Sources (Uses):	(8,799,510)	(15,583,915)	(11,415,581)	4,168,334
Net Change in Fund Balance	4,756,970	(11,410,365)	1,246,708	12,657,073
Fund Balance--Beginning	21,645,560	(3,330,248)	45,198,139	48,528,387
Fund Balance--Ending	\$ 26,402,530	\$ (14,740,613)	\$ 46,444,847	\$ 61,185,460

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Transportation
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Licenses and Permits	\$ 117,340	\$ 117,340	\$ 355,813	\$ 238,473
Intergovernmental	3,651,710	8,975,043	4,339,078	(4,635,965)
Charges for Services	2,273,160	2,280,685	2,297,481	16,796
Investment Earnings	-	-	(6,267)	(6,267)
Miscellaneous	1,000	15,485	13,671	(1,813)
Total Revenues:	6,043,210	11,388,553	6,999,776	(4,388,776)
Expenditures:				
Current:				
Public Works	7,739,830	7,828,729	8,994,806	(1,166,077)
Capital Outlay	5,573,280	18,239,143	5,267,009	12,972,134
Total Expenditures	13,313,110	26,067,872	14,261,815	11,806,057
Excess (Deficiency) of Revenues Over (Under)				
Expenses	(7,269,900)	(14,679,319)	(7,262,039)	7,417,281
Other Financing Sources (Uses):				
Transfers In	7,299,900	14,711,531	7,315,464	(7,396,067)
Transfers (Out)	(30,000)	(32,210)	(53,424)	(21,214)
Total Other Financing Sources (Uses):	7,269,900	14,679,321	7,262,040	(7,417,281)
Net Change in Fund Balance	-	2	1	-
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ 2	\$ 1	-

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Loveland Urban Renewal Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 11,320,850	\$ 11,320,850	\$ 10,989,018	\$ (331,832)
Investment Earnings	4,640	4,640	68,698	64,058
Fees	-	-	27,126	27,126
Total Revenues:	11,325,490	11,325,490	11,084,842	(240,648)
Expenditures:				
Current:				
Services	60,000	196,320	97,491	98,829
School District Fund	997,190	997,190	937,477	59,713
Distribution of Tax Increment Financing	10,052,810	10,052,810	9,785,221	267,589
Debt Service	-	45,960	45,904	56
Total Expenditures	11,110,000	11,292,280	10,866,093	426,187
Excess (Deficiency) of Revenues Over (Under)				
Expenses	215,490	33,210	218,749	185,539
Net Change in Fund Balance	215,490	33,210	218,749	185,539
Fund Balance--Beginning	2,387,170	(848,663)	516,443	1,365,106
Fund Balance--Ending	\$ 2,602,660	\$ (815,453)	\$ 735,192	\$ 1,550,645

See accompanying independent auditors' report.

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

Schedule of Contributions Multiyear

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)
2015	\$76,423	\$182,799	\$(106,376)

*Includes both employer and State of Colorado Supplemental Discretionary Payment. This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for one year. Additional years will be presented as they become available.

Actuarial Methods and Assumptions

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

CITY OF LOVELAND, COLORADO

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

Measurement period ending December 31,	2015
Total Pension Liability	
Service Cost	\$ 9,256
Interest on the Total Pension Liability	248,058
Benefit Changes	274,064
Difference between Expected and Actual Experience	1,626
Benefit Payments	<u>(371,640)</u>
Net Change in Total Pension Liability	161,364
Total Pension Liability - Beginning	<u>3,485,362</u>
Total Pension Liability - Ending (a)	3,646,726
 Plan Fiduciary Net Position	
Employer Contributions	96,210
Pension Plan Net Investment Income	183,273
Benefit Payments	(371,640)
Pension Plan Administrative Expense	(4,607)
State of Colorado Supplemental Discretionary Payment	<u>86,589</u>
Net Change in Plan Fiduciary Net Position	(10,175)
Plan Fiduciary Net Position - Beginning	<u>2,880,119</u>
Plan Fiduciary Net Position - Ending (b)	2,869,944
Net Pension Liability - Ending (a) - (b)	\$ 776,782
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.7%
Covered Employee Payroll	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A

Note to Schedule:

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

Schedules of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Funded (Unfunded) AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/2013	-	599,334	(599,334)	-%	N/A	N/A
1/1/2012	-	274,961	(274,961)	-%	N/A	N/A
1/1/2011	-	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

CITY OF LOVELAND, COLORADO

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 \$129,723,313 were approved during 2015. 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.
- The Internal Services Fund exceeded approved appropriations by \$991,627 due to under-estimating employee benefit health claims during the budget process. Adequate funds were available for the expenditures made.

Capital Projects



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, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 4,840,410	\$ 4,840,410	\$ 8,624,713	\$ 3,784,303
Investment Earnings	404,080	404,080	332,645	(71,435)
Intergovernmental	-	-	356,145	356,145
Miscellaneous	-	90,084	94,064	3,980
Total Revenues	5,244,490	5,334,574	9,407,567	4,072,993
Expenditures:				
Current:				
Parks & Recreation	99,760	379,760	332,496	47,264
General Government	-	61,737	-	61,737
Capital Outlay	1,516,830	3,017,335	1,176,067	1,841,268
Total Expenditures	1,616,590	3,458,832	1,508,563	1,950,269
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	3,627,900	1,875,742	7,899,004	6,023,262
Other Financing Sources (Uses):				
Transfers In	958,950	958,950	6,461	(952,489)
Transfers (Out)	(2,627,000)	(10,479,048)	(2,653,336)	7,825,712
Total Other Financing Sources (Uses)	(1,668,050)	(9,520,098)	(2,646,875)	6,873,223
Net Change in Fund Balance	1,959,850	(7,644,356)	5,252,129	12,896,485
Fund Balance--Beginning	22,117,200	(3,601,010)	28,078,956	31,679,966
Fund Balance--Ending	\$ 24,077,050	\$ (11,245,366)	\$ 33,331,085	\$ 44,576,451

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Capital Projects

Budgetary Comparison Schedule

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 289,102	\$ 289,102
Investment Earnings	-	-	21,481	21,481
Miscellaneous	-	27,433	42,155	14,722
Total Revenues	-	27,433	352,738	325,305
Expenditures:				
Information Technology	-	107,350	-	107,350
Public Works	45,000	761,159	190,014	571,145
Police	-	-	53,000	(53,000)
Fire	-	14,600	-	14,600
Capital Outlay	2,732,580	12,404,795	5,314,921	7,089,874
Total Expenditures	2,777,580	13,287,904	5,557,935	7,729,969
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,777,580)	(13,260,471)	(5,205,197)	8,055,274
Other Financing Sources (Uses):				
Transfers In	2,777,580	10,433,885	5,412,461	(5,021,424)
Transfers (Out)	-	(4,460)	(21,412)	(16,952)
Total Other Financing Sources (Uses)	2,777,580	10,429,425	5,391,049	(5,038,376)
Net Change in Fund Balance	-	(2,831,046)	185,852	3,016,898
Fund Balance--Beginning	1,109,300	663,073	872,472	209,399
Fund Balance--Ending	\$ 1,109,300	\$ (2,167,973)	\$ 1,058,324	\$ 3,226,297

See accompanying independent auditors' report.

Non-Major Governmental Funds



CAPITAL PROJECTS FUND

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

SPECIAL REVENUE FUNDS

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

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

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

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

LOVELAND 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.

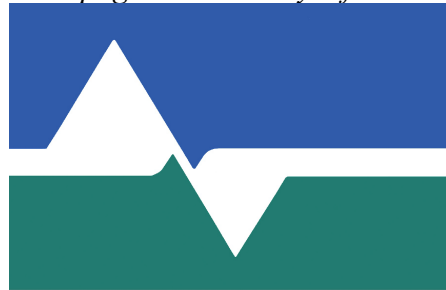
PEG FEE—to account for funding used for equipment to broadcast council meetings and other Government programming.

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

PERMANENT FUND

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

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CITY OF LOVELAND, COLORADO

Combining Balance Sheet

Non-Major Governmental Funds

December 31, 2015

	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	\$ (95,708)	\$ (33,859)	\$ (1,194,494)	\$ -	\$ 436,865	\$ 321,812
Equity in Pooled Investments	1,686,876	93,169	4,132,606	-	8,833,411	308,311
Receivables (Net):						
Accounts	-	-	-	80,000	-	17,021
Taxes	-	39,900	-	-	196,152	-
Grants	-	-	34,855	28,165	510,146	11,500
Accrued Interest	3,401	99	7,591	-	22,968	229
Inventory	-	-	-	-	-	-
Restricted Assets:						
Equity in Pooled Restricted Investments	324,970	-	1,363,245	-	3,030,723	-
Total Assets	1,919,539	99,309	4,343,803	108,165	13,030,265	658,873
LIABILITIES						
Accounts Payable	85,893	1	4,595	105,004	122,278	137,295
Accrued Liabilities	-	-	4,237	3,161	15,194	492,681
Unearned Other Revenue	-	-	34,855	-	510,146	11,500
Total Liabilities	85,893	1	43,687	108,165	647,618	641,476
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	-	39,531	-	-	-	-
Total Deferred Inflows of Resources	-	39,531	-	-	-	-
Total Liabilities and Deferred Inflow of Resources	85,893	39,532	43,687	108,165	647,618	641,476
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	4,300,116	-	12,382,647	17,397
Committed	-	59,777	-	-	-	-
Assigned	1,833,646	-	-	-	-	-
Total Fund Balances	1,833,646	59,777	4,300,116	-	12,382,647	17,397
Total Liabilities and Fund Balances	\$ 1,919,539	\$ 99,309	\$ 4,343,803	\$ 108,165	\$ 13,030,265	\$ 658,873

See accompanying independent auditors' report.

SPECIAL REVENUE					PERMANENT FUND			
Loveland/Larimer Building Authority	Affordable Housing	Police Seizures & Forfeitures	Lodging Tax	Peg Fee	Fiber Network	Perpetual Care	Total	
\$ 18,261	\$ 294	\$ 7,810	\$ (68,532)	\$ 127,106	\$ 287,796	\$ 307,524	\$ 114,875	
-	1,942	38,051	873,616	277,244	4,430	2,447,928	18,697,584	
-	-	-	637	-	24,755	-	122,413	
-	-	-	49,420	18,311	-	-	303,783	
-	-	-	-	-	-	-	584,666	
-	4	77	1,441	1,098	531	4,865	42,304	
-	-	-	21,964	-	-	-	21,964	
-	-	-	-	-	-	-	4,718,938	
18,261	2,240	45,938	878,546	423,759	317,512	2,760,317	24,606,527	
9,812	-	-	26,633	1	-	1,489	493,000	
8,449	-	-	13,545	-	-	-	537,267	
-	-	-	-	-	-	-	556,501	
18,261	-	-	40,178	1	-	1,489	1,586,768	
-	-	-	-	-	-	-	39,531	
-	-	-	-	-	-	-	39,531	
18,261	-	-	40,178	1	-	1,489	1,626,299	
-	-	-	21,964	-	-	975,168	997,132	
-	-	45,938	816,404	-	-	-	17,562,502	
-	2,240	-	-	423,758	-	-	485,775	
-	-	-	-	-	317,513	1,783,660	3,934,819	
-	2,240	45,938	838,368	423,758	317,513	2,758,828	22,980,228	
\$ 18,261	\$ 2,240	\$ 45,938	\$ 878,546	\$ 423,759	\$ 317,513	\$ 2,760,317	\$ 24,606,527	

CITY OF LOVELAND, COLORADO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2015

	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	\$ -	\$ 37,795	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	118,970
Intergovernmental	2,960	-	690,535	208,081	2,363,822	11,853,031
Charges for Services	45,370	-	-	-	-	29,484
Investment Earnings	25,014	521	46,800	-	165,908	(570)
Miscellaneous	6,946	-	-	80,000	26,047	9,608
Total Revenues	80,290	38,316	737,335	288,081	2,555,777	12,010,523
Expenditures:						
Current:						
Economic Development	-	-	-	-	-	-
Development Services	-	-	-	288,081	-	-
Public Works	-	-	-	-	-	-
Fire	-	-	-	-	-	11,928,813
Police	-	-	-	-	-	-
Parks & Recreation	5,250	-	172,704	-	934,882	-
Library	-	-	-	-	-	-
General Government	-	14,535	-	-	-	-
Capital Outlay	400,751	-	58,628	-	3,589,793	81,905
Total Expenditures	406,001	14,535	231,332	288,081	4,524,675	12,010,718
Excess (Deficiency) of						
Revenues Over Expenditures	(325,711)	23,781	506,003	-	(1,968,898)	(195)
Other Financing Sources (Uses):						
Transfers (Out)	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	195
Total Other Financing Sources (Uses)	-	-	-	-	-	195
Net Change in Fund Balance	(325,711)	23,781	506,003	-	(1,968,898)	-
Fund Balances--Beginning	2,159,357	35,996	3,794,113	-	14,351,545	17,397
Fund Balances--Ending	\$ 1,833,646	\$ 59,777	\$ 4,300,116	\$ -	\$ 12,382,647	\$ 17,397

See accompanying independent auditors' report.

SPECIAL REVENUE						PERMANENT FUND		
Loveland/Larimer Building Authority	Affordable Housing	Police Seizures & Forfeitures	Lodging Tax	Peg Fee	Fiber Network	Perpetual Care	Total	
\$ -	\$ -	\$ -	\$ 852,365	\$ 71,928	\$ 167,951	\$ -	\$ 1,130,039	
-	-	-	-	-	-	-	118,970	
562,054	-	36,937	-	-	-	-	15,717,420	
-	-	-	-	-	-	64,250	139,104	
-	25	667	10,329	4,272	2,354	32,714	288,034	
-	-	-	83,688	-	-	-	206,289	
562,054	25	37,604	946,382	76,200	170,305	96,964	17,599,856	
-	-	-	1,076,491	-	-	-	1,076,491	
-	-	-	-	-	-	-	288,081	
546,829	-	-	-	-	-	-	546,829	
-	-	-	-	-	-	-	11,928,813	
-	-	36,936	-	-	-	-	36,936	
15,225	-	-	-	-	-	-	1,128,061	
-	-	-	-	7,138	-	-	7,138	
-	-	-	-	-	-	-	14,535	
-	-	-	-	-	-	122,976	4,254,053	
562,054	-	36,936	1,076,491	7,138	-	122,976	19,280,937	
-	25	668	(130,109)	69,062	170,305	(26,012)	(1,681,081)	
-	-	-	(25,000)	-	-	-	(25,000)	
-	-	-	-	-	-	-	195	
-	-	-	(25,000)	-	-	-	(24,805)	
-	25	668	(155,109)	69,062	170,305	(26,012)	(1,705,886)	
-	2,215	45,270	993,477	354,696	147,208	2,784,840	24,686,114	
\$ -	\$ 2,240	\$ 45,938	\$ 838,368	\$ 423,758	\$ 317,513	\$ 2,758,828	\$ 22,980,228	

CITY OF LOVELAND, COLORADO
Parks & Recreation Improvement
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 500	\$ 500	\$ 2,960	\$ 2,460
Charges for Services	52,340	52,340	45,370	(6,970)
Investment Earnings	18,490	18,490	25,014	6,524
Miscellaneous	-	-	6,946	6,946
Total Revenues	71,330	71,330	80,290	8,960
Expenditures:				
Parks & Recreation	-	-	5,250	(5,250)
Capital Outlay	300,000	697,197	400,751	296,446
Total Expenditures	300,000	697,197	406,001	291,196
Net Change in Fund Balance	(228,670)	(625,867)	(325,711)	300,156
Fund Balance--Beginning	1,738,140	1,443,298	2,159,357	716,059
Fund Balance--Ending	\$ 1,509,470	\$ 817,431	\$ 1,833,646	\$ 1,016,215

CITY OF LOVELAND, COLORADO
General Improvement District #1
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 34,210	\$ 34,210	\$ 37,795	\$ 3,585
Investment Earnings	360	360	521	161
Total Revenues	34,570	34,570	38,316	3,746
Expenditures:				
Current:				
General Government	24,500	24,500	14,535	9,965
Total Expenditures	24,500	24,500	14,535	9,965
Net Change in Fund Balance	10,070	10,070	23,781	13,711
Fund Balance--Beginning	103,280	(51,716)	35,996	87,712
Fund Balance--Ending	\$ 113,350	\$ (41,646)	\$ 59,777	\$ 101,423

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Conservation Trust
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 725,000	\$ 725,000	\$ 690,535	\$ (34,465)
Investment Earnings	43,160	43,160	46,800	3,640
Total Revenues	768,160	768,160	737,335	(30,825)
Current Expenditures				
Parks & Recreation	165,860	165,860	172,704	(6,844)
Capital Outlay	113,770	222,414	58,628	163,786
Total Expenditures	279,630	388,274	231,332	156,942
Net Change in Fund Balance	488,530	379,886	506,003	126,117
Fund Balance--Beginning	3,504,860	(605,380)	3,794,113	4,399,493
Fund Balance--Ending	\$ 3,993,390	\$ (225,494)	\$ 4,300,116	\$ 4,525,610

CITY OF LOVELAND, COLORADO
Community Development Block Grant
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 301,780	\$ 301,780	\$ 208,081	\$ (93,699)
Miscellaneous	-	-	80,000	80,000
Total Revenues:	301,780	301,780	288,081	(13,699)
Expenditures:				
Current:				
Development Services	301,780	500,997	288,081	212,916
Total Expenditures	301,780	500,997	288,081	212,916
Net Change in Fund Balance	-	(199,217)	-	199,217
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ (199,217)	\$ -	\$ 199,217

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Larimer County Open Space
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,800,000	\$ 1,800,000	\$ 2,363,822	\$ 563,822
Investment Earnings	144,820	144,820	165,908	21,088
Miscellaneous	3,000	3,000	26,047	23,047
Total Revenues	1,947,820	1,947,820	2,555,777	607,957
Expenditures:				
Current:				
Parks & Recreation	499,910	891,690	934,882	(43,192)
Capital Outlay	4,670,000	5,669,079	3,589,793	2,079,286
Total Expenditures	5,169,910	6,560,769	4,524,675	2,036,094
Net Change in Fund Balance	(3,222,090)	(4,612,949)	(1,968,898)	2,644,051
Fund Balance--Beginning	7,777,820	7,643,562	14,351,545	6,707,983
Fund Balance--Ending	\$ 4,555,730	\$ 3,030,613	\$ 12,382,647	\$ 9,352,034

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Loveland Fire Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Licenses and Permits	\$ 132,250	\$ 132,250	\$ 118,970	\$ (13,280)
Intergovernmental	11,747,070	12,501,653	11,853,031	(648,622)
Charges for Services	16,100	16,100	29,484	13,384
Investment Earnings	1,000	1,000	(570)	(1,570)
Insurance Recoveries	-	-	195	195
Miscellaneous	-	-	9,608	9,608
Total Revenues:	11,896,420	12,651,003	12,010,718	(640,285)
Expenditures:				
Current:				
Fire	11,778,980	12,382,763	11,928,813	453,950
Capital Outlay:				
Capital Outlay	117,440	268,240	81,905	186,335
Total Expenditures	11,896,420	12,651,003	12,010,718	640,285
Net Change in Fund Balance	-	-	-	-
Fund Balance--Beginning	-	-	17,397	17,397
Fund Balance--Ending	\$ -	\$ -	\$ 17,397	\$ 17,397

CITY OF LOVELAND, COLORADO
Loveland/Larimer Building Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 631,790	\$ 631,790	\$ 562,054	\$ (69,736)
Total Revenues	631,790	631,790	562,054	(69,736)
Expenditures:				
Current:				
Parks & Recreation	17,500	17,500	15,225	2,275
Public Works	614,290	614,290	546,829	67,461
Total Expenditures	631,790	631,790	562,054	69,736
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, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Investment Earnings	\$ -	\$ -	\$ 25	\$ 25
Total Revenues	-	-	25	25
Total Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	25	25
Fund Balance--Beginning	-	2,167	2,215	48
Fund Balance--Ending	\$ -	\$ 2,167	\$ 2,240	\$ 73

CITY OF LOVELAND, COLORADO
Police Seizures & Forfeitures
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 36,937	\$ 36,937	\$ -
Investment Earnings	-	-	667	667
Total Revenues:	-	36,937	37,604	667
Expenditures:				
Police	-	36,937	36,936	1
Total Expenditures	-	36,937	36,936	1
Net Change in Fund Balance	-	-	668	668
Fund Balance--Beginning	-	4	45,270	45,266
Fund Balance--Ending	\$ -	\$ 4	\$ 45,938	\$ 45,934

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Lodging Tax
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 840,000	\$ 840,000	\$ 852,365	\$ 12,365
Investment Earnings	9,570	9,570	10,329	759
Miscellaneous	37,680	37,680	83,688	46,008
Total Revenues:	887,250	887,250	946,382	59,132
Expenditures:				
Economic Development	875,200	1,190,200	1,076,491	113,709
Total Expenditures	875,200	1,190,200	1,076,491	113,709
Transfers (Out)	(25,000)	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	(25,000)	(25,000)	(25,000)	-
Net Change in Fund Balance	(12,950)	(327,950)	(155,109)	172,841
Fund Balance--Beginning	747,350	112,256	993,477	881,221
Fund Balance--Ending	\$ 734,400	\$ (215,694)	\$ 838,368	\$ 1,054,062

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Peg Fee
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 71,000	\$ 71,000	\$ 71,928	\$ 928
Investment Earnings	4,300	4,300	4,272	(28)
Total Revenues:	75,300	75,300	76,200	900
Expenditures:				
Current:				
Library	100,000	100,000	7,138	92,862
Capital Outlay:				
Capital Outlay	90,000	90,000	-	90,000
Total Expenditures	190,000	190,000	7,138	182,862
Net Change in Fund Balance	(114,700)	(114,700)	69,062	183,762
Fund Balance--Beginning	(63,640)	161,581	354,696	193,115
Fund Balance--Ending	\$ (178,340)	\$ 46,881	\$ 423,758	\$ 376,877

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Fiber Network
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

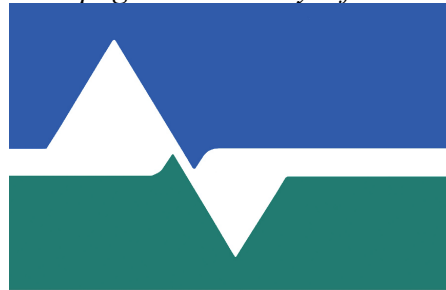
	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Taxes	\$ -	\$ -	\$ 167,951	\$ 167,951
Investment Earnings	-	-	2,354	2,354
Total Revenues:	-	-	170,305	170,305
Expenditures:				
Net Change in Fund Balance	-	-	170,305	170,305
Fund Balance--Beginning	-	-	147,208	147,208
Fund Balance--Ending	\$ -	\$ -	\$ 317,513	\$ 317,513

CITY OF LOVELAND, COLORADO
Perpetual Care
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Charges for Services	\$ 61,700	\$ 61,700	\$ 64,250	\$ 2,550
Investment Earnings	55,500	55,500	32,714	(22,786)
Total Revenues	117,200	117,200	96,964	(20,236)
Expenditures:				
Capital Outlay	-	165,000	122,976	42,024
Net Change in Fund Balance	117,200	(47,800)	(26,012)	21,788
Fund Balance--Beginning	2,851,232	2,851,232	2,784,840	(66,392)
Fund Balance--Ending	\$ 2,968,432	\$ 3,133,432	\$ 2,758,828	\$ (44,604)

See accompanying independent auditors' report.

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Proprietary Funds



ENTERPRISE FUNDS

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

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

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

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

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

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

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

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

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

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

CITY OF LOVELAND, COLORADO

Water

Budgetary Comparison Schedule

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 11,290,820	\$ 11,290,820	\$ 10,749,255	\$ (541,565)
Cash in Lieu of Water Rights	250,000	250,000	1,336,438	1,086,438
Miscellaneous	1,904,200	2,040,230	2,471,813	431,583
Investment Earnings	165,470	165,470	386,860	221,390
System Impact/Development Fees	2,102,880	2,102,880	3,022,908	920,028
Raw Water Development Fees	335,000	335,000	703,810	368,810
Bond Proceeds	-	12,900,000	-	(12,900,000)
Capital Grant Contributions	8,223,090	8,223,090	739,973	(7,483,117)
Transfers In	770,000	14,292,703	11,656,956	(2,635,747)
Total Revenues	25,041,460	51,600,193	31,068,013	(20,532,180)

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

Gain on Sale of Asset

146,900

Contributed Assets

2,053,537

33,268,450

Operating Revenue

13,221,068

Nonoperating Revenues and Transfer In

20,047,382

Statement Total33,268,450

Expenditures:

Personal Services	3,965,820	3,965,820	3,840,471	125,349
Supplies	1,021,760	1,084,466	1,092,789	(8,323)
Purchased Services	4,712,800	6,117,690	4,771,228	1,346,462
Payment for Services	790,360	790,360	751,824	38,536
Transfers (Out)	1,132,650	14,740,427	10,858,943	3,881,484
Capital Acquisitions	3,713,180	28,275,166	20,540,226	7,734,940
Interest Expense	6,840	6,840	176,915	(170,075)
Bond Expenses	-	-	60,050	(60,050)
Windy Gap	827,500	827,500	828,252	(752)
Total Expenditures	\$ 16,170,910	\$ 55,808,269	42,920,698	\$ 12,887,571

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

Capital Acquisitions

(20,540,226)

Depreciation

3,534,884

Loss on Sale of Capital Asset

83,539

25,998,895

Operating Expenses

13,991,196

Nonoperating Expenses and Transfers

12,007,699

Statement Total\$ 25,998,895

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Waste Water

Budgetary Comparison Schedule

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 9,379,440	\$ 9,379,440	\$ 9,488,086	\$ 108,646
System Impact/Development Fees	1,131,210	1,131,210	1,703,872	572,662
Investment Earnings	84,960	84,960	190,855	105,895
Capital Grant Contributions	1,432,090	1,432,090	675,026	(757,064)
Miscellaneous	40,920	70,920	18,936	(51,984)
Insurance Recoveries	-	-	16,559	16,559
Transfers In	10,000	17,510	116,980	99,470
Total Revenues	12,078,620	12,116,130	12,210,314	94,184
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Assets			35,320	
Contributed Assets			650,140	
			<u>12,895,774</u>	
Operating Revenue			9,507,022	
Nonoperating Revenues and Transfers In			3,388,752	
Statement Total			<u>12,895,774</u>	
Expenditures:				
Personal Services	3,050,460	3,050,460	2,865,669	184,791
Supplies	571,280	736,369	673,807	62,562
Purchased Services	3,306,330	3,246,825	2,388,932	857,893
Payment for Services	655,650	655,650	662,004	(6,354)
Transfers (Out)	33,230	90,176	26,006	64,170
Capital Acquisitions	5,112,600	11,757,846	2,951,992	8,805,854
Total Expenditures	\$ 12,729,550	\$ 19,537,326	9,568,410	\$ 9,968,916
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(2,951,992)	
Depreciation			2,147,901	
Loss on Sale of Capital Asset			301,731	
			<u>9,066,050</u>	
Operating Expenses			8,738,313	
Nonoperating Expenses and Transfers			327,737	
Statement Total			<u>\$ 9,066,050</u>	

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO**Stormwater****Budgetary Comparison Schedule****For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 4,935,080	\$ 4,935,080	\$ 5,074,489	\$ 139,409
Intergovernmental	-	125,000	9,710	(115,290)
System Impact/Development Fees	241,170	241,170	457,299	216,129
Investment Earnings	27,660	27,660	81,296	53,636
Miscellaneous	30,000	30,000	39,417	9,417
Transfers In	5,000	34,816	5,654	(29,162)
Total Revenues	5,238,910	5,393,726	5,667,865	274,139

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Gain on Sale of Capital Assets

186,690

Contributed Assets

782,077

6,636,632

Operating Revenues

5,113,906

Nonoperating Revenues and Transfers In

1,522,726**Statement Total**6,636,632

Expenditures:

Personal Services

1,357,390

1,389,370

1,444,926

(55,556)

Supplies

74,670

84,020

69,883

14,137

Purchased Services

1,102,430

1,478,273

1,229,777

248,496

Payment for Services

345,460

345,460

353,170

(7,710)

Transfers (Out)

400,000

405,940

5,045

400,895

Interest Expense

-

11,760

11,760

-

Capital Acquisitions

721,000

1,471,518

530,279

941,239

Total Expenditures**\$ 4,000,950****\$ 5,186,341****3,644,840****\$ 1,541,501**

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Capital Acquisitions

(530,279)

Depreciation

1,261,950

Loss on Sale of Capital Asset

34,029

4,410,540

Operating Expenses

4,359,706

Nonoperating Expenses and Transfers Out

50,834**Statement Total**\$ 4,410,540

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Power

Budgetary Comparison Schedule

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 57,180,680	\$ 57,180,680	\$ 56,138,644	\$ (1,042,036)
Investment Earnings	162,160	162,160	279,566	117,406
Miscellaneous	1,128,950	1,176,140	1,342,318	166,178
System Impact/Development Fees	2,741,830	2,741,830	2,784,483	42,653
Intergovernmental	-	4,434,516	-	(4,434,516)
Capital Grant Contributions	4,812,500	8,312,500	2,144	(8,310,356)
Insurance Recoveries	-	-	32,461	32,461
Transfers In	996,550	981,188	103,583	(877,605)
Aid to Construction	1,220,000	1,220,000	1,429,573	209,573
Total Revenues	68,242,670	76,209,014	62,112,772	(14,096,242)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Capital Assets			22,000	
Contributed Assets			402,506	
			<u>62,537,278</u>	
Operating Revenues			57,480,962	
Nonoperating Revenues and Transfers In			5,056,316	
Statement Total			<u>62,537,278</u>	
Expenditures:				
Personal Services	3,532,530	3,532,530	3,401,279	131,251
Supplies	505,280	676,751	580,205	96,546
Purchased Services	5,472,800	9,444,282	4,274,358	5,169,924
Purchased Power	42,259,770	42,259,770	40,629,266	1,630,504
Payment for Services	4,002,650	4,002,650	3,886,434	116,216
Transfers (Out)	170,590	229,553	162,174	67,379
Capital Acquisitions	9,272,270	22,885,975	8,825,402	14,060,573
Total Expenditures	\$ 65,215,890	\$ 83,031,511	61,759,118	\$ 21,272,393
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(8,825,402)	
Depreciation			3,790,359	
Loss on Sale of Capital Asset			396,034	
			<u>57,120,109</u>	
Operating Expenses			56,561,901	
Nonoperating Expenses and Transfers Out			558,208	
Statement Total			<u>\$ 57,120,109</u>	

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Refuse

Budgetary Comparison Schedule

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 6,226,500	\$ 6,226,500	\$ 6,480,681	\$ 254,181
Intergovernmental	-	-	465	465
Investment Earnings	30,320	30,320	20,558	(9,762)
Miscellaneous	25,000	25,000	26,067	1,067
Transfers In	400,000	400,000	-	(400,000)
Total Revenues:	6,681,820	6,681,820	6,527,771	(154,049)

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Gain on Sale of Capital Assets

485,5207,013,291

Operating Revenue

6,506,748

Nonoperating Revenues

506,543**Statement Total**7,013,291

Expenditures:

Personal Services

2,195,840 2,199,490 **2,135,074** 64,416

Supplies

149,310 183,560 **97,222** 86,338

Purchased Services

2,737,770 2,712,912 **2,487,170** 225,742

Payment for Services

396,800 396,800 **434,044** (37,244)

Transfers (Out)

- 290,716 - 290,716

Capital Acquisitions

1,970,000 2,006,958 **183,100** 1,823,858**Total Expenditures****\$ 7,449,720 \$ 7,790,436 5,336,610 \$ 2,453,826**

Reconciliation to Statement of Revenues, Expenses and

Changes in Fund Net Position:

Capital Acquisitions

(183,100)

Depreciation

869,488

Loss on Sale of Capital Asset

419,4526,442,450

Operating Expenses

6,022,998

Non Operating Expenses and Transfer Out

419,452**Statement Total**\$ 6,442,450

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO

Golf

Budgetary Comparison Schedule

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 3,756,230	\$ 3,756,230	\$ 3,733,567	\$ (22,663)
Intergovernmental	-	-	278,508	278,508
Investment Earnings	14,130	14,130	35,844	21,714
Miscellaneous	-	-	439	439
Total Revenues	3,770,360	3,770,360	4,048,358	277,998
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain (Loss) on Sale of Capital Assets			(5,035)	
			<u>4,043,323</u>	
Operating Revenues			3,734,006	
Nonoperating Revenues			309,317	
Statement Total			<u>4,043,323</u>	
Expenditures:				
Personal Services	1,811,860	1,817,860	1,711,853	106,007
Supplies	568,990	548,490	496,709	51,781
Purchased Services	638,460	668,960	713,378	(44,418)
Payment for Services	107,000	112,000	111,526	474
Transfers (Out)	-	41,808	6,640	35,168
Capital Acquisitions	705,510	1,020,590	281,327	739,263
Total Expenditures	\$ 3,831,820	\$ 4,209,708	3,321,433	\$ 888,275
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(281,327)	
Depreciation			719,172	
			<u>3,759,278</u>	
Operating Expenses			3,752,638	
Nonoperating Expenses and Transfers			6,640	
Statement Total			<u>\$ 3,759,278</u>	

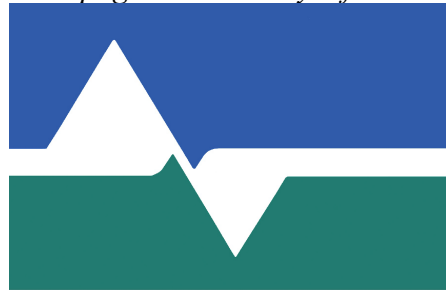
See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Internal Service
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 17,582,040	\$ 17,582,040	\$ 18,432,403	\$ 850,363
Intergovernmental	-	-	(174)	(174)
Investment Earnings	223,020	223,020	184,088	(38,932)
Transfers In	-	610,000	610,000	-
Miscellaneous	-	-	122,927	122,927
Total Revenues	17,805,060	18,415,060	19,349,244	934,184
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Gain on Sale of Capital Assets			<u>158,495</u>	
			<u>19,507,739</u>	
Operating Revenues			<u>18,555,330</u>	
Nonoperating Revenues and Transfers In			<u>952,409</u>	
Statement Total			<u>19,507,739</u>	
Expenditures:				
Fleet Management	4,122,070	4,193,807	3,705,070	488,737
Risk & Insurance	3,069,950	3,114,190	2,819,625	294,565
Employee Benefits	11,914,380	11,914,380	14,903,349	(2,988,969)
Capital Acquisitions	1,889,800	2,112,157	1,422,117	690,040
Transfers (Out)	-	524,000	-	524,000
Total Expenditures	\$ 20,996,200	\$ 21,858,534	22,850,161	\$ (991,627)
Reconciliation to Statement of Revenues, Expenses and Changes in Fund Net Position:				
Capital Acquisitions			(1,422,117)	
Loss on Sale of Capital Asset			17,436	
Depreciation			<u>1,231,239</u>	
			<u>22,676,719</u>	
Operating Expenses			<u>22,659,283</u>	
Nonoperating Expenses and Transfers Out			<u>17,436</u>	
Statement Total			<u>\$ 22,676,719</u>	

See accompanying independent auditors' report.

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Fiduciary Fund



**LOVELAND SPECIAL IMPROVEMENT
DISTRICT #1—to account for debt service activity
of the District’s special assessment bonds.**

CITY OF LOVELAND, COLORADO
Special Improvement District #1 (SID)
Budgetary Comparison Schedule
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Special Assessments	\$ 677,500	\$ 1,227,500	\$ 1,219,290	\$ (8,210)
Bond Proceeds	-	4,750,000	4,750,000	-
Interest	6,000	6,000	10,352	4,352
Total Revenues	683,500	5,983,500	5,979,642	(3,858)
Expenditures:				
Current:				
General Administration	10,000	10,000	11,148	(1,148)
Debt Service:				
Bond Principal	330,000	508,515	695,000	(186,485)
Bond Escrow	-	5,231,610	5,231,606	4
Bond Interest	350,650	350,650	163,017	187,633
Total Expenditures	690,650	6,100,775	6,100,771	4
Net Change in Fund Balance	(7,150)	(117,275)	(121,129)	(3,854)
Fund Balance--Beginning	711,910	412,893	505,860	92,967
Fund Balance--Ending	\$ 704,760	\$ 295,618	\$ 384,731	\$ 89,113
Reconciliation to Statement of Changes in				
Assets and Liabilities				
Accounts Payable			5,011	
Balance, December 31, 2015			<u>\$ 389,742</u>	

See accompanying independent auditors' report.

CITY OF LOVELAND, COLORADO
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2015

Special Improvement District No. 1					
	Debt Service Reserve	Bond Fund Principal Account	Bond Fund Interest Account	Bond Administrative Expense Account	Total
ASSETS					
Investments, at Fair Value:					
Equity in Pooled Cash and Cash Equivalents	\$ 59,731	\$ 167	\$ -	\$ -	\$ 59,898
Equity in Pooled Investments	266,519	131	-	-	266,650
Accounts Receivable	-	62,586	-	-	62,586
Accrued Interest	-	608	-	-	608
Total Assets	\$ 326,250	\$ 63,492	\$ -	\$ -	\$ 389,742
LIABILITIES					
Accounts Payable	-	5,008	-	-	5,008
Due to Improvement District	\$ 326,250	\$ 58,484	\$ -	\$ -	\$ 384,734
Total Liabilities	\$ 326,250	\$ 63,492	\$ -	\$ -	\$ 389,742

CITY OF LOVELAND, COLORADO
Combining Statement of Changes in
Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2015

Special Improvement District No. 1					
	Debt Service Reserve	Bond Fund Prinical Account	Bond Fund Interest Account	Bond Administrative Expense Account	Total
Balance, December 31, 2014	\$ 432,031	\$ 29,066	\$ 34,763	\$ 10,000	\$ 505,860
Additions	326,250	63,492	-	-	389,742
Reductions	432,031	29,066	34,763	10,000	505,860
Balance, December 31, 2015	\$ 326,250	\$ 63,492	\$ -	\$ -	\$ 389,742

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.

Financial Trends..... 92
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..... 102
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..... 105
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..... 109
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..... 110
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)

	2006	2007	2008	2009
Governmental Activities				
Net Investment in Capital Assets	\$219,671,400	\$264,194,500	\$276,458,674	\$282,094,308
Restricted	45,451,160	58,337,200	56,031,418	55,213,777
Unrestricted	50,536,300	38,579,600	41,070,899	46,692,418
Total Governmental Activities Net Position	315,658,860	361,111,300	373,560,991	384,000,503
Business-Type Activities				
Net Investment in Capital Assets	306,876,000	321,391,300	335,841,057	358,157,819
Future Capital Improvements	17,277,700	15,006,600	15,159,481	15,682,636
Unrestricted	56,471,300	60,985,600	61,249,727	62,842,795
Total Business-Type Activities Net Position	380,625,000	397,383,500	412,250,265	436,683,250
Primary government				
Net Investment In Capital Assets	526,547,400	585,585,800	612,299,731	640,252,127
Restricted	62,728,860	73,343,800	71,190,899	70,896,413
Unrestricted	107,007,600	99,565,200	102,320,626	109,535,213
Total Primary Government Net Position	\$696,283,860	\$758,494,800	\$785,811,256	\$820,683,753

Source: City of Loveland Financial Statements

2010	2011	2012	2013	2014	2015
\$296,245,854	\$302,978,097	\$301,942,160	\$301,651,481	\$327,486,198	\$334,471,486
60,868,797	27,593,075	29,777,379	27,990,603	25,425,762	23,991,063
35,752,393	74,582,278	83,391,502	95,320,222	88,271,751	89,140,975
392,867,044	405,153,450	415,111,041	424,962,306	441,183,711	447,603,524
358,776,050	366,796,045	372,589,209	380,761,746	398,830,123	412,250,813
44,558,594	42,606,195	44,869,255	41,854,010	43,987,341	38,346,067
39,341,161	43,221,835	44,177,060	44,941,194	39,181,529	50,999,539
442,675,805	452,624,075	461,635,524	467,556,950	481,998,993	501,596,419
655,021,904	669,774,142	674,531,369	682,413,227	726,316,321	746,722,299
105,427,391	70,199,270	74,646,634	69,844,613	69,413,103	62,337,130
75,093,554	117,804,113	127,568,562	140,261,416	127,453,280	140,140,514
\$835,542,849	\$857,777,525	\$876,746,565	\$892,519,256	\$923,182,704	\$949,199,943

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

	2006	2007	2008	2009
Expenses				
Governmental Activities:				
Legislative	\$ 92,300	\$ 99,000	\$ 113,537	\$ 92,527
Executive	2,350,400	2,284,400	1,948,507	1,871,876
Finance	701,700	839,900	1,591,776	1,741,878
Human Resources	-	-	1,046,753	1,073,291
Information Technology	-	-	3,201,663	3,201,358
Economic Development	-	593,600	1,272,255	671,547
Development Services	2,326,312	2,538,434	5,290,511	3,080,478
Public Works	11,703,596	15,059,452	15,493,187	17,574,001
Police	14,964,171	16,839,837	15,145,956	15,914,451
Fire and Rescue	7,591,155	9,300,382	7,954,029	8,320,414
Parks & Recreation	8,077,765	8,371,695	9,043,682	9,528,681
Library	2,436,300	2,690,400	2,131,686	2,233,356
Cultural Services	1,423,500	1,484,200	1,432,485	1,679,305
General Government	2,415,500	6,139,000	12,500,638	10,136,397
Interest on Long-Term Debt	19,500	12,200	4,747	2,466
Total Governmental Activities Expenses	54,102,199	66,252,500	78,171,412	77,122,026
Business-Type Activities:				
Water	8,224,200	9,566,500	9,656,258	10,986,538
Wastewater	5,507,600	5,794,300	6,034,852	6,852,037
Stormwater	2,562,200	2,598,400	2,609,464	3,549,583
Power	32,838,000	34,413,500	36,168,706	38,632,522
Solid Waste	4,217,800	4,406,400	4,538,956	5,663,917
Golf	3,504,500	3,783,300	4,102,640	3,747,162
Total Business-Type Activities Expenses	56,854,300	60,562,400	63,110,876	69,431,759
Total Primary Government Expenses	110,956,499	126,814,900	141,282,288	146,553,785
Program Revenues				
Governmental Activities:				
Charges for services:				
Executive	1,026,100	1,070,100	1,040,213	1,021,440
Finance	220,800	172,200	275,346	219,229
Human Resources	-	-	-	-
Economic Development	-	-	-	-
Development Services	2,764,400	2,787,900	1,355,811	983,228
Public Works	2,207,700	1,680,200	1,941,296	2,212,688
Police	384,600	432,200	442,885	590,046
Fire	874,200	1,111,000	1,313,175	1,246,198
Parks & Recreation	3,116,700	2,998,800	3,107,864	3,074,121
Library	99,500	106,300	8,525	91,213
Cultural Services	151,800	229,100	207,425	217,598
General Government	49,200	159,800	2,669,119	4,438,733
Operating grants and contributions	3,857,100	4,204,800	4,034,695	4,060,830
Capital grants and contributions	25,226,100	40,985,400	13,260,348	11,212,573
Total Governmental Activities Revenues	\$ 39,978,200	\$ 55,937,800	\$ 29,656,702	\$ 29,367,897

Source: City of Loveland Financial Statements.

2010	2011	2012	2013	2014	2015
\$ 106,423	\$ 101,073	\$ 97,103	\$ 118,263	\$ 162,625	\$ 157,812
1,623,339	1,839,315	2,298,957	2,040,641	1,944,875	2,134,424
1,693,044	2,156,021	3,685,096	1,495,077	1,736,626	1,731,226
865,084	750,448	929,651	312,209	156,840	249,177
3,028,545	3,251,193	3,101,836	2,951,995	656,388	925,018
742,248	1,235,598	1,764,192	2,509,865	3,922,742	5,416,693
6,451,593	6,397,469	5,656,043	6,120,833	7,085,388	7,303,464
16,253,368	17,425,656	18,940,024	19,132,121	29,259,394	19,659,340
16,233,097	16,817,500	16,806,697	17,753,905	19,092,543	20,122,411
8,070,024	8,075,617	10,481,974	10,110,872	11,267,310	13,127,952
8,698,322	9,572,289	10,206,841	12,989,173	13,139,972	13,433,473
2,316,785	2,625,348	2,701,016	3,267,977	3,465,978	3,513,276
1,264,556	1,464,118	1,845,305	3,083,926	2,269,629	2,375,343
12,366,477	14,777,304	18,234,265	20,233,243	21,610,982	24,936,240
718	-	-	-	-	-
79,713,623	86,488,949	96,749,000	102,120,100	115,771,292	115,085,849
10,977,567	10,194,426	10,506,013	13,219,134	14,417,893	14,993,052
7,178,264	6,931,011	7,142,390	8,514,371	8,152,372	9,004,724
3,437,189	3,550,936	3,315,186	3,837,057	4,142,323	4,218,805
42,895,642	45,197,483	47,438,660	53,828,287	56,745,572	56,935,935
4,520,127	4,881,326	5,143,011	5,768,080	5,772,448	5,956,930
3,451,922	3,248,099	3,262,626	3,466,487	3,649,645	3,757,673
72,460,711	74,003,281	76,807,886	88,633,416	92,880,253	94,867,119
152,174,334	160,492,230	173,556,886	190,753,516	208,651,545	209,952,968
1,021,714	897,804	936,190	874,554	960,705	1,093,954
309,737	256,669	171,616	194,586	220,807	213,550
-	-	23	-	26	-
-	-	35,872	56,049	75,718	80,205
1,394,530	1,247,933	1,662,823	1,648,640	2,405,098	2,742,511
2,011,339	2,223,491	2,128,714	3,156,866	3,317,741	5,272,211
908,643	1,114,811	906,400	1,126,139	1,249,248	1,124,858
1,085,517	1,316,110	286,551	318,997	416,909	365,378
3,091,808	3,615,168	4,039,590	5,705,461	5,273,998	4,326,854
106,942	95,470	98,541	85,239	90,717	93,226
179,942	166,584	279,291	290,673	366,835	366,894
4,008,670	4,452,074	5,537,447	5,738,504	5,938,830	6,430,198
5,179,313	5,487,692	14,626,447	15,501,176	15,144,081	18,170,851
9,341,231	10,272,856	9,175,469	11,321,276	24,080,916	12,390,432
\$ 28,639,386	\$ 31,146,662	\$ 39,884,974	\$ 46,018,160	\$ 59,541,629	\$ 52,671,122

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

	2006	2007	2008	2009
Business-Type Activities:				
Charges for services:				
Water	\$ 8,972,900	\$ 8,384,800	\$ 8,097,375	\$ 7,040,217
Wastewater	6,659,100	7,050,000	7,070,924	6,994,755
Stormwater	3,700,300	3,866,600	3,849,823	3,875,594
Power	36,194,600	38,289,000	40,137,412	40,575,277
Refuse	4,368,700	4,935,700	5,418,346	5,597,397
Golf	3,569,800	3,915,900	3,799,501	3,525,805
Capital grants and contributions	16,704,500	9,186,500	9,276,995	5,848,727
Operating grants and contributions	-	-	-	-
Total Business-Type Activities Revenues	80,169,900	75,628,500	77,650,376	73,457,772
Total Primary Government Revenues	120,148,100	131,566,300	107,307,078	102,825,669
Net (Expense)/Revenue				
Governmental Activities	(14,124,000)	(10,314,700)	(48,514,710)	(47,754,129)
Business-Type Activities	23,315,600	15,066,100	14,539,500	4,026,013
Total Primary Government Net (Expense)/Revenue	9,191,600	4,751,400	(33,975,210)	(43,728,116)
General Revenues & Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes	7,435,100	11,109,900	16,451,140	17,660,441
Sales and Use Taxes	32,532,000	36,253,400	34,409,083	32,365,675
Franchise Taxes	1,445,200	1,594,100	1,994,561	1,630,518
Other Taxes	981,400	1,027,400	1,206,470	1,070,207
Investment Earnings	3,889,500	7,360,900	5,048,661	2,967,278
Gain on Sale of Assets	-	89,400	7,332	885
Transfers	3,240,500	3,556,500	3,655,019	2,498,637
Total Governmental Activities	49,523,700	60,991,600	62,772,266	58,193,641
Business-Type Activities:				
Investment Earnings	3,327,700	5,248,900	3,982,173	2,117,833
Gain on Sale of Assets	-	-	-	-
Transfers	(3,240,500)	(3,556,500)	(3,655,019)	(2,498,637)
Total Business-Type Activities	87,200	1,692,400	327,154	(380,804)
Total Primary Government	49,610,900	62,684,000	63,099,420	57,812,837
Change in Net Position				
Governmental Activities	35,399,700	50,676,900	14,257,556	10,439,512
Business-Type Activities	23,402,800	16,758,500	14,866,654	3,645,209
Total Primary Government	\$ 58,802,500	\$ 67,435,400	\$ 29,124,210	\$ 14,084,721

Source: City of Loveland Financial Statements

2010	2011	2012	2013	2014	2015
\$ 7,662,143	\$ 12,899,039	\$ 10,119,971	\$ 10,100,125	\$ 11,637,020	\$ 13,252,667
7,012,971	7,066,254	7,259,071	8,122,896	8,658,044	9,523,580
3,966,869	3,989,547	4,032,801	4,124,910	4,539,285	5,113,905
43,883,091	47,374,715	50,842,440	54,541,360	56,131,728	57,513,426
5,769,092	5,903,327	6,003,233	6,040,794	6,242,999	6,506,747
3,538,047	3,455,165	3,729,636	3,256,450	3,497,796	3,734,006
8,017,959	7,050,956	6,785,850	11,615,334	17,332,613	16,712,187
-	-	-	-	89,863	288,683
79,850,172	87,739,003	88,773,002	97,801,869	108,129,348	112,645,201
108,489,558	118,885,665	128,657,976	143,820,029	167,670,977	165,316,323
(51,074,237)	(55,342,289)	(56,551,023)	(56,101,937)	(56,229,663)	(62,414,727)
7,389,461	13,735,722	11,965,114	9,168,451	15,245,903	17,778,082
(43,684,776)	(41,606,567)	(44,585,909)	(46,933,486)	(40,983,760)	(44,636,645)
18,873,614	18,829,989	18,727,569	18,708,893	18,706,275	18,546,909
35,404,740	36,535,125	39,849,259	42,342,445	46,954,355	48,751,148
1,620,420	1,626,216	1,728,289	1,772,839	1,886,816	1,864,925
934,515	991,556	998,390	1,175,053	1,390,290	1,415,285
967,636	2,561,535	1,124,663	(941,945)	1,917,038	1,265,529
15,113	691,883	23,083	208,383	298,520	569,139
2,124,740	6,392,390	4,057,361	2,687,534	1,297,774	(824,365)
59,940,778	67,628,694	66,508,614	65,953,202	72,451,068	71,588,570
727,834	2,238,345	958,828	(581,995)	1,500,081	994,979
-	366,591	144,865	22,504	(1,006,167)	-
(2,124,740)	(6,392,390)	(4,057,361)	(2,687,534)	(1,297,774)	824,365
(1,396,906)	(3,787,454)	(2,953,668)	(3,247,025)	(803,860)	1,819,344
58,543,872	63,841,240	63,554,946	62,706,177	71,647,208	73,407,914
8,866,541	12,286,405	9,957,591	9,851,265	16,221,405	9,173,843
5,992,555	9,948,268	9,011,446	5,921,426	14,442,043	19,597,426
\$ 14,859,096	\$ 22,234,673	\$ 18,969,037	\$ 15,772,691	\$ 30,663,448	\$ 28,771,269

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

	2006	2007	2008	2009
General Fund				
Reserved	\$ 8,684,000	\$ 12,708,400	\$ 12,242,683	\$ 9,513,491
Unreserved	13,556,700	12,150,700	10,591,528	12,781,122
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	\$22,240,700	\$24,859,100	\$22,834,211	\$22,294,613
All Other Governmental Funds				
Reserved	9,276,500	2,346,800	4,850,000	4,850,000
Unreserved, Reported in:				
Special Revenue Funds	49,631,200	60,825,700	62,596,439	62,881,959
Permanent Fund	1,801,554	2,002,743	2,176,495	2,303,074
Capital Projects Funds	827,200	433,400	759,315	1,106,285
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	61,536,454	65,608,643	70,382,249	71,141,318
Total Governmental Funds	\$83,777,154	\$90,467,743	\$93,216,460	\$93,435,931

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

Source: City of Loveland Financial Statements

	2010	2011	2012	2013	2014	2015
\$	-	\$ N/A	N/A	N/A	N/A	N/A
	-	N/A	N/A	N/A	N/A	N/A
	193,375	329,125	321,720	16,701	199,045	55,603
	7,264,376	1,809,815	1,861,860	1,851,741	2,439,462	2,317,041
	5,590,537	8,197,419	13,272,193	11,941,797	18,219,015	24,784,252
	5,619,476	1,894,325	1,065,056	1,412,714	1,344,179	1,385,845
	5,215,076	14,532,228	16,560,028	25,621,810	22,996,438	17,902,106
	\$23,882,840	\$26,762,912	\$ 33,080,857	\$ 40,844,763	\$45,198,139	\$ 46,444,847
	-	N/A	N/A	N/A	N/A	N/A
	-	N/A	N/A	N/A	N/A	N/A
	-	N/A	N/A	N/A	N/A	N/A
	-	N/A	N/A	N/A	N/A	N/A
	4,850,000	4,850,000	4,850,000	4,485,000	2,130,012	N/A
	785,267	817,067	850,368	900,768	957,172	997,132
	185,066	251,647	293,037	264,893	516,443	735,192
	N/A	N/A	290,339	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	19,183,628	17,562,502
	N/A	33,533,090	34,915,356	33,436,499	25,948,944	33,331,085
	3,065,973	1,787,649	327,551	380,202	389,879	485,775
	611,898	349,023	202,257	862,472	872,472	1,058,324
	1,630,126	2,671,148	3,964,896	3,949,823	4,155,436	3,934,819
	63,762,418	63,795,046	67,294,198	64,751,159	54,153,986	58,104,829
	\$87,645,258	\$90,557,958	\$100,375,055	\$105,595,922	\$99,352,125	\$ 104,549,676

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

	2006	2007	2008	2009
Revenues				
Taxes	\$ 42,292,900	\$ 49,917,000	\$ 53,855,390	\$ 52,547,699
Licenses and Permits	3,033,900	2,909,600	1,538,909	1,248,207
Fines and Penalties	1,067,100	1,133,700	1,013,197	1,060,985
Intergovernmental	7,228,700	7,715,800	8,567,418	10,751,411
Charges for Services	15,807,300	11,512,800	11,463,059	11,417,323
Investment Earnings	3,310,300	6,282,100	5,048,659	2,967,280
Miscellaneous	593,600	1,280,300	908,017	1,118,202
Total Revenues	73,333,800	80,751,300	82,394,649	81,111,107
Expenditures:				
Current:				
Legislative	92,300	99,000	113,537	92,527
Executive	2,285,800	2,129,000	1,622,691	1,867,240
Finance	662,900	774,600	1,599,194	1,730,611
Human Resources	-	-	1,035,913	1,055,378
Information Technology	-	-	3,077,378	3,046,033
Economic Development	-	593,600	1,268,345	636,047
Development Services	2,021,600	1,971,700	2,348,626	3,057,460
Public Works	9,354,100	10,507,600	10,803,204	11,834,864
Public Safety	19,916,700	21,083,200	22,411,034	23,122,840
Parks & Recreation	6,445,600	6,677,500	7,291,343	7,239,370
Library	2,115,200	2,146,100	2,245,754	1,925,829
Cultural Services	1,152,000	1,208,000	1,393,802	1,450,988
Intra-City Payments	6,156,500	6,534,200	-	-
General Government	1,975,000	5,557,100	12,254,313	11,919,268
Capital Outlay	12,996,700	17,921,700	17,315,024	14,379,840
Debt Service				
Principal	140,200	147,500	50,396	52,677
Interest	19,500	12,200	4,747	2,466
Total Expenditures	65,334,100	77,363,000	84,835,301	83,413,438
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	7,999,700	3,388,300	(2,440,652)	(2,302,331)
Other Financing Sources (Uses):				
Payment To Refunded Bond Escrow Agent	-	(88,200)	-	-
Transfers In	16,355,200	21,071,000	20,406,478	12,328,477
Transfers (Out)	(13,495,900)	(17,680,600)	(15,217,489)	(9,806,675)
Insurance Recoveries	-	-	-	-
Total Other Financing				
Sources (Uses)	2,859,300	3,302,200	5,188,989	2,521,802
Net Change in Fund Balance	\$ 10,859,000	\$ 6,690,500	\$ 2,748,337	\$ 219,471
Debt services as a percentage of noncapital expenditures	0.3 %	0.3 %	0.1 %	0.1 %

Note:

Source: City of Loveland Financial Statements

2010	2011	2012	2013	2014	2015
\$ 56,767,696	\$ 57,814,739	\$ 61,102,185	\$ 63,791,665	\$ 68,523,097	\$ 70,117,336
1,631,549	1,655,825	2,013,353	1,951,145	3,073,136	3,076,189
1,233,836	936,370	956,357	871,879	966,619	1,123,670
13,568,325	11,178,476	19,529,719	18,535,292	21,238,565	22,760,809
8,096,514	9,456,140	10,443,932	11,413,048	12,175,143	15,535,481
967,636	2,561,535	1,124,663	(941,945)	1,917,038	1,265,530
4,556,679	7,692,470	7,341,636	7,795,011	7,635,519	8,219,150
86,822,235	91,295,555	102,511,845	103,416,095	115,529,117	122,098,165
106,423	101,073	97,103	118,263	162,625	157,812
1,659,790	1,824,254	2,239,590	2,042,214	1,962,771	2,122,554
1,663,029	2,125,071	3,720,738	1,451,102	1,717,652	1,683,036
865,256	743,473	896,637	184,742	277,384	240,311
2,866,681	3,090,394	2,954,763	2,759,834	433,181	639,513
737,517	1,242,394	1,770,653	2,502,288	3,910,697	5,413,443
3,475,109	3,504,061	2,757,554	3,245,205	4,197,908	4,516,499
11,266,032	12,370,062	13,436,297	12,902,846	13,604,425	13,202,521
23,421,938	24,321,443	26,377,803	26,924,616	29,145,238	31,531,587
6,989,404	7,711,710	8,096,184	11,061,496	11,388,857	11,181,335
2,015,483	2,324,888	2,467,633	2,807,092	3,045,902	3,165,964
1,133,935	1,359,067	1,511,896	1,911,961	2,012,556	2,086,915
-	-	-	-	-	-
13,131,709	11,765,073	18,697,094	19,328,502	19,635,681	21,035,844
24,987,466	22,141,774	12,018,500	15,077,462	32,589,133	18,489,108
37,529	-	-	-	-	-
718	-	-	-	-	-
94,358,019	94,624,737	97,042,445	102,317,623	124,084,010	115,466,442
(7,535,784)	(3,329,182)	5,469,400	1,098,472	(8,554,893)	6,631,723
-	-	-	-	-	-
18,301,735	17,559,666	11,408,534	14,620,366	24,435,810	14,559,142
(16,556,624)	(11,317,783)	(7,351,173)	(11,932,832)	(23,124,647)	(15,993,509)
-	-	-	-	999,933	195
1,745,111	6,241,883	4,057,361	2,687,534	2,311,096	(1,434,172)
\$ (5,790,673)	\$ 2,912,701	\$ 9,526,761	\$ 3,786,006	\$ (6,243,797)	\$ 5,197,551
0.1 %	- %	- %	- %	- %	- %

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

	2006	2007	2008	2009
Department Stores & General Merchandise	210,893,037	229,489,667	280,199,000	250,674,614
Restaurants & Bars	102,407,126	111,082,933	115,219,367	112,630,967
Clothing & Clothing Accessories Stores	46,333,716	61,892,700	66,546,433	69,338,916
Grocery Stores & Specialty Foods	96,108,708	103,556,600	103,045,667	101,606,520
Broadcasting & Telecommunications	38,724,642	42,858,900	42,324,833	42,689,873
Motor Vehicle Dealers, Auto Parts & Leasing	66,710,779	66,246,000	63,577,900	56,707,611
Building Material & Lawn & Garden Supplies	82,828,420	82,221,800	80,720,400	65,153,933
Sporting Goods, Hobby, Book & Music Stores	40,043,270	43,867,000	44,678,533	47,340,833
Utilities	48,195,319	49,533,267	53,359,233	49,865,134
Used Merchandise Stores	20,137,930	26,435,600	25,731,100	24,206,405
Electronics & Appliance Stores	17,760,180	20,753,933	18,166,133	19,591,934
Beer, Wine & Liquor Stores	18,233,387	19,672,033	21,096,633	22,331,602
Hotels, Motels & Other Accommodations	7,506,517	8,844,467	10,221,433	14,420,279
Health & Personal Care Stores	13,075,959	15,492,733	16,115,167	16,629,772
Furniture & Home Furnishing Stores	15,129,574	15,491,533	13,500,500	10,736,221
Consumer Goods & Commercial Equipment				
Rental	16,074,658	15,729,800	15,505,267	14,508,228
Electronic Shopping & Mail-Order Houses	5,061,250	5,491,033	4,683,433	5,423,739
Office Supplies, Stationary & Gift Stores	12,441,102	12,888,900	12,609,200	10,952,890
Gasoline Stations with Convenience Stores	6,157,074	6,236,900	7,313,200	7,085,743
All Other Categories	35,686,610	36,801,867	31,325,833	28,613,217
	899,509,258	974,587,666	1,025,939,265	970,508,431

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

2010	2011	2012	2013	2014	2015
248,498,933	256,658,493	262,471,702	274,109,685	276,744,986	270,693,274
136,500,332	139,760,388	166,523,116	178,533,598	190,187,912	206,674,358
70,613,908	110,700,115	116,991,988	126,009,320	134,717,972	136,790,016
103,499,491	108,819,981	112,714,020	121,256,853	129,506,120	142,555,626
44,126,075	43,967,166	45,531,642	44,470,340	49,318,711	45,335,493
67,047,382	72,162,544	83,463,383	95,764,794	109,598,817	116,334,884
68,428,532	71,854,553	77,228,038	82,711,176	99,082,447	110,932,445
58,225,457	62,590,749	68,359,328	75,542,646	69,872,200	69,652,955
54,049,681	55,665,784	57,002,293	60,644,714	64,182,261	64,709,874
31,635,760	34,627,761	39,947,402	43,151,166	51,771,880	55,602,910
33,334,298	31,714,627	26,948,009	24,348,964	27,081,081	29,156,779
23,523,083	24,958,195	27,996,287	30,591,921	32,771,682	35,144,018
21,925,230	24,740,175	26,954,073	29,259,981	34,803,569	34,947,731
18,516,996	20,096,044	21,144,770	22,679,821	24,184,828	25,738,812
15,852,216	17,774,346	17,707,647	19,203,399	20,615,891	23,029,403
15,585,127	17,620,480	20,210,525	25,124,144	26,001,035	32,627,335
13,323,547	15,806,144	16,165,845	15,503,366	22,418,225	19,914,730
12,342,646	12,399,947	11,890,821	12,390,228	12,985,091	12,061,466
8,095,565	8,475,708	9,207,252	10,591,355	13,230,004	14,872,703
32,929,321	11,936,856	38,034,238	41,053,877	44,780,482	45,911,423
1,078,053,580	1,142,330,056	1,246,492,379	1,332,941,348	1,433,855,194	1,492,686,235

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

	State	County	City	Centerra Metro District
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%
2014	2.90%	0.60%	3.00%	1.75%
2015	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 2006			Fiscal Year 2015		
	Tax Liability	Rank	Percentage of Total Tax Collected	Tax Liability	Rank	Percentage of Total Tax Collected
Department Stores & General Merchandise	6,326,791	1	23.45 %	7,833,042	1	22.91 %
Restaurants & Bars	3,072,214	2	11.38 %	5,474,604	2	16.01 %
Grocery Stores & Specialty Foods	2,883,261	3	10.68 %	4,255,460	3	12.45 %
Building Material & Lawn & Garden Supplies	2,484,853	4	9.21 %	3,312,244	4	9.69 %
Motor Vehicle Dealers, Auto Parts & Leasing	2,001,323	5	7.42 %	3,085,772	5	9.03 %
Clothing & Clothing Accessories Stores	1,390,011	7	5.15 %	2,903,008	6	8.49 %
Utilities	1,445,860	6	5.36 %	1,936,738	7	5.66 %
Sporting Goods, Hobby, Book & Music Stores	1,201,298	8	4.45 %	1,737,948	8	5.08 %
Used Merchandise Stores	604,138	10	2.24 %	1,448,328	9	4.24 %
Broadcasting & Telecommunications	1,161,739	9	4.31 %	1,310,172	10	3.83 %
Total (Top Ten Principal Remitters only)	22,571,488		83.65 %	33,297,316		97.39 %
Total Sales Tax Collected	26,985,278			40,761,528		

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			Capital Leases	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	Capital Leases	Oversizing Agreements	Revenue Bonds	Oversizing Agreements	Water Board Loan				
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
2014	-	4,095,285	100,000	-	-	-	4,195,285	0.14 %	58.3
2015	-	3,727,893	100,000	10,678	10,206,594	-	14,045,165	0.43 %	188.9

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 has an interfund balances with the CDBG Fund to the General Fund for \$12,368 for borrowings to cover deficit cash balances until reimbursements are received. The City also has five interfund loans that are not included on the table above. In Governmental Activities the following loans were made:

- A loan of \$4,850,000 was made in 2007 to the General Fund from the CEF Fund for a land purchase.
- A loan of \$1,500,000 from the CEF Fund to the Loveland Urban Renewal Authority to help fund a mixed use building in the downtown area. The entire \$1,500,000 was moved over to LURA in 2013.
- A loan of \$63,100 from General Fund to Loveland Urban Renewal Authority for waived material use tax, phase II environmental study, and a blight study and plan amendment.

In Business-Type Activities the following loans were made:

- A loan of \$6,000,000 was made in 2013 from Power to Water to help fund the replacement of aging infrastructure.
- A loan of \$1,600,000 was made in 2014 to the Stormwater Fund from the Refuse Fund to help fund their portion of the Service Center Phase II.

Source:

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

CITY OF LOVELAND, COLORADO
Schedule 9
CITY OF LOVELAND, COLORADO
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

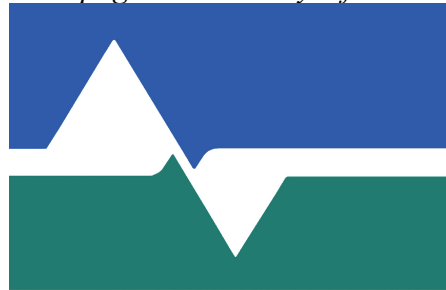
	Debt Outstanding	Percentage^a Applicable to Loveland	Loveland's Share of Debt
<u>Governmental Unit</u>			
City of Loveland - Debt Applicable to Debt Limit	-	100.0 %	-
Thompson R2-J School District	\$ 96,927,847 ^b	63.8 %	<u>\$ 61,839,966</u>
Total			<u><u>\$ 61,839,966</u></u>

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 6/30/2015

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit	185,209,200	203,969,631	207,856,633
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 185,209,200</u>	<u>\$203,969,631</u>	<u>\$207,856,633</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00 %	0.00 %	0.00 %

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 1,043,527,573
Estimated actual value	8,411,524,489
Debt limit (3% of estimated actual value)	<u>252,345,735</u>
Legal Debt Margin	<u>\$ 252,345,735</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

2009	2010	2011	2012	2013	2014	2015
207,856,633	209,435,754	204,606,142	207,323,789	212,505,288	215,026,668	252,345,735
-	-	-	-	-	-	-
<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>	<u>\$215,026,668</u>	<u>\$252,345,735</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	
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	-	-	-	-
2014	10,667,855	10,070,110	597,745	-	3,296	3,296	181.35
2015	\$11,944,794	\$10,449,268	\$ 1,495,526	-	\$ 28,251	\$ 28,251	52.94

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
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	6.8
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
2014	71,985	3,085,709,010	42,866	37.7	4.0
2015	74,349	\$ 3,240,426,816	\$ 43,584	38.4	3.4

Source:

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

^bLarimer County, separate City statistics not available

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

Employer	2006			2015		
	Employees	Rank	of Total City Employment	Employees	Rank	% of Total City Employment
Thompson School District R2-J	1,888	2	6.18 %	3,615	1	8.09 %
Medical Center of the Rockies	-		- %	1,329	2	2.97 %
Wal Mart Distribution Center	1,000	2	3.27 %	1,000	3	2.24 %
City of Loveland	710	4	2.32 %	995	4	2.23 %
Hach Company	550	7	1.80 %	980	5	2.19 %
McKee Medical Center	950	3	3.11 %	505	6	1.13 %
Woodward Governor	238	10	0.78 %	500	7	1.12 %
Elevations Credit Union	-		- %	380	8	0.85 %
Miramont Lifestyle Fitness	-		- %	370	9	0.83 %
Agrium/Crop Production Services	-		- %	360	10	0.81 %
Agilent Technologies	650	6	2.13 %			
Wal Mart Super Centers	700	5	2.29 %			
Group Publishing	300	8	0.98 %			
Quebecor	242	9	0.79 %			
Total (Top Ten Principal Employers)	7,228		23.65 %	10,034		22.46 %
Total City Employment	30,556			44,705		

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

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

Function/Program	2006 ¹	2007 ¹	2008 ¹	2009 ¹	2010 ¹	2011 ¹	2012 ¹	2013 ^{1,2}	2014 ³	2015 ³
Executive & Legal	18	15	14	14	13	14	14	18	12	12
City Clerk & Court Administration	-	-	-	-	-	-	-	-	7	7
Community & Business Relations	0	8	10	8	7	3	1	1	1	1
Economic Development	0	0	0	0	0	-	5	6	8	8
Finance	59	59	55	49	48	48	47	45	45	45
Development Services	27	26	29	30	25	26	24	24	25	28
Public Works	85	86	93	94	89	89	89	92	93	95
Police	128	134	136	136	134	134	134	136	140	144
Fire	67	69	69	68	66	66	66	73	81	83
Parks & Recreation	68	65	65	65	62	64	64	66	65	66
Library	29	29	28	28	27	30	30	31	31	32
Cultural Services	12	12	13	13	12	12	12	13	13	13
Human Resources	11	11	10	10	10	10	13	13	13	14
Information Technology	24	24	25	25	22	21	21	21	21	23
Golf - Parks & Recreation	17	19	19	19	19	14	14	13	13	13
Water & Power	122	119	119	124	115	115	115	115	121	129
Solid Waste - Public Works	24	25	26	28	28	28	28	28	28	28
Stormwater - Public Works	13	12	16	15	15	14	15	15	15	15
Total	704	713	727	726	692	688	692	710	732	756

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.

CITY OF LOVELAND, COLORADO

Schedule 14

CITY OF LOVELAND, COLORADO

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

Last Ten Fiscal Years

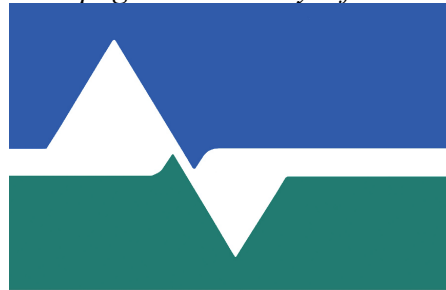
Source: City Budget Office

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.

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

	2006	2007	2008	2009	2010	2011
Function/Program						
General Government						
Building Permits Issued	6,534	2,118	1,663	1,542	1,795	1,854
Building Inspections Conducted	29,264	23,447	18,706	14,911	15,265	14,362
Police						
Physical Arrests (Adults)	3,198	3,127	3,419	3,121	3,135	2,767
Physical Arrests (Juveniles)	939	1,077	1,174	997	921	770
Parking Violations	1,975	2,627	1,825	1,212	1,527	1,511
Traffic Violations	12,671	14,075	12,669	² 12,219	11,027	9,897
Fire						
Emergency Responses	5,346	5,503	5,349	5,397	5,736	6,265
Fires Extinguished	38	¹ 106	143	104	194	110
Business Inspections	1,166	1,038	751	³ 628	260	143
Refuse Collection						
Refuse Collected (tons per day)	95	92	95	97	96	96
Recyclables Collected (tons per day)	34	35	36	33	35	33
Yard Waste Collected (tons per day)	61	69	80	76	77	108
Other Public Works						
Street Resurfacing (miles)	31	19	19	25	21	17
Potholes Repaired	2,112	6,467	2,437	1,582	3,167	1,502
Parks and Recreation						
Athletic Field & Court						
Reservations	6,643	6,812	8,402	8,402	7,784	7,221
Chilson Center Admissions	273,213	267,538	295,475	⁴ 305,414	247,511	386,753
Rounds of Golf	135,699	132,390	131,851	128,168	120,885	117,059
Library						
Volumes in Collection (Physical)	169,836	158,739	165,385	⁵ 161,318	154,732	148,005
Volumes in Collection (Digital)						⁷
Water						
New Connections	421	344	225	117	121	188
Water Main Breaks	76	73	63	70	63	99
Average Daily Consumption (thousands of gallons)	11,086	10,449	10,582	8,951	9,892	10,145
Peak Daily Consumption (thousands of gallons)	27,590	26,900	27,300	23,900	24,800	25,000
Wastewater						
Average Daily Sewage Treatment (thousands of gallons)	5,550	6,040	5,840	6,210	6,520	6,390
Power						
Megawatt hours (purchased from PRPA)	660,379	692,795	726,135	676,931	702,481	731,522
Transit						
Total Route Miles	186,287	184,514	207,789	219,910	219,225	228,532
Passengers	112,236	115,895	136,018	155,695	138,284	133,355

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

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

Statistical Operating Indicators by Function/Program

Last Ten Fiscal Years

⁶ 2009 Transit passengers increased due to high gas prices, and the addition of the Orange route. In 2010, ridership decreased due to the 34Xpress route being eliminated and the regional FLEX route being added. FLEX transports passengers between Fort Collins and Longmont through Loveland

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

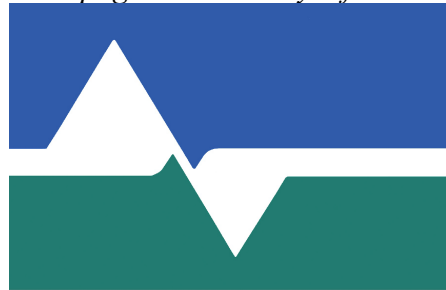
⁸ 2014 Juvenile arrest statistic added, with historical counts. Previously reported arrests were adults only.

⁹ 2014 Total tons received by Recycling Center, including collections by City trucks, averaged by number of days the Recycling Center is open.

¹⁰ As of 2015, Library Volumes in Collection will be reported as physical vs digital. Years 2012-2014 were revised retroactively to reflect this distinction .

Source: City of Loveland Departments

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

	2006	2007	2008	2009	2010
<i>Police</i>					
Stations	1	1	1	1	1
Divisions / Units	17	17	17	12	12
<i>Fire Stations</i>					
	6	6	6	6	6
<i>Refuse Collection</i>					
Collection Trucks	16	16	15	25	27
<i>Other Public Works</i>					
Highways (miles)	65	71	24 ¹	24	24
Streets (miles)	245	251	332 ¹	328 ²	328
Traffic Signals	82	86	91	92	92
<i>Parks and Recreation</i>					
Acreage - Developed Park	318	339	388	388	388
Playgrounds	25	26	27	27	27
Baseball/Softball Diamonds	25	26	30	30	30
Soccer/Football Fields	30	38	38	38	38
Community Centers/Recreation Center	1	1	1	1	1
<i>Water</i>					
Water Mains (miles)	414	423	429	433	433
Fire Hydrants	2,635	2,718	2,791	2,823	2,841
Storage Capacity (thousands of gallons)	18,300	20,300	24,300	20,300	20,300
<i>Wastewater</i>					
Sanitary Sewers (miles)	330	330	332	333	334
Treatment Capacity (thousands of gallons)	10,000	10,000	10,000	10,000	10,000
<i>Power</i>					
Overhead Conductors (miles)	307	307	304	306	307
Underground Conductors (miles)	942	943	952	961	972
Streetlights	4,866	5,012	5,086	5,393	5,649
<i>Transit</i>					
Buses	3	3	3	3	4
Minibuses	6	7	7	7	6

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1	1	1	1	1
12	12	12	12	12
6	6	6	6	6
21	20	21	19	21
24	25	25	24	24
328	329	331	340	340
93	94	94	94	94
388	388	388	388	438
27	27	27	27	27
30	30	30	30	30
38	38	38	38	38
1	1	1	1	1
435	436	437	442	451
2,860	2,870	2,899	2,961	3,017
20,300	20,300	20,300	20,300	20,300
334	334	336	341	342
10,000	10,000	10,000	10,000	10,000
305	304	297	299	298
991	1,014	1,028	1,062	1,084
5,734	5,872	5,879	6,040	6,055
5	5	6	6	6
5	5	4	4	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.

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

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

ARC: An abbreviation for Annual Required Contribution.

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

Assigned Fund Balance: Amounts that reflect a government's intended use of resources that has to be established at either the highest level of decision making, or by a body or an official designated for that purpose. Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the general fund automatically would be reported as assigned fund balance.

B

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

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

C

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

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

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

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

CAFR: Comprehensive Annual Financial Report.

CDBG: Community Development Block Grant.

CEF: Capital Expansion Fee (see definition above).

CFAC: Citizens' Finance Advisory Commission.

CIRSA: Colorado Intergovernmental Risk Sharing Agency.

COLT: City of Loveland Transit

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

CPI: Consumer Price Index.

CSafe: Colorado Surplus Asset Fund Trust

D

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

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

Department: Major unit of organization in the City.

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

Division: Sub-unit of a department.

E

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

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

F

FEMA: Federal Emergency Management Agency

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

FIFO: First-In-First-Out. An inventory valuation where the oldest inventory is recorded as sold first.

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

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

FPPA: An abbreviation for Fire and Police Pension Association.

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

Fund: Accounting entity with a self-balancing set of accounts, which is segregated from other funds, to carry on specific activities or attain certain objectives.

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

G

GAAP: Generally Accepted Accounting Principles.

GASB: Governmental Accounting Standards Board.

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

GFOA: Government Finance Officers Association.

GID: General Improvement District.

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

H

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

HUTF: Highway User Tax Funds.

I

IBNR: Incurred But Not Reported losses.

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

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

J - L

LLBA: Loveland/Larimer Building Authority.

LURA: Loveland Urban Renewal Authority.

M

MD&A: Management Discussion and Analysis.

MFA: An abbreviation for Master Financing Agreement.

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

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

N

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

NRSRO: Nationally recognized statistical rating organizations.

O - P

OPEB: Other Post-Employment Benefits.

Operating Budget: The portion of the budget that pertains to daily operations providing basic governmental services. The operating budget contains appropriations for such expenditures as personal services, supplies and materials.

PDPA: Public Deposit Protection Act

Per capita: An average per person.

PERS: Public Employee Retirement System.

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

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

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

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

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

PRPA: Platte River Power Authority.

Q - R

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

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

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

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

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

RSI: An abbreviation for Required Supplemental Information.

S

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

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

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

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

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

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

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

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

T - U

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

TIF: Tax Increment Finance

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

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

V - Z

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

Compliance



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



RubinBrown LLP
 Certified Public Accountants
 & Business Consultants

1900 16th Street
 Suite 300
 Denver, CO 80202

T 303.698.1883
 F 303.777.4458

W rubinbrown.com
 E info@rubinbrown.com

**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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 2, 2016.

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.

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

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

Compliance And Other Matters

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

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

June 2, 2016



RubinBrown LLP
 Certified Public Accountants
 & Business Consultants

1900 16th Street
 Suite 300
 Denver, CO 80202

T 303.698.1883
 F 303.777.4458

W rubinbrown.com
 E info@rubinbrown.com

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

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

Report On Compliance For Each Major Federal Program

We have audited the City of Loveland, Colorado's (the City) compliance with the types of compliance requirements described in the Office of Management and Budget's (OMB) *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2015. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion On The Major Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on the major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified 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.

Report On Internal Control Over Compliance

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

June 2, 2016

CITY OF LOVELAND, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2015

<u>Program Description</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department Of Housing And Urban Development		
Direct:		
Community Development Block Grant	14.218	\$ 208,081
Total U.S. Department Of Housing And Urban Development		<u>208,081</u>
U.S. Department Of Transportation		
Direct:		
US1374 Small Community Air Service Development Program	20.930	53,183
Airport Improvement Program - ARFF Vehicle	20.106	752,049
Office of Transportation Safety	20.600	8,782
Office of Transportation Safety	20.610	31,266
		<u>845,280</u>
Passed through Colorado Department of Transportation:		
Highway Planning & Construction	20.205	1,178,160
Total U.S. Department Of Transportation		<u>2,023,440</u>
U.S. Department Of Justice		
Passed through Colorado Division of Criminal Justice		
Special Investigations Unit at the Northern Colorado Drug Task Force	16.738	13,979
Total U.S. Department Of Justice		<u>13,979</u>
Federal Emergency Management Agency		
Passed through Colorado Department of Local Affairs		
2015 Emergency Management Performance Grant	97.042	46,000
		<u>46,000</u>
Passed through Colorado Department of Local Affairs		
Disaster Grant - 2013 Flood Assistance	97.036	2,583,786
Total Federal Emergency Management Agency		<u>2,629,786</u>
Total Expenditures Of Federal Awards		<u>\$ 4,875,286</u>

CITY OF LOVELAND, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2015**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, 2015. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

2. Basis Of Presentation

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

3. Indirect Costs

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

CITY OF LOVELAND, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2015

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 2 CFR Section 200.516(a)? X yes _____ no

Identification of major programs:

CFDA

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

97.036	Disaster Grants - Public Assistance
--------	-------------------------------------

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

Section II - Financial Statement Findings

There were no findings relating to the City's financial statements for the year ended December 31, 2015.

CITY OF LOVELAND, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For The Year Ended December 31, 2015

Section III - Federal Award Findings And Questioned Costs

Finding 2015-001

Significant Deficiency

CFDA 97.036 - Disaster Grants - Public Assistance

Federal Agency: Federal Emergency Management Agency

Criteria: The City is responsible for establishing controls to ensure the monitoring of reimbursement requests to provide reasonable assurance that the reimbursement requests are accurate and appropriate and in compliance with laws, regulations and the provisions of the grant agreements with the federal agency.

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 for ensuring reimbursement requests are accurate and appropriate.

Effect: The City could have an inaccurate reimbursement request.

Questioned Costs: None

Cause: The City personnel that was responsible for the monitoring and oversight for the reimbursement requests was in transition.

Recommendation: We recommend that the City fully implement procedures to verify the proper monitoring and oversight of the reimbursement requests.

Views Of Responsible Officials And Planned Corrective Action: The City agrees with the recommendation. The City has implemented an approval process where the Senior Accountant or Accounting Manager verifies and approves all reimbursement requests before they are submitted.

CITY OF LOVELAND, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)
For The Year Ended December 31, 2015

**Section IV - Prior-Year Federal Award Findings
And Questioned Costs**

Finding 2014-001**Material Weakness****Incomplete Schedule Of Expenditures Of Federal Awards (SEFA)**

Corrective Action Plan: Implemented.

Finding 2014-002 Subrecipient Monitoring And Reporting**Material Weakness****CFDA 14.218 - Community Development Block Grant**

Federal Agency: U.S. Department Of Housing And Urban Development

Corrective Action Plan: Implemented

Finding 2014-003 Subrecipient Monitoring And Reporting**Significant Deficiency****CFDA 14.218 - Community Development Block Grant**

Federal Agency: U.S. Department Of Housing And Urban Development

Corrective Action Plan: Implemented

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

LOCAL HIGHWAY FINANCE REPORT		City or County: City of Loveland
		YEAR ENDING : December 2015
This Information From The Records Of: City of Loveland, Colorado	Prepared By: Mona Brooks / Rebecca Masters	Phone: 970-962-2312 / 970-962-2311

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

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	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)	7,377,027
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	3,543,544
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	2,191,688
2. General fund appropriations	10,871,561	b. Snow and ice removal	487,492
3. Other local imposts (from page 2)	2,441,958	c. Other	
4. Miscellaneous local receipts (from page 2)	3,219,038	d. Total (a. through c.)	2,679,180
5. Transfers from toll facilities		4. General administration & miscellaneous	1,452,061
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	7,448,859
a. Bonds - Original Issues		6. Total (1 through 5)	22,500,671
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)	16,532,557	b. Redemption	
B. Private Contributions	1,887,403	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,839,145	2. Notes:	
D. Receipts from Federal Government (from page 2)	1,241,566	a. Interest	
E. Total receipts (A.7 + B + C + D)	22,500,671	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)	22,500,671

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
		22,500,671	22,500,671		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE:
	Colorado
	YEAR ENDING (mm/yy): 12/15

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

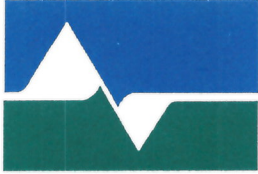
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	(6,267)
b. Other local imposts:		b. Traffic Fines & Penalties	914,153
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	1,062,531	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	0
4. Licenses	4,600	f. Charges for Services	2,297,481
5. Specific Ownership &/or Other	1,374,827	g. Other Misc. Receipts	13,671
6. Total (1. through 5.)	2,441,958	h. Other Opticom Use	0
c. Total (a. + b.)	2,441,958	i. Total (a. through h.)	3,219,038
	(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	2,529,037	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	(12,488)
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	270,922	d. Federal Transit Admin	
d. Other (Specify) - CDOT	18,312	e. U.S. Corps of Engineers	
e. Other (Specify) St Hwy Mtce	20,874	f. Other Federal	1,254,054
f. Total (a. through e.)	310,108	g. Total (a. through f.)	1,241,566
4. Total (1. + 2. + 3.f)	2,839,145	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			0
b. Engineering Costs	9,435	495,256	504,691
c. Construction:			
(1). New Facilities		1,871,742	1,871,742
(2). Capacity Improvements			0
(3). System Preservation		4,427,353	4,427,353
(4). System Enhancement & Operator	76,899	496,342	573,241
(5). Total Construction (1) + (2) + (3) + (4)	76,899	6,795,437	6,872,336
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	86,334	7,290,693	7,377,027
			(Carry forward to page 1)

Notes and Comments:



CITY OF LOVELAND
FINANCE DEPARTMENT

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2396 • FAX (970) 962-2900 • TDD (970) 962-2620

June 2, 2016

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, 2015 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, 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.

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
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 City 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 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.
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. 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.
28. 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.
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. Provisions for uncollectible receivables have been properly identified and recorded.
35. 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.

36. 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.
37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
38. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
40. 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.
41. 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.
42. With respect to the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the Local Highway Finance Report.
 - a. We acknowledge our responsibility for presenting the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the 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 the 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 the 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.
 - b. If the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards and the Local Highway Finance Report 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.
43. With respect to federal award programs:
 - a. We are responsible for understanding and complying with and have complied with the requirements of the OMB Uniform Guidance including requirements relating to preparation of the schedule of expenditures of federal awards.

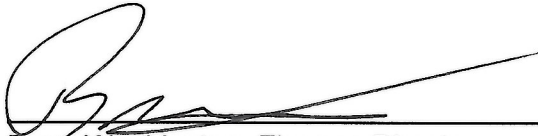
- b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of the OMB Uniform Guidance and we believe the SEFA, including its form and content, is fairly presented in accordance with the OMB Uniform Guidance. The methods of measurement or 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 or 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 SEFA no later than the date we issue the SEFA 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 OMB Uniform Guidance 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, 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.
- 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 relevant to 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 with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the OMB Uniform Guidance and related Compliance Supplement relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.
- j. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material 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 from the end of the period covered by the compliance audit to the date of the auditor's report.

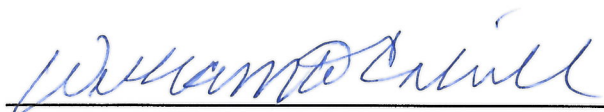
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in the OMB Uniform Guidance.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. 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.
- p. 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.
- q. 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.
- r. 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.
- s. 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.
- t. 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 the OMB Uniform Guidance.
- u. We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and have ensured that subrecipients have taken the appropriate and timely corrective action on findings.
- v. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w. We have charged costs to federal awards in accordance with applicable cost principles.
- x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the OMB Uniform Guidance 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.
- y. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the OMB Uniform Guidance.

z. We are responsible for preparing and implementing a corrective action plan for each audit finding.

44. We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. 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

AGENDA ITEM: 2
MEETING DATE: 6/14/2016
TO: City Council
FROM: Development Services Department
PRESENTERS: Brett Limbaugh, Director and
 John Schumacher, Chief Building Official



TITLE:
Building Division Process Improvements Update

SUMMARY:

This is an information item to review and discuss City staff's ongoing improvements to the building permit processes. This staff presentation will focus on improvements that have been recently implemented along with upcoming changes that will better serve our customers.

BACKGROUND:

In late 2015, the Building Division received feedback from local contractors regarding the permit and inspection processes citing permit delays, lack of consistency between inspectors, confusing instructions, and unreasonable expectations. Staff created four categories to capture the comments and focus their efforts. The four focus areas include Consistency, Straight Talk, Fairness, and Speed. An initial update to the City Council was presented in February. Staff has been busy implementing additional changes and scheduling meetings to receive additional feedback since the February Council meeting. This presentation will focus on recent accomplishments and future efforts.

REVIEWED BY CITY MANAGER:

William D. Cavill

LIST OF ATTACHMENTS:

1. Staff Memo
2. Powerpoint Presentation



Development Services

410 East 5th Street • Loveland, CO 80537
 (970) 962-2346 • Fax (970) 962-2945 • TDD (970) 962-2620
www.cityofloveland.org

MEMORANDUM

JUNE 14, 2016

From: Brett Limbaugh, Director, Development Services
 To: City Council
 Subject: Development Services Department Improvements:
 Building & Planning Divisions

In late 2015, the Building Division received feedback from local contractors regarding the permit and inspection processes citing permit delays, lack of consistency between inspectors, confusing instructions, and unreasonable expectations. Staff created four categories to capture the comments and focus their efforts. The four focus areas or “Fixes” include Consistency, Straight Talk, Fairness, and Speed. An initial update to the City Council was presented in **February**. Staff has been busy implementing additional changes and scheduling meetings to receive additional feedback since the February Council meeting.

IMPROVEMENTS:

FOUR FIXES

1. THE FIRST FIX – CONSISTENCY

- a) With Council approval, three new positions were added and the Building Division was reorganized. A Building Inspector, a Plans Reviewer and a Permit Technician were added.
- b) All staff members were required to obtain certifications in their respective fields to insure consistency in knowledge and application of codes
- c) Staff members joined code organizations and began attending meetings at which they were able to meet staff from other jurisdictions and discuss policies, procedures and application of codes to promote consistency with other jurisdictions
- d) Regular staff meetings and group field inspections are being conducted to insure consistency in the function of each of the modules of the Division and the Division as a whole.
- e) Increased efforts to insure consistently exceptional customer service in all aspects of the Building Division’s operations. Staff have been receiving rave reviews, especially the front counter staff.

2. THE SECOND FIX – STRAIGHT TALK

- a) In **mid-January 2016**, the Building Division revised its website to contain an easy to follow description of upcoming changes.
- b) Building Division staff began distribution of a monthly newsletter designed to improve communication with the community in **February 2016**.

- c) Distribution of the “Monthly Update” also began in **February 2016** to improve dissemination of statistical data related to permitting and inspection activity.
- d) The Building Division participated in a meeting of sign contractors in **May** to discuss refinements to the sign permitting processes and policies and will meet with them again on **June 16, 2016**.
- e) The Building Division has scheduled an open forum public meeting with general contractors for **July 13, 2016**.
- f) Building Division staff met with roofing contractors on **March 29, 2016** and **April 1, 2016** and has scheduled an open forum public meeting with roofing contractors for **September 14, 2016**.
- g) The Building Division encourages customer comments in each of its’ monthly newsletters and is contemplating a more formal and wide-ranging customer feedback program.

3. THE THIRD FIX -FAIRNESS

- a) All staff members were required to obtain certifications in their respective fields ensuring consistency in knowledge and application of codes resulting in objective conclusions.

4. THE FOURTH FIX-SPEED

- a. The Building Division began a program of multiple review queues in **March 2016** to expedite the review time of smaller projects.
- b. Building Division staff eliminated the backlog of plan reviews that existed at this time last year and is currently producing approved plans in just over half the published review times.
- c. On **April 1st** the Building Division began the “Rapid Review” over-the-counter permit review process, which has been extremely successful and continues to grow. The program allows customers to walk in their application and plans and leave with reviewed plans and a permit within 30 minutes of arrival.
- d. Further expediting the review process, Building counter staff will soon begin a training program designed to enhance their ability to address code specific questions and assist with minor plan reviews.

NUMBERS & TRENDS:

1. The total number of building permits issued increased 66% from **2014 to 2015**.
2. Through the **first quarter of 2016**, the total number of building permits issued is 7% higher than **2015**.
3. The total number of inspections performed by the Building Division increased 69% from **2014 to 2015**.
4. Through the **first quarter of 2016**, the total number of inspections performed is 10% higher than **2015**.
5. Plan review totals are down slightly from **2015 to 2016**, which is a reflection of the removal of certain permit types from the review queue to expedited over-the-counter process.



The Building Division

“Four Fixes”

The First Fix – Consistency

- 3 New Staff Positions in 2016
- Staff Certification/Credentials
- Local Code Organization participation
- Staff Meetings and Training
- Consistent Customer Service Attitude

P. 179
“I’m not used to this level of service from municipal building departments so a big kudos to you and your staff.” –David Jacobson





The Building Division

“Four Fixes”

The Second Fix – Straight Talk

- Monthly Newsletter
- Monthly Update
- Sign Contractor Meetings
- General Contractor Meeting
- Roofing Contractor Meetings
- Requesting Feedback

“We commend you for focusing on residents’ needs and thinking “out of the box”... ” – Barbara Koelzer, Regional Government Affairs Director

“COMMUNICATION
WORKS
FOR THOSE
WHO WORK
AT IT.”
John Powell

“Communication is the real
work of leadership.”

Nitin Nohria



The Building Division

“Four Fixes”

The Third and Fourth Fixes

Fairness and Speed

- 2-Queue Policy
- Backlog Eliminated
- “Rapid Review”
- Front Counter Staff Training

“Though it's just a small project in the scheme of things, [she] was very quick to answer my emails and she made me feel like she truly wanted to help me” – Charles Mulherin

Treating others with fairness and dignity is the “rain” that helps them to grow and be fruitful.

RESTART: COMPASSION AND JUSTICE

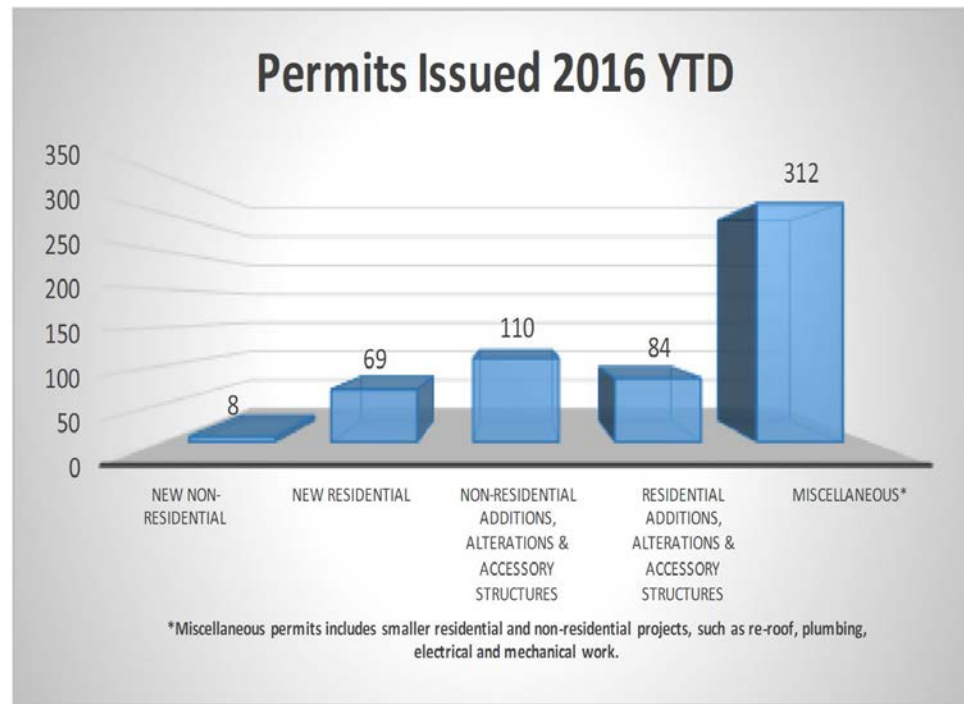
“SPEED DEFINES EVERYTHING”

noname
21 Nov 2013 10:28 pm

The Building Division

“Numbers and Trends”

Building Division Data Through 4/30/2016



- Permits increased in 2015/16
- Permits anticipated to increase in 2017

**SAFETY IS MORE
IMPORTANT THAN
CONVENIENCE.**

QUOTEHD.COM

Don Hambidge

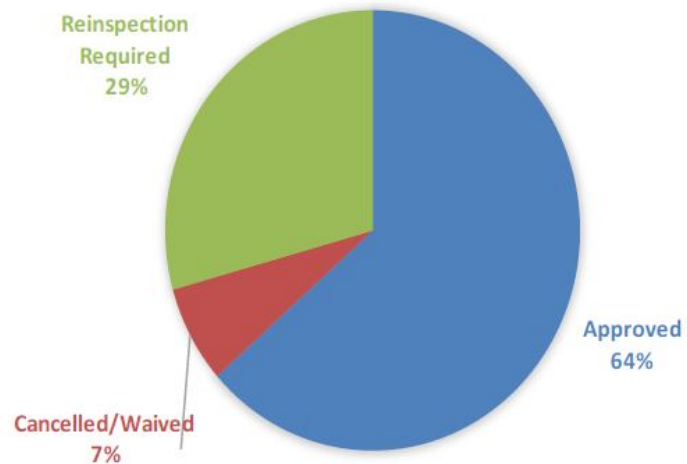


The Building Division

“Numbers and Trends”

Building Inspections by Result

2494 TOTAL INSPECTIONS



- Inspections increased in 2015/16
- Inspections anticipated to increase in 2017

THERE'S
NO PLACE LIKE
HOME

" a full home inspection ... is the best defense against future liability for the seller and the most assured way a buyer can feel comfortable with the home purchase."

Tory Graham

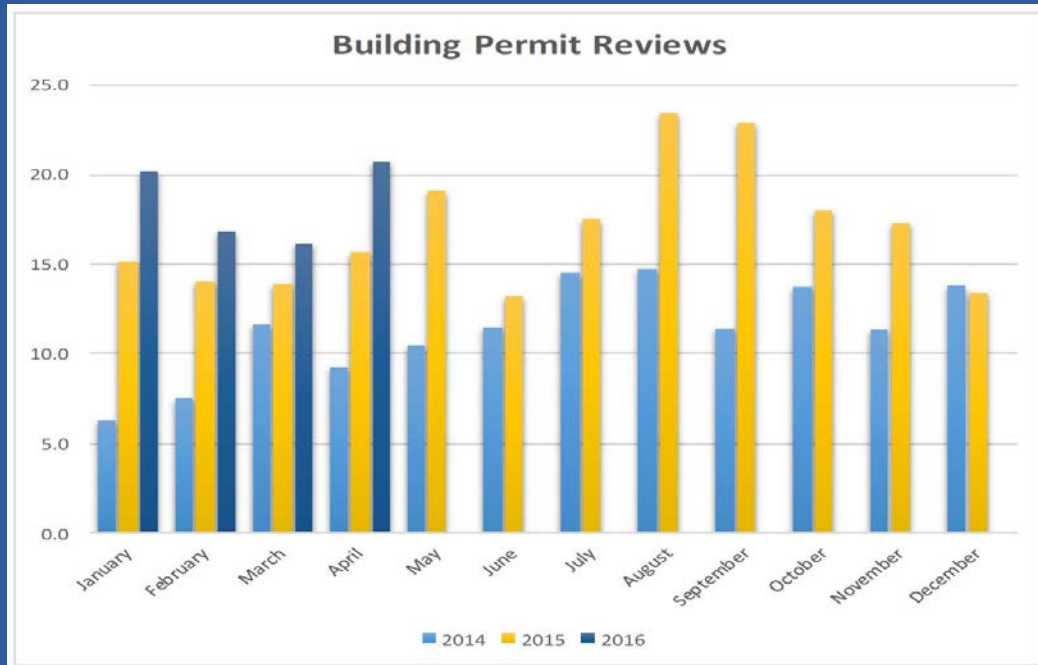




The Building Division

“Numbers and Trends”

“I have actually had ^{P. 184} nothing but very helpful and attentive city employees in building and water and power to deal with in the past several months” – Jafe Parsons, Jafe Inc.



- Plan reviews completed increased in 2015/16
- Plan review times decreased in 2016

“NUMBERS CONSTITUTE THE ONLY UNIVERSAL LANGUAGE.”

NATHANIEL WEST

© Lithobit GmbH

Accurate information
is a key part of
motivation.

Mary Ann Allison

QuotePixel.com

CURRENT DEVELOPMENT SERVICES DEPARTMENT CHANGES

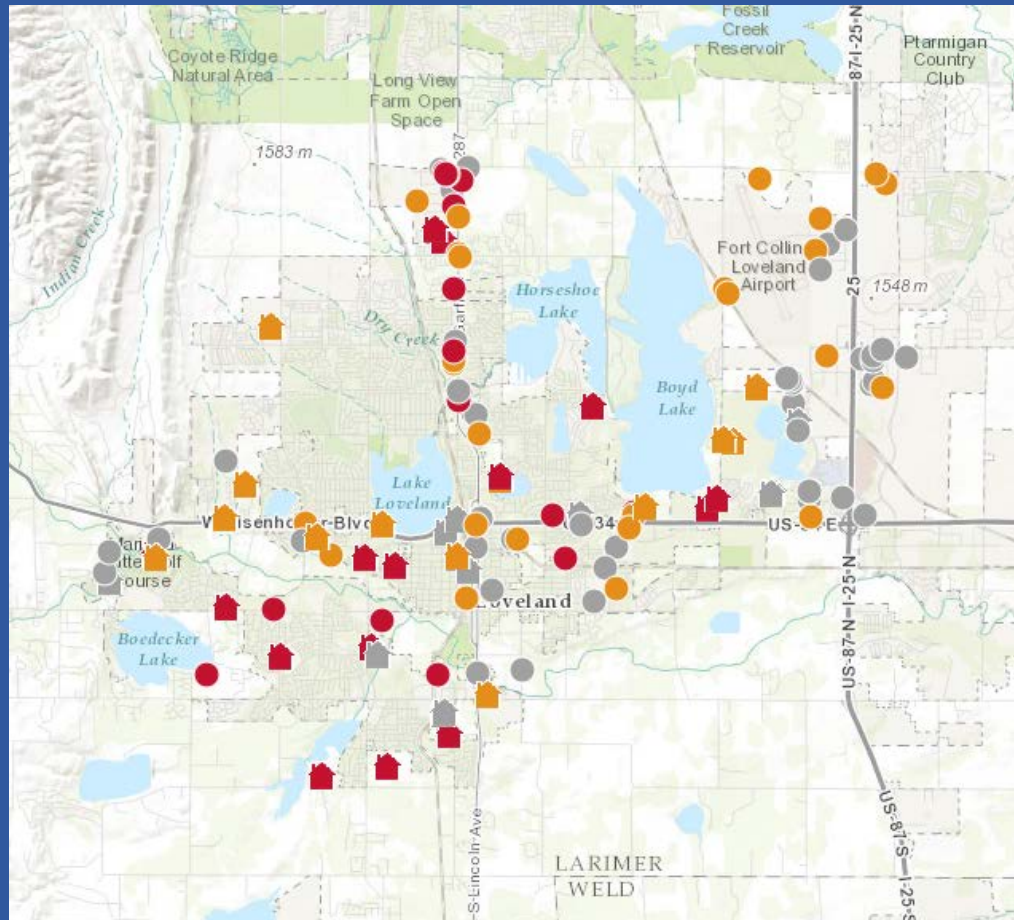


- Flexible Zoning Option
- Overall Zoning Update
 - Consultant hired
 - New Electronic Format
- Planning Division Outreach
 - June 30th Developer Meeting
 - July 6th Architect/Engineer Meeting
- Building Division Outreach
 - June 16th Sign Contractor Meeting
 - July 13th General Contractor Meeting
 - September 14th Roofing Contractor Meeting



Current Development Activities Map

<http://maps.cityofloveland.org/CDA/>





Questions?

