

# Executive Budget Summary

## Total City Budget

The Total City Budget is the planned authorized spending for all City Departments and Funds. Other Entities Funds (Northern Colorado Regional Airport, Loveland Larimer Building Authority, Loveland Fire Rescue Authority, General Improvement District No. 1, Loveland Special Improvement District No. 1, the Loveland Urban Renewal Authority, and the Downtown Development Authority) have their own separate budgets for 2020. The table below shows the gross City Budget (including interfund transfers) and the Net City Budget (excluding interfund transfers).

Total City Budget						
Revenues						
	2018 ACTUALS	2019 Adopted	2019 Revised	2020 DRAFT	2020 Draft/ 2019 Adopted \$ Change	2020 Draft/ 2019 Adopted % Change
<b>Beginning Fund Balance</b>	<b>272,143,246</b>	<b>143,878,865</b>	<b>239,170,374</b>	<b>140,917,933</b>	<b>(2,960,932)</b>	<b>-2.06%</b>
<b>Revenues by Fund Type</b>						
General Fund	103,514,108	94,390,194	96,152,766	102,521,267	8,131,073	8.6%
Other Governmental Funds	8,524,032	6,287,315	40,503,476	7,604,841	1,317,526	21.0%
Special Revenue Funds	45,574,987	45,527,603	60,693,543	38,034,931	(7,492,672)	(16.5%)
Enterprise Funds	159,547,862	176,784,252	353,764,129	157,182,241	(19,602,011)	(11.1%)
Internal Service Funds	25,889,333	28,552,278	28,669,322	31,286,655	2,734,377	9.6%
<b>Total Revenues</b>	<b>343,050,322</b>	<b>351,541,642</b>	<b>579,783,236</b>	<b>336,629,935</b>	<b>(14,911,707)</b>	<b>(4.2%)</b>
<b>Revenue By Class</b>						
Taxes	66,487,123	67,508,990	68,101,120	73,282,584	5,773,594	8.6%
Licenses & Permits	3,162,178	3,695,135	3,895,135	3,747,037	51,902	1.4%
Fines And Penalties	1,263,731	814,197	814,197	947,266	133,069	16.3%
Intergovern	14,547,978	12,701,009	21,622,874	10,243,431	(2,457,578)	(19.3%)
Payment In Lieu of Taxes	7,649,572	8,018,178	8,025,178	8,152,598	134,420	1.7%
Miscellaneous	6,240,804	5,472,533	16,863,287	5,919,360	446,827	8.2%
Charges For Services	146,155,423	154,406,337	155,007,876	167,028,361	12,622,024	8.2%
Interest Income	3,095,696	2,637,217	4,663,146	3,424,161	786,944	29.8%
Debt Service	-	37,560,000	128,415,850	4,500,000	(33,060,000)	(88.0%)
Cost Allocations	19,013,690	7,228,792	7,268,347	7,615,376	386,584	5.3%
Transfers In	48,555,022	29,768,823	143,375,795	34,437,466	4,668,643	15.7%
Fees	14,999,339	15,564,568	15,564,568	13,820,600	(1,743,968)	(11.2%)
Gain/Loss On Assets	387,072	225,000	225,000	214,386	(10,614)	(4.7%)
Contributed Assets	7,662,340	-	-	-	-	0.0%
Aid To Construction	2,513,268	4,976,400	4,976,400	2,020,000	(2,956,400)	(59.4%)
Raw Water Development Fees	810,628	657,686	657,686	817,102	159,416	24.2%
Cash In Lieu	506,459	227,167	227,167	380,587	153,420	67.5%
Operating Revenues	-	79,610	79,610	79,620	10	0.0%
<b>Total Revenues</b>	<b>343,050,322</b>	<b>351,541,642</b>	<b>579,783,236</b>	<b>336,629,935</b>	<b>(14,911,707)</b>	<b>(4.2%)</b>

## Total City Budget Expenditures

	2018 ACTUALS	2019 Adopted	2019 Revised	2020 DRAFT	2020 Draft/ 2019 Adopted \$ Change	2020 Draft/ 2019 Adopted % Change
<b>Expenditures by Fund Type</b>						
General Fund	110,124,940	102,299,575	116,857,244	105,039,602	2,740,027	2.7%
Other Governmental Funds	16,186,820	6,180,557	41,710,821	7,345,552	1,164,995	18.8%
Special Revenue Funds	49,223,831	49,993,876	84,354,957	43,081,859	(6,912,017)	(13.8%)
Enterprise Funds	179,236,860	199,046,688	404,372,710	171,864,934	(27,181,754)	(13.7%)
Internal Service Funds	21,250,743	28,203,298	30,739,945	32,226,987	4,023,689	14.3%
<b>Total Expenditures &amp; Capital</b>	<b>376,023,194</b>	<b>385,723,994</b>	<b>678,035,677</b>	<b>359,558,933</b>	<b>(26,165,061)</b>	<b>(6.8%)</b>
<b>Expenditures by Class</b>						
Personal Services	74,107,418	79,688,546	82,281,687	87,471,998	7,783,452	9.8%
Supplies	11,310,077	14,906,898	15,129,419	12,750,580	(2,156,318)	(14.5%)
Purchased Services	73,728,079	74,050,083	98,827,702	76,700,683	2,650,600	3.6%
Loss/Gain On Assets	531,181	-	-	-	-	0.0%
Purchased Power	44,596,397	44,761,779	44,761,779	46,550,553	1,788,774	4.0%
Depreciation	14,782,947	-	-	-	-	0.0%
Payment In Lieu Of Taxes	7,649,202	8,018,178	8,025,178	8,673,888	655,710	8.2%
Administrative Overhead	17,689,220	5,778,975	5,778,975	6,108,357	329,382	5.7%
Debt Service-Exp	1,733,444	3,070,612	3,613,069	5,585,239	2,514,627	81.9%
Transfers	50,527,317	29,768,823	143,519,318	33,371,771	3,602,948	12.1%
<b>Total Expenditures</b>	<b>296,655,281</b>	<b>260,043,894</b>	<b>401,937,127</b>	<b>277,213,069</b>	<b>17,169,175</b>	<b>6.6%</b>
Art	96,873	154,699	588,292	260,000	105,301	68.1%
Equipment	4,288,798	6,026,123	10,077,168	7,600,528	1,574,405	26.1%
Land	2,921,924	4,775,000	14,636,366	1,427,500	(3,347,500)	(70.1%)
Infrastructure	72,053,065	114,706,538	250,792,724	73,057,836	(41,648,702)	(36.3%)
Capital Outlay	7,252	17,740	4,000	-	(17,740)	(100.0%)
<b>Total Capital Outlay</b>	<b>79,367,913</b>	<b>125,680,100</b>	<b>276,098,550</b>	<b>82,345,864</b>	<b>(43,334,236)</b>	<b>(34.5%)</b>
<b>Total Expenditures &amp; Capital</b>	<b>376,023,194</b>	<b>385,723,994</b>	<b>678,035,677</b>	<b>359,558,933</b>	<b>(26,165,061)</b>	<b>(6.8%)</b>
<b>Expenditures by Operating vs. Capital</b>						
Operating & Maintenance	229,611,573	227,204,459	254,804,740	238,256,059	11,051,600	4.9%
Capital & Depreciation	94,150,860	125,680,100	276,098,550	82,345,864	(43,334,236)	(34.5%)
Debt Service-Exp	1,733,444	3,070,612	3,613,069	5,585,239	2,514,627	81.9%
Transfers	50,527,317	29,768,823	143,519,318	33,371,771	3,602,948	12.1%
<b>Total Expenditures &amp; Capital</b>	<b>376,023,194</b>	<b>385,723,994</b>	<b>678,035,677</b>	<b>359,558,933</b>	<b>(26,165,061)</b>	<b>(6.8%)</b>
Net Income	(32,972,872)	(34,182,352)	(98,252,441)	(22,928,998)	11,253,354	(32.9%)
<b>Ending Fund Balance</b>	<b>239,170,374</b>	<b>109,696,513</b>	<b>140,917,933</b>	<b>117,988,935</b>	<b>8,292,422</b>	<b>0.075594216</b>

## 2020 Budget Development

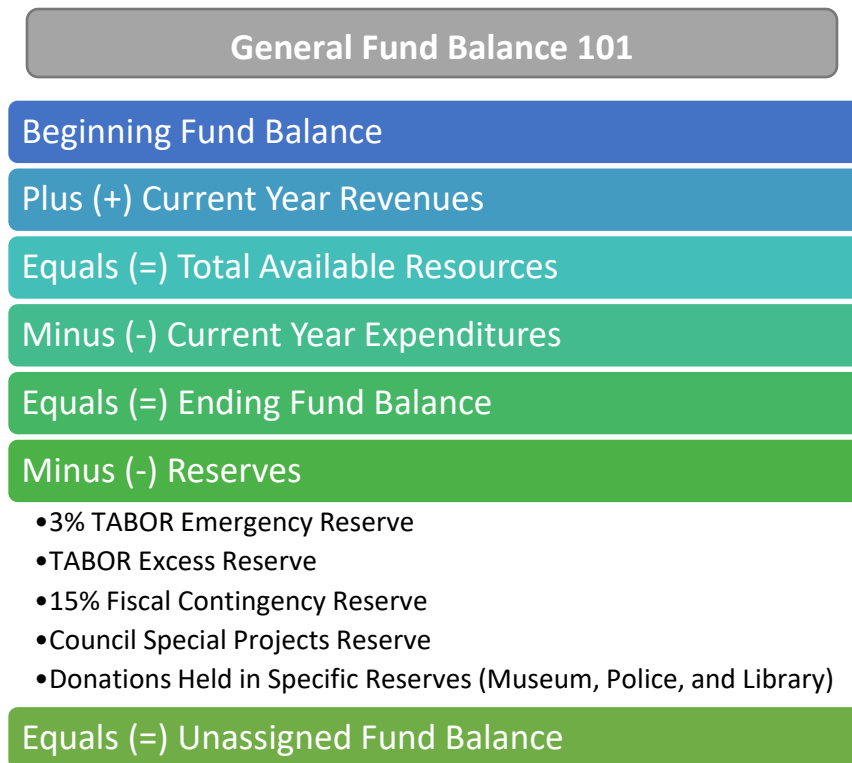
In 2018, during the 2019 Budget process, two key fiscal challenges rose to the surface:

1. A diminishing General Fund Balance due to significant planned capital and operating expenditures
2. A softening sales tax revenue stream due to competition from other communities in Northern Colorado

Both of these General Fund themes continue to provide challenges in 2019, during the 2020 Budget process, and are discussed in more detail below.

### Diminishing General Fund Balance

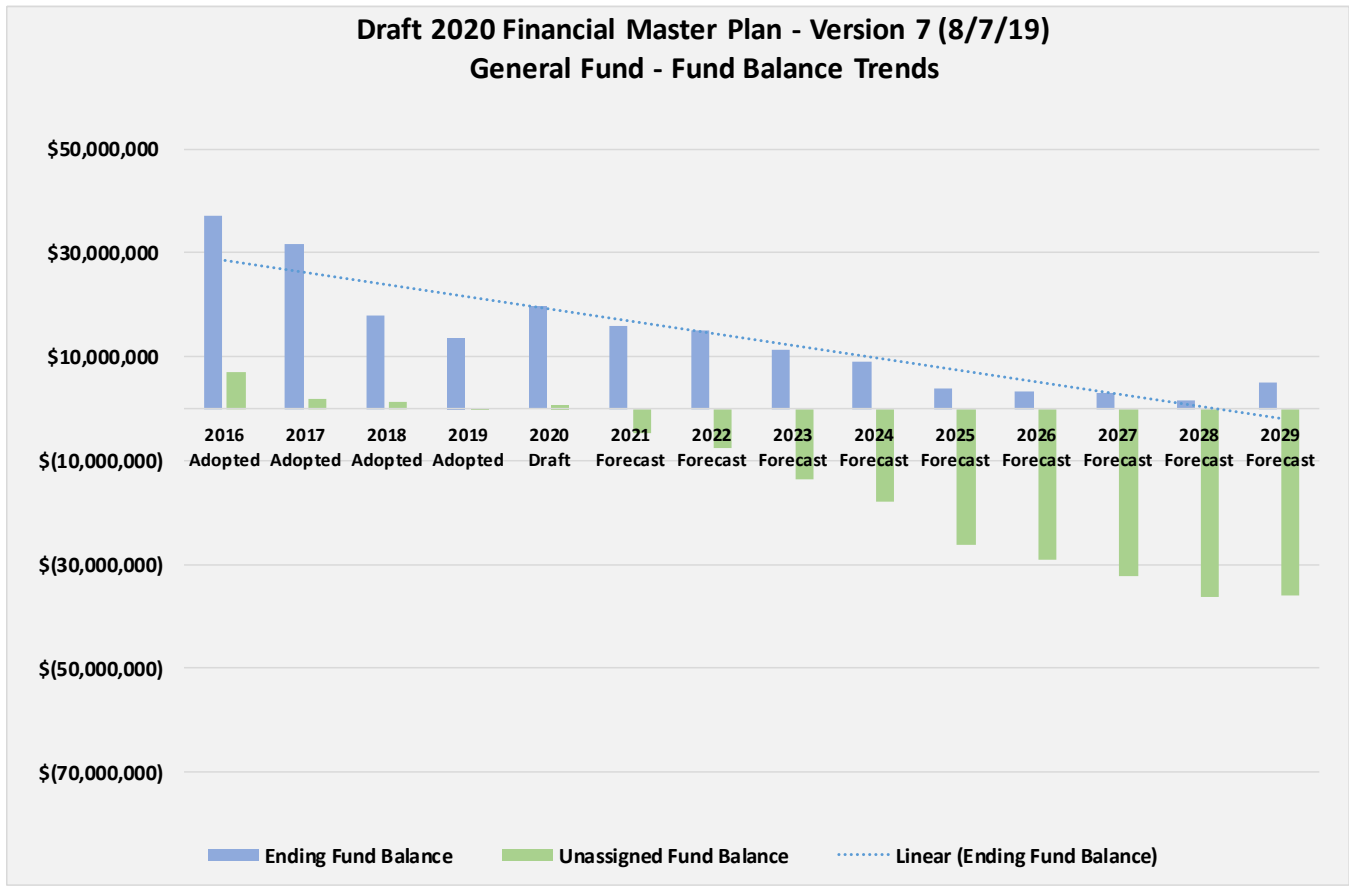
The General Fund Ending and Unassigned Fund Balances have sharply declined in recent years as Fund Balance has been used to make important community investments. The Unassigned Fund Balance represents leftover funding not allocated for a specific purpose, after all expenditure needs and reserve requirements are met. Unassigned Fund Balance can be appropriated for a specific purpose during the budget year, with City Council approval, in the event an emergency or unplanned opportunity arises. Per the City's Fund Balance and Reserve Policy, the minimum target for the General Fund Unassigned Fund Balance is \$1.5 million. For the 2019 Adopted Budget, the General Fund Unassigned Fund Balance was \$232,630. A primary goal of the 2020 Budget process is to rebuild General Fund reserves, primarily the 15% Fiscal Contingency Reserve, to promote a healthier long-term fiscal trajectory, for the General Fund Ending and Unassigned Fund Balances. See the graphic below for high level illustration of how General Fund Balance and Reserves are related.



In the graph below, the blue bars represent General Fund Ending Fund Balance and the green bars represent General Fund Unassigned Fund Balance. The General Fund Ending Fund Balance is positive for the entire 10-Year Forecast, which is good. However, the General Fund Unassigned Fund Balance goes negative in 2021. There are three key reasons for this:

1. Slowing General Fund Revenue Growth
2. Continued Increases in Costs of Services (operating and capital expenditure demands)

3. Fully Funding Reserve Targets, as a financially conservative and prudent action



To achieve the financial results portrayed in the chart, the Draft 2020 Budget includes a total of \$4 million in one-time interfund transfers from internal service funds, to return excess internal service fund balance to the General Fund, per the City’s Fund Balance and Reserve Policy. This \$4 million total is comprised of the following:

- \$1.5 million from the Employee Benefits Fund
- \$1.0 million from the Risk & Insurance Fund
- \$1.5 million from the Fleet Replacement Fund

These one-time interfund transfers contribute to an improved financial position for the General Fund for 2020, but cannot be counted on in future years. Without these one-time interfund transfers in 2020, the City would still be trying to solve an estimated \$2.4 million deficit for the Draft 2020 Budget.

The Draft 2020 Budget was balanced through a combination of efforts:

- Incorporation of \$1.2 million in revenue enhancements
- Implementation of \$3.5 million in department expenditure reductions
- Inclusion of \$4 million in one-time interfund transfers (mentioned above)

Although the City has achieved a lot during the 2020 Budget process and significantly improved the trajectory of the General Fund’s Ending and Unassigned Fund Balances, the City is not out of the woods yet and 2021 is likely to be another challenging budget year due to the following:

- It is unlikely that assistance from one-timer interfund transfers from internal service funds
- Economic slowdown or recession on the horizon

- Continued slowing of General Fund revenue growth due to sales tax revenue competition and moderation of property tax revenue growth
- Continued rising costs of services (operating and capital expenditure demands)

### **Softening Sales Tax Revenue**

Loveland’s sales tax revenue growth rate has experienced a downward trend over the past several years. See table below for a multi-year history.

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

<b>Year</b>	<b>Actual</b>	<b>% Change</b>
2010	30,462,193	4.63%
2011	32,248,567	5.86%
2012	34,539,752	7.10%
2013	36,872,201	6.75%
2014	39,360,657	6.75%
2015	40,522,952	2.95%
2016	42,371,545	4.56%
2017	44,119,468	4.13%
2018	45,574,851	3.30%

Through the first half of 2019, the City’s sales tax is 4.1% higher through year-to-date June 2019 compared to year-to-date June 2018. However, with revenue from a significant new vendor (Tri-Point) removed from the equation, it is only 2.97% higher. Some industry sectors are experiencing significantly higher growth than forecasted, while others are underperforming. Much of the sales tax revenue softening can be traced to increases sales tax revenue competition, especially from Johnstown and Windsor. Sales tax performance highlights, through year-to-date June 2019 compared to year-to-date June 2018 are listed in the table below. This table includes only those sectors experiencing significant change (10% or more in either direction). Please see monthly financial report (Snapshot) for complete list.

#### **Sales Tax Sector Performance (Year-To-Date June 2019 compared to Year-To-Date June 2018)**

<b>Retail Sales Tax Sector</b>	<b>% Change</b>
<b>Sectors with Significantly Higher Performance</b>	
All Other Categories	46.40%
Electronics & Appliance Stores	23.30%
Consumer Goods & Commercial Equipment Rental	16.00%
Health & Personal Care Stores	12.70%
Electronic Shopping & Mail-Order Houses	12.40%
Gasoline Stations with Convenience Stores	12.30%
<b>Sectors with Significantly Lower Performance</b>	
Clothing & Clothing Accessories Stores	-16.40%
Broadcasting & Telecommunications	-10.90%
Beer, Wine & Liquor Stores	-10.50%

Given the fiscal impacts of a diminishing General Fund Balance and a softening sales tax revenue stream, the focus of the 2020 Budget process has been to balance the General Fund in a way that maintains high quality services, while providing for additional “must have” funding needs in 2020. In addition to this, rebuilding reserves, primarily the 15% Fiscal Contingency Reserve, has also been a high priority. To achieve this, a base budget designed to

maintain most existing services along with a significant set of department reductions and select City Manager approved decision package increases are included in the Draft 2020 Budget. Below is a diagram of the components of the Draft 2020 General Fund expenditure budget.



### **Decision Packages**

Accompanying the total of \$925,519 in General Fund Decision Packages recommended for 2020 (\$149,318 one-time and \$776,201 on-going) is \$323,918 in new General Fund revenue for 2020, making the net impact of these Decision Packages \$601,601. This new revenue is comprised of the following:

- \$276,000 related to the new banking agreement
- \$47,918 in Rialto activity generated revenue

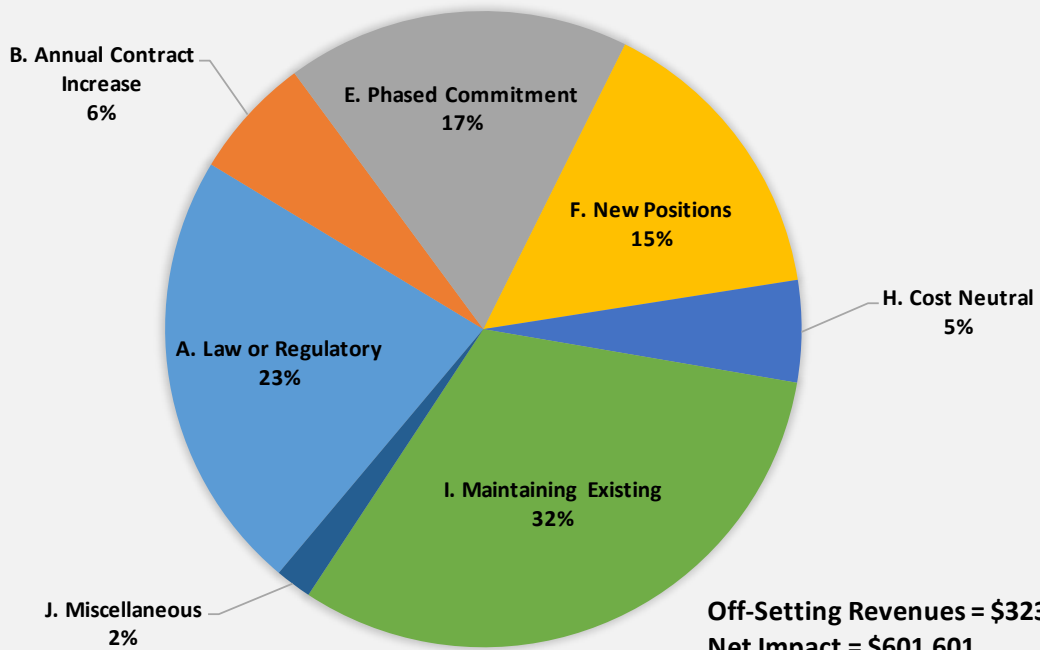
Decision Packages were reviewed and categorized by the following criteria:

- A. Law or Regulatory
- B. Annual Contract Increase
- C. Grants or External Revenue
- D. Regional Partnerships/Intergovernmental Agreements
- E. Phased Commitment
- F. New Positions
- G. New Service Level
- H. Cost Neutral
- I. Maintaining Existing
- J. Miscellaneous

The graphs below display expenditures related to Decision Packages recommended for 2020 by category for both the General Fund Budget and Total Citywide Budget.

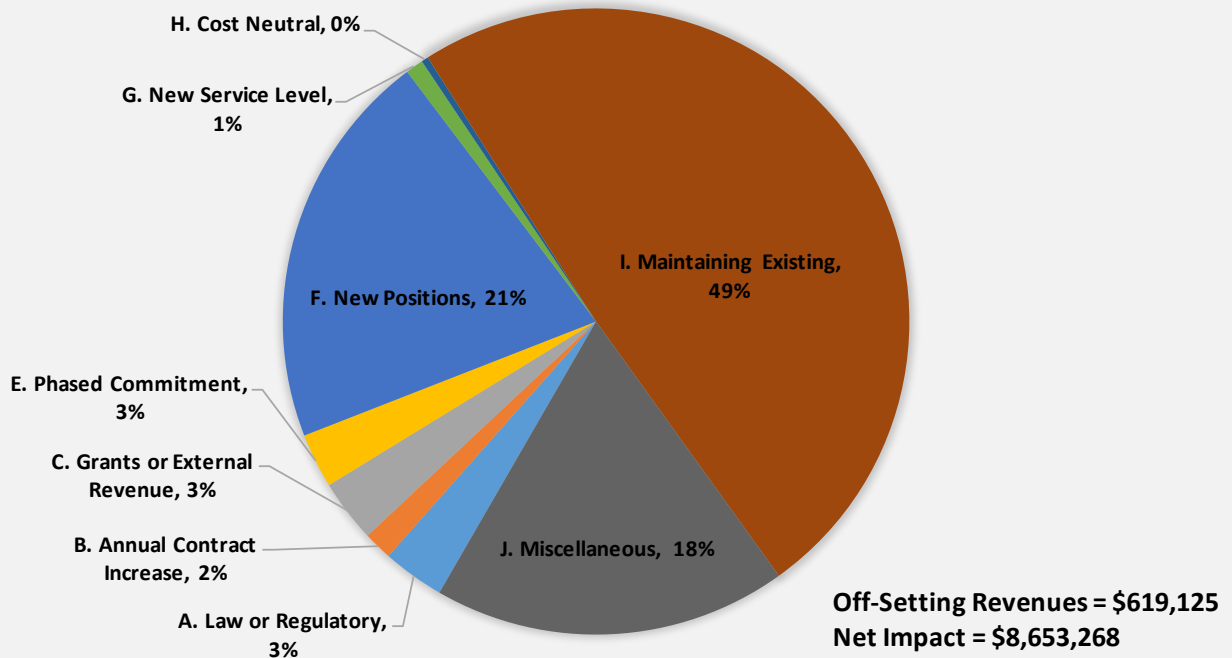
## General Fund Decision Packages by Category

Total Expenditure = \$925,519



## Total City Budget Decision Packages by Category

Total Expenditure = \$9,272,393



See the 2020 Decision Packages Summary included in the Appendix Section of this document for more detail regarding Decision Packages recommended for 2020 for the General Fund and all other funds.

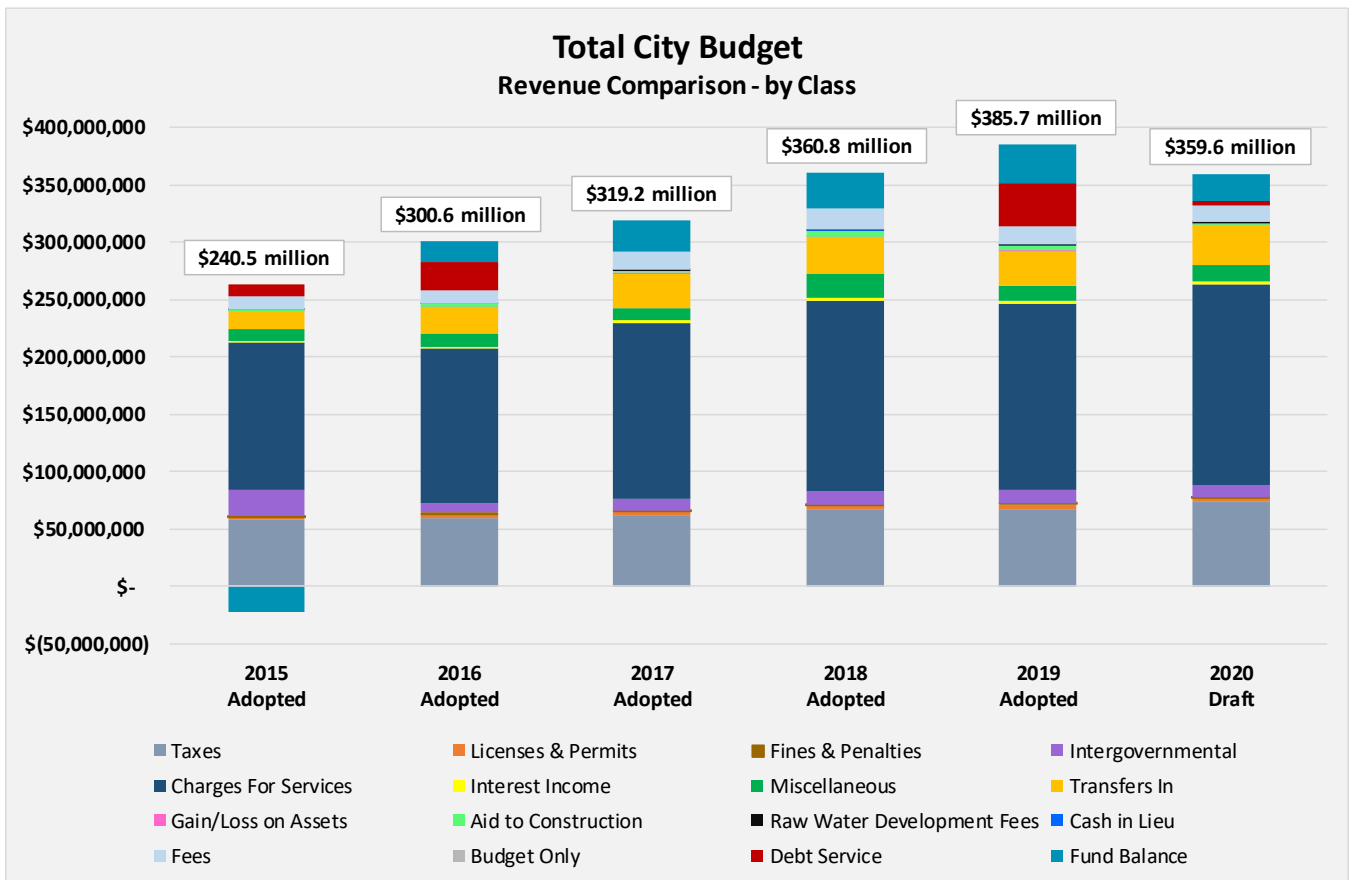
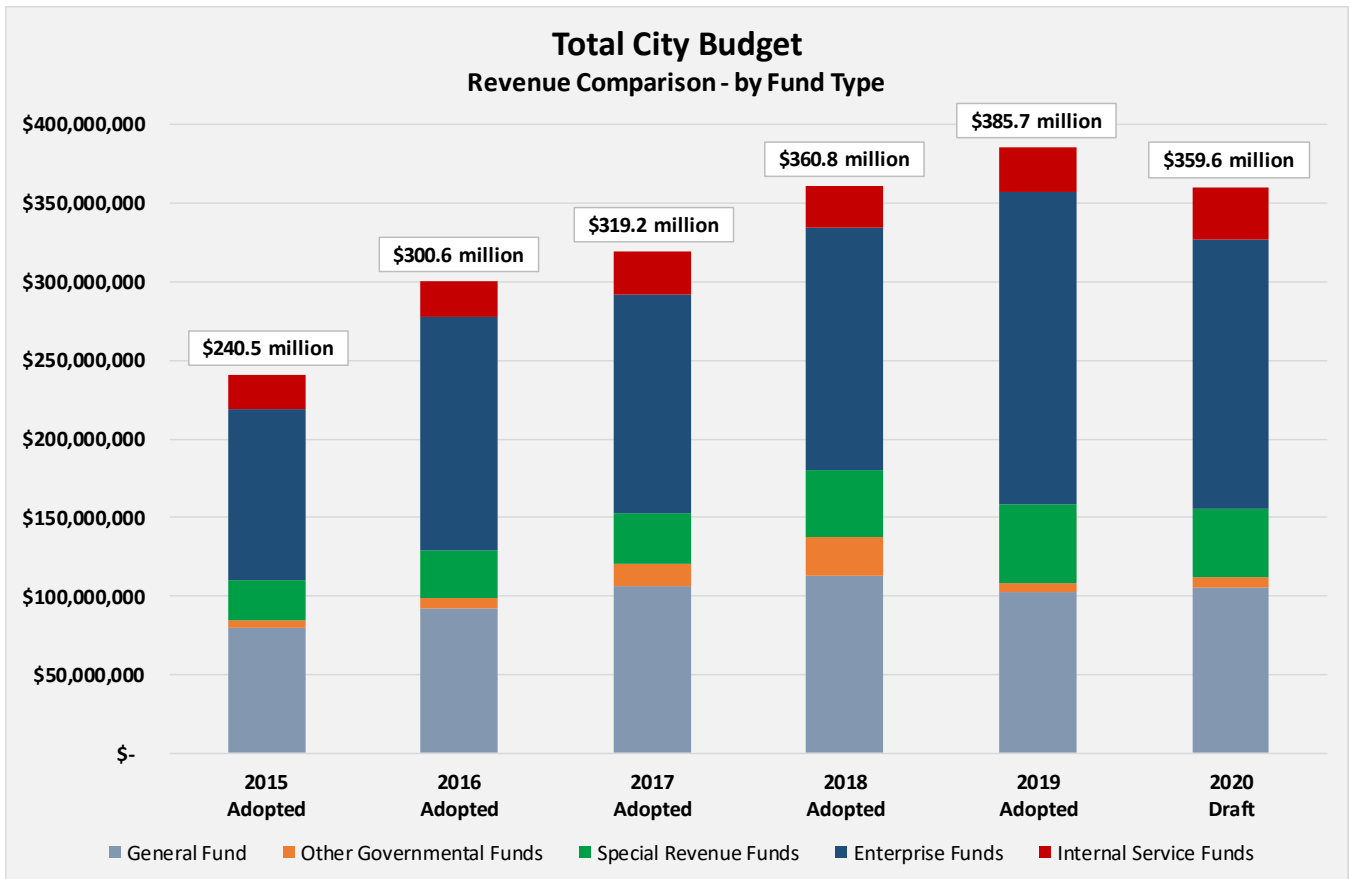
## Total City Revenue Overview

City revenues are presented in the aggregate by fund and also categorized into “classes” based on logical groupings for summation purposes. Revenue classes include Taxes, Licenses & Permits, Intergovernmental, Charges for Services, Interest Income, Miscellaneous, Cost Allocations, and Transfers In.

- **Sales & Use Tax** – Sales tax is the largest source of General Fund revenue. Loveland’s current city sales tax rate is 3.0%. Use tax is also 3.0%, but only applies to building materials and motor vehicles.
- **Property Tax** – The City’s Property Tax revenue is derived from the assessed valuation determined by Larimer County and the City’s mill levy. Assessed value is used to determine the value of a property for the purpose of measuring applicable taxes. Mill levy is the assessed property tax rate used by the City and other jurisdictions to raise revenue to provide public services. The City’s mill levy rate is 9.564 mills. A mill is one-tenth of one cent and one mill represents \$1 for every \$1,000 of assessed property value. The mill levy is multiplied by the assessed valuation of a property to calculate the property tax. The City’s mill levy has been 9.564 since 1992 and Loveland continues to have one of the lowest city government property tax levies in Northern Colorado.
- **Other Taxes:**
  - Specific Ownership Tax – A tax paid by owners of motor vehicles in lieu of personal property tax through annual vehicle registration.
  - Cigarette Tax – A tax levied by the State of Colorado on the wholesaling of cigarettes.
  - Gas Franchise Tax – A tax levied on the Public Service Company (Xcel Energy) in granting the company the privilege to construct, purchase, and operate within the City.
  - Cable Television Franchise Tax – A franchise fee levied on cable service providers to operate within the City.
  - Telephone Business and Occupation Tax – A tax levied on landline telephone service providers that operate within the City. Private line and cellular telephone services that operate for the transmission of data are also taxable. This tax allows the City to recoup some revenue from service providers that use the City’s rights of way and other property.
- **Licenses & Permits** – The City receives revenue from the issuance of licenses and permits. Examples include development construction permits, liquor licenses, and special events permits.
- **Intergovernmental** – Intergovernmental revenues are revenues received from other governmental agencies. The two largest sources are from the State Highway User Tax Fund (HUTF) revenue sharing and Federal Transit Authority (FTA) operating grants. The HUTF revenue funds 36.5% of the Street Rehabilitation program in the Transportation Fund.
- **Charges for Services** – This category includes charges for access to services provided by the City (Parks & Recreation, Cultural Services, etc.) and internal service charges, which are costs paid by one department to another for services rendered (vehicle maintenance, risk and insurance, and employee health benefits).
- **Interest Income** – The cash balances in all funds are invested in interest-bearing investments of maturities appropriate to the projected cash requirements of the funds.
- **Miscellaneous** – These revenues do not belong to any of the above revenue categories. Examples include donations, contributions, proceeds on the sale of assets, and rental income.
- **Cost Allocations** – Cost allocating is the process of identifying, aggregating, and assigning City internal administrative services’ direct and indirect costs to other City departments. Internal administrative services include Finance, Information Technology, Human Resources, and Facilities Maintenance. These internal administrative services are housed within the General Fund and associated costs of providing these services are properly allocated to non-General Fund service areas.
- **Transfers In** – Transfers occur between funds to pay for operating expenditures and to combine funds received from different revenue sources within one fund to budget for a capital project. Most transfers occur between capital funds so that the full cost of a project is shown in a single fund.

See charts below for revenue comparisons (2015 – 2019 Adopted Budgets and Draft 2020 Budget) by Fund Type and Revenue Class.





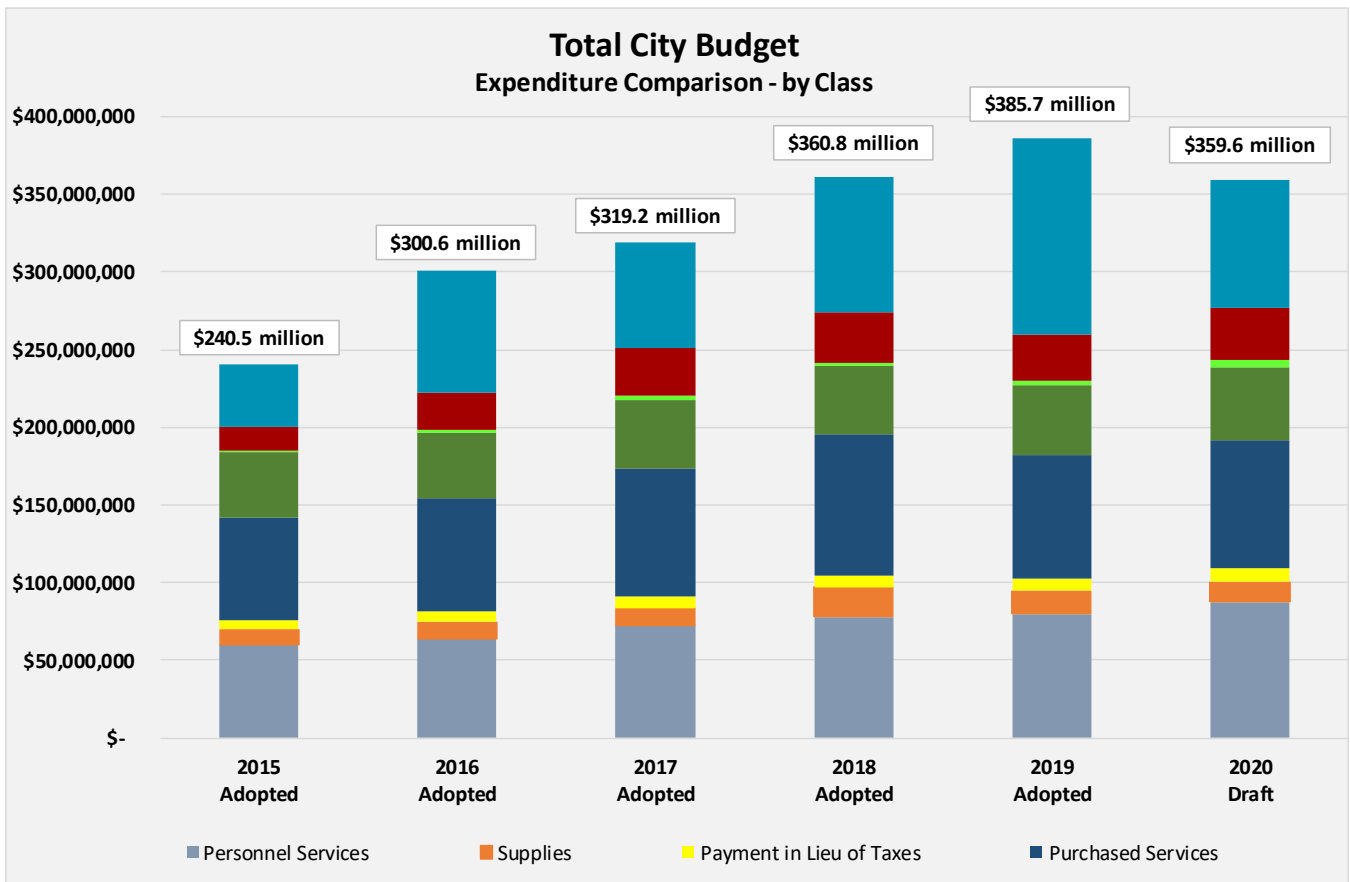
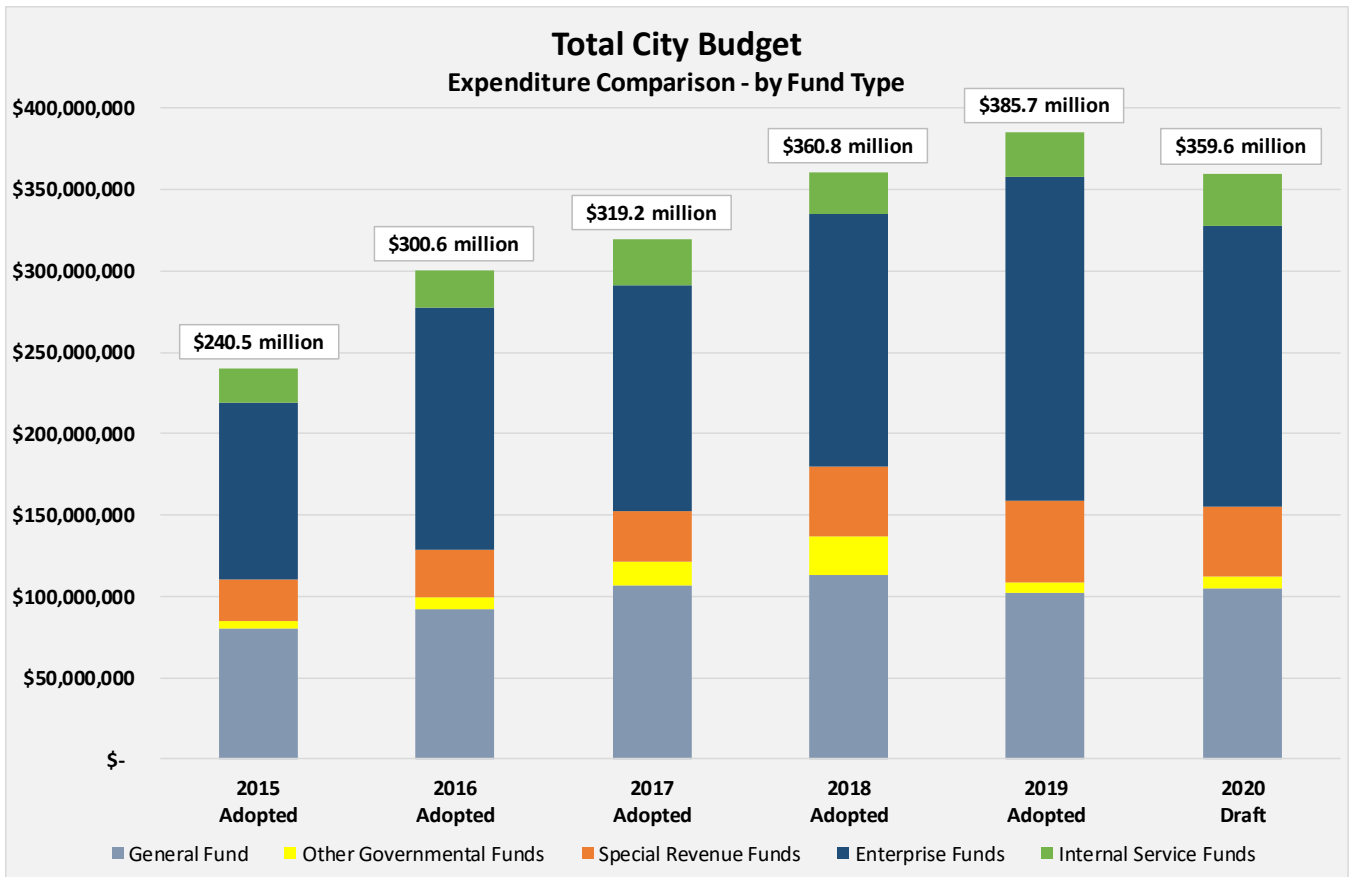
**Note:** In 2015, the Fund Balance category shows as a negative amount. This is due to revenue bonds being issued for the Wastewater Treatment Plant and Federal grant revenue (related to the flood) that were received in that year, resulting in funding being added to Fund Balance in that year.

## Total City Expenditure Overview

City expenditures are recorded within the applicable Fund, for examples, Police supplies are recorded in the General Fund and Purchased Power is recorded in the Power Fund. City expenditures are also categorized into “classes” based on logical groupings for summation purposes. Expenditure classes include Personnel Services, Supplies, Purchased Services, Cost Allocations, Payment in Lieu of Taxes, Depreciation, Debt Service, Capital, and Transfers.

- **Personal Services** – This expenditure class includes salaries and benefits costs for full-time, part-time, and temporary City employees. Personnel Services are expected to increase **\$1,680,212** or **2.15%** for 2020. Included in this increase are a net increase of **2.5** FTEs and the proposed 2020 compensation plan, which includes a 3.25% merit pool along with a 2.0% increase for medical premiums (employer share) and 3.0% increase for dental premiums (employer share).
- **Supplies** – This expenditure class includes operating supplies, such as office supplies, books and periodicals, computer supplies, clothing, tools and equipment, and safety supplies.
- **Payment In Lieu of Taxes (PILT)** – This expenditure class represents an estimate of the amount of taxes that would be chargeable to a utility if owned privately. PILT is paid by the Power, Stormwater, Water, Wastewater, Raw Water, and Solid Waste Enterprise Funds to the General Fund. These utilities make PILT payments at a rate of 7% of total operating revenues for each Enterprise Fund. Until 2018, the Golf Fund made PILT payments at a rate of 3% of total operating revenues, however, City Council removed this requirement for the Golf Fund beginning in 2018.
- **Purchased Services** – This expenditure class is related to expenditures provided by external sources or by Internal Service Funds (Fleet Replacement and Management, Risk & Insurance, and Employee Benefits). Purchased Services includes Printing, General Liability, Unemployment, Membership Fees & Dues, Professional Services, Insurance Benefits, Repair & Maintenance, Vehicle Replacement, Postage, Payments to Outside Agencies (Loveland Fire Rescue Authority, Loveland/Larimer Building Authority, Northern Colorado Regional Airport, Loveland Downtown Partnership, and the Thompson School District), Leases/Rentals, and Other Services).
- **Purchased Power** – This expenditure class is related to the cost of purchasing wholesale electricity from the Platte River Power Authority (PRPA), which is then distributed and resold to customers of the City’s Power Utility.
- **Debt Service** – This expenditure class provides for principal and interest payments related to the City’s debt related financial transaction obligations, including Certificates of Participation (COPs). Interfund loans are included in transfers. Additionally, the City has a number of lease-purchase agreements for equipment or facilities, however, such payments are handled through operating budgets, because the amounts are small and do not adversely affect operating budgets.
- **Transfers** – This expenditure class is comprised of internal transactions only and does not represent actual cash outflow from the City. Interfund Transfers occur when one fund transfers cash to another fund for an intended purpose.
- **Capital Outlay** – This expenditure class is comprised of capital asset acquisition, equipment replacement, and capital project funding. Items included in this category include Machinery & Equipment, Motor Vehicles, Land, Engineering, Design/Architecture, Construction, and Other Capital.

See charts below for expenditure comparisons (2015 – 2019 Adopted Budgets and Draft 2020 Budget) by Fund Type and Expenditure Class.



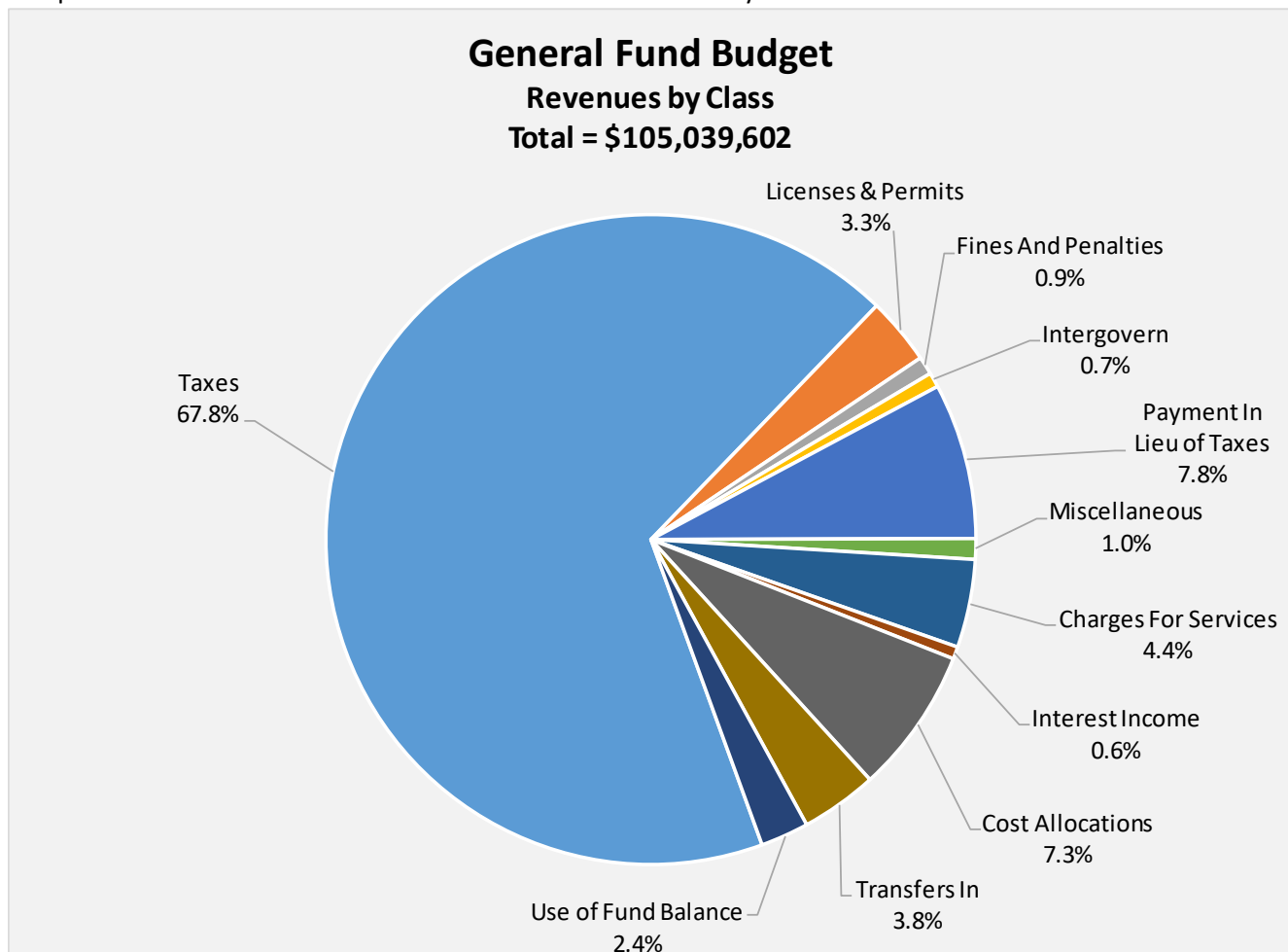
## General Fund Overview

### Revenue Highlights

Notable General Fund revenue changes for 2020 are listed below.

- Net increase of \$582,931 in Taxes, including property, sales, use, and other taxes, based on reasonable and conservative revenue growth expectations.
- Net decrease of \$286,565 in Licenses & Permits as a result of decreased building permit issuances expected.
- Net decrease of \$136,764 in Intergovernmental, based on grant revenue expectations.
- Net increase of \$456,042 in Payment In Lieu of Taxes (PILT), based on the 7% PILT calculation for applicable Enterprise Fund operating revenue. Beginning in 2018, the PILT requirement was removed for the Golf Enterprise Fund and this is being carried forward for 2019 and beyond.
- Net increase of \$109,994 in Charges for Services related to revenue expectations for 2019 pertaining to departmental services (Parks & Recreation, Cultural Services, etc.) and internal service charges (Vehicle maintenance, risk and insurance, and employee health benefits).
- Net decrease of \$11,461,320 in Cost Allocations as a result of the policy shift of no longer allocating from one department to another within the General Fund for centrally provided administrative functions (Human Resources, Information Technology, Finance, etc.).
- Net increase of \$2,197,003 in Transfers In related to planned interfund transfers for capital projects, transportation and transit subsidies, utility interfund loans, and the annual Community Housing Development and Economic Incentives (reduced in 2019) contributions.

The pie chart below summarizes 2020 General Fund revenues by class.

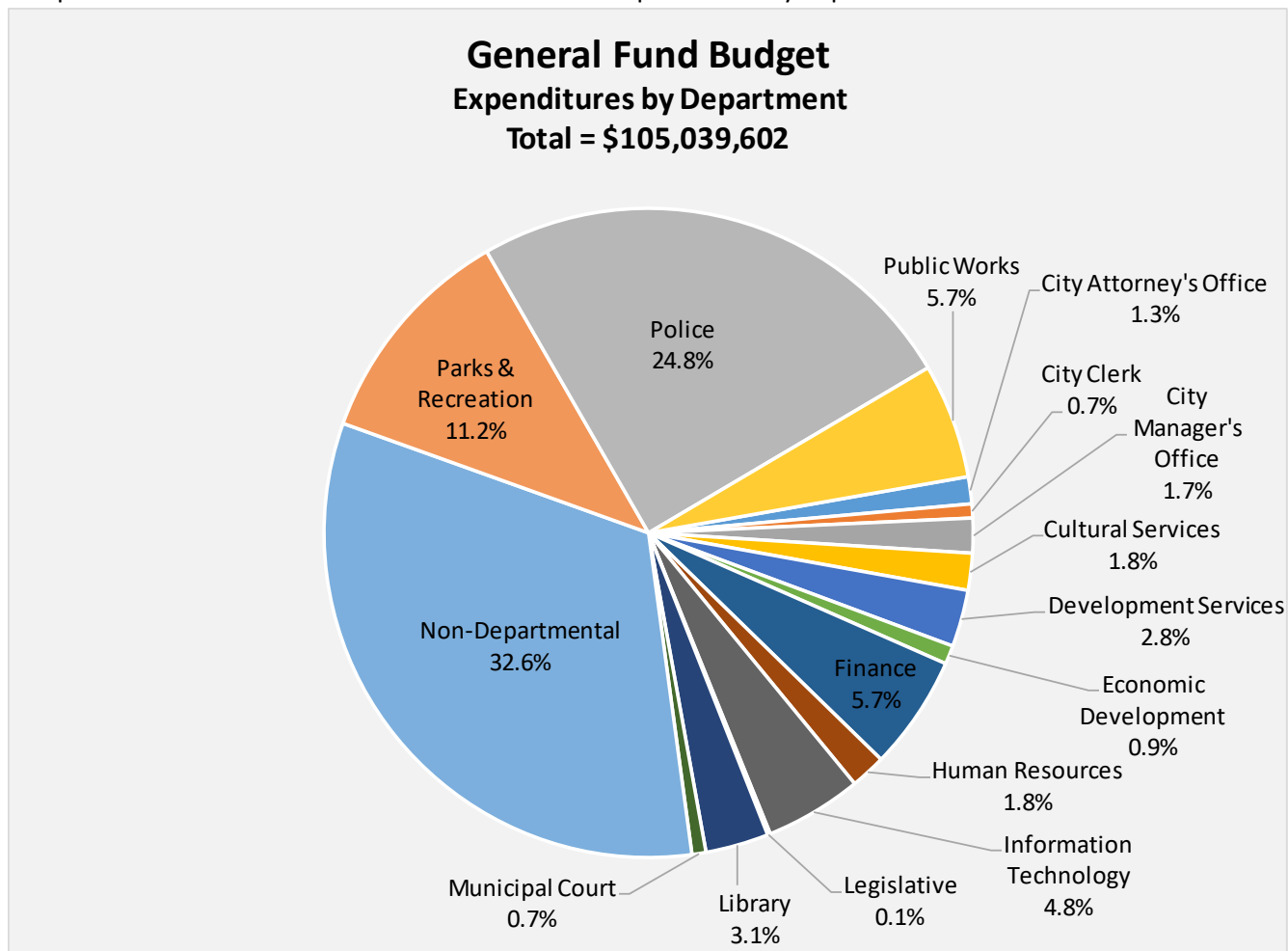


**Expenditure Highlights**

Notable General Fund expenditure changes for 2020 are listed below. These are net decreases that are off-set by increases related to natural personnel expenditure growth and recommended “must have” decision packages. Recommended Decision Packages are summarized in the Appendix section of this document

- Net decrease of \$824,080 to Executive & Legal.
- Net decrease of \$1,117,587 to Finance.
- Net decrease of \$595,502 to Information Technology, in part due to reductions in software maintenance and support, network hardware, web hosting, and video streaming.
- Net decrease of \$742,715 to Development Services, which includes reductions in office furniture, equipment, and professional services.
- Net decrease of \$1,740,621 to Police, which includes reductions in tools and equipment.
- Net decrease of \$1,326,321 to Public Works, which includes reductions of facilities repair and maintenance, and project related expenditures.
- Net decrease of \$973,560 to Parks & Recreation, which includes reductions in park project hours, operation of batting cages, and reductions in the Parks & Recreation Planner staff position.
- Net decrease of \$584,316 to Cultural Services.
- Net decrease of \$1,048,476 to Library.
- Net decrease of \$1,589,928 to Non-Departmental as a result of reduced funding available for capital projects.

The pie chart below summarizes 2020 General Fund expenditures by department.



## Reserves

The City recently revisited reserve requirements for all City funds, which culminated with City Council adopting a Fund Balance and Reserve Policy in February 2019.

By maintaining sufficient fund balances and reserves, the City will be well positioned to do the following:

- Provide financial security and ensure continued delivery of City services
- Withstand the next economic downturn or other type of fiscal stress (revenue or cash shortfall, natural disaster, or other emergency)
- Promote stable tax rates, charges, and fees
- Protect the City’s creditworthiness and bond rating
- Provide flexibility to respond to unanticipated opportunities
- Consider long-term financial planning needs

The Governmental Accounting Standards Board’s Statement No. 54 defines five classifications of fund balance, which are summarized in the table below:

**Governmental Accounting Standards Board  
Statement No. 54 Fund Balance Classifications**

		Classification	Definition	Degree of Spendability
Restricted Fund Balance	{	Nonspendable	Resources that are not in a spendable form (inventories, prepaid items, or items required to be maintained intact).	Nonspendable
		Restricted	Resources constrained to specific purposes by external providers (creditors, grantors, contributors, and other levels of government) through laws and regulations.	
Unrestricted Fund Balance	{	Committed	Resources constrained by limitations the City imposes upon itself at its highest level of decision-making authority (City Council); limitations remain binding unless removed in the same manner.	
		Assigned	Resources a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates authority.	
		Unassigned	Resources available for any purpose; these resources are reported only in the General Fund.	Spendable

It is the unrestricted categories of fund balance, committed, assigned, and unassigned, that the Fund Balance and Reserve Policy focuses on, as the City has direct control over these categories.

To promote prudent financial management as recommended by the Government Finance Officers Association’s Best Practices and meet Governmental Accounting Standards Board requirements related to fund balance, the City will do the following:

1. Calculate minimum fund balance targets and reserve requirements for all City funds on an annual budget basis according to the Fund Balance and Reserve Matrix.
2. Promote a minimum General Fund Unassigned Fund Balance of \$1.5 million (on an annual budget basis).
3. Fund key General Fund reserves in the following priority order:
  - a. 3% TABOR Emergency Reserve
  - b. TABOR Excess Revenue Reserve
  - c. 15% Fiscal Contingency Reserve
  - d. General Fund Unassigned Fund Balance
  - e. Council Special Projects Reserve
4. Receive City Council approval and properly appropriate any planned usage of fund balance or reserves.

5. Replenish fund balance and reserve levels that fall below target levels within one to three years of use or as soon as fiscally feasible.
6. Expend surplus fund balance and reserves on one-time uses only, such as capital projects, equipment replacement, or one-time programming needs. Since it is not known whether surplus fund balance will exist in a given year, surplus fund balance should not be considered a funding source for ongoing operations and maintenance. Any expenditure of surplus fund balance requires City Council approval.
7. Continue to conduct financial master planning for the General Fund to promote adequate fund balance and reserve structural balance and sustainability.
8. Fully fund the Fund Balance and Reserve Policy over a period of 3-5 years (sooner if fiscally feasible).

Please see the City’s Fund Balance and Reserve Policy for more detail.

Currently, within the Draft 2020 Budget, the 15% Fiscal Contingency Reserve is fully funded at 15% (of operating expenditures) and the Council Special Projects Reserve is fully funded at 2.5% (of Property Sales and Use Taxes). See table below for more detail regarding General Fund Reserves included in the Draft 2020 Budget.

Financial Master Plan	2018 Actual	2019 Adopted	2019 Revised (7/31/19)	2020 Draft
<b>Reserves</b>				
3% TABOR Emergency Reserve	2,802,134	2,665,909	2,914,219	3,030,788
TABOR Excess Reserve	7,549,152	325,000	537,169	-
15% Fiscal Contingency Reserve	12,905,228	8,962,326	10,356,924	14,266,563
Council Special Projects Reserve	3,416,115	674,760	48,952	991,450
Museum Donations	557,596	542,855	561,830	561,830
Police Donations	19,651	19,496	19,801	19,801
Library Donations	244,997	279,695	226,331	191,331
<b>Total Reserves</b>	<b>\$ 27,494,873</b>	<b>\$ 13,470,041</b>	<b>\$ 14,665,227</b>	<b>\$ 19,061,763</b>

The Fund Balance and Reserve Policy also provides for transfers from fund balances in excess of reserve requirements, with such transfers treated as one-time revenues and used on one-time capital expenditures or contributions to reserves.

- Funds with balances in excess of fund balance targets and reserve requirements can transfer excess amounts to other funds, in the form of interfund transfers.
- Any excess fund balance should be transferred to the funds of origin that contributed to the excess.
- Interfund transfers of excess reserves should be treated as one-time revenue and are not intended to fund on-going operations and maintenance.
- Interfund transfers must be approved by City Council.

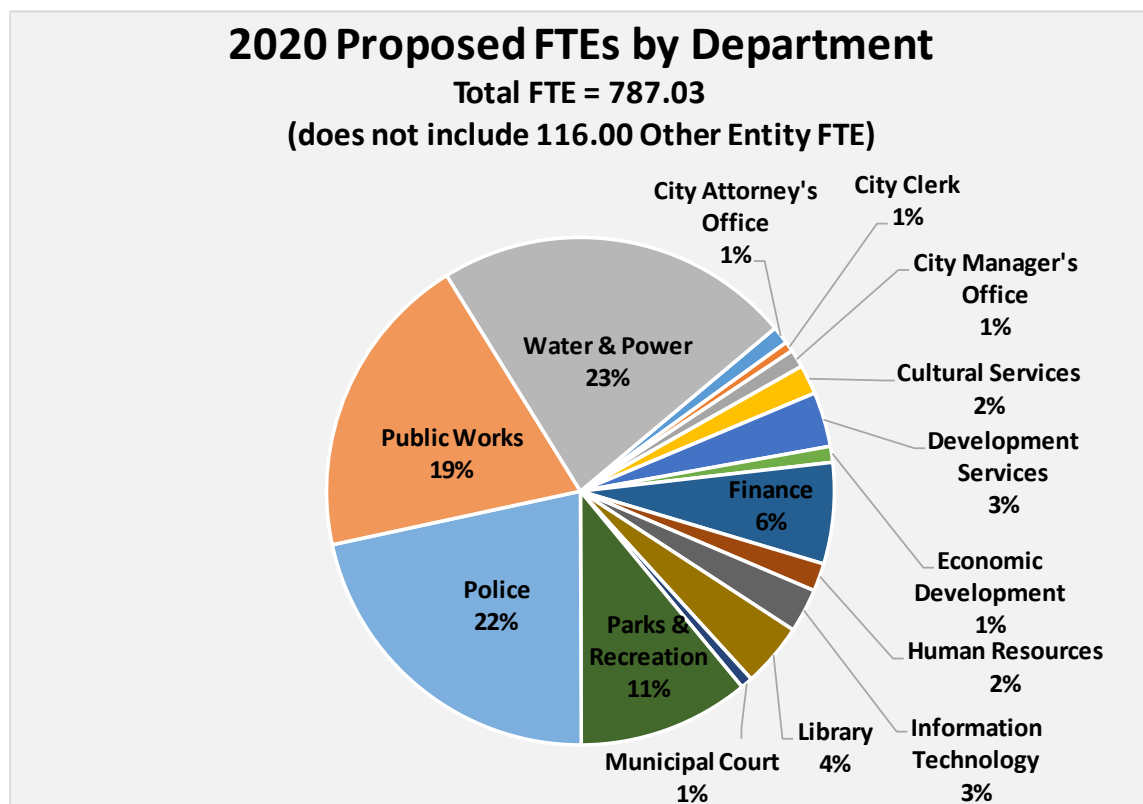
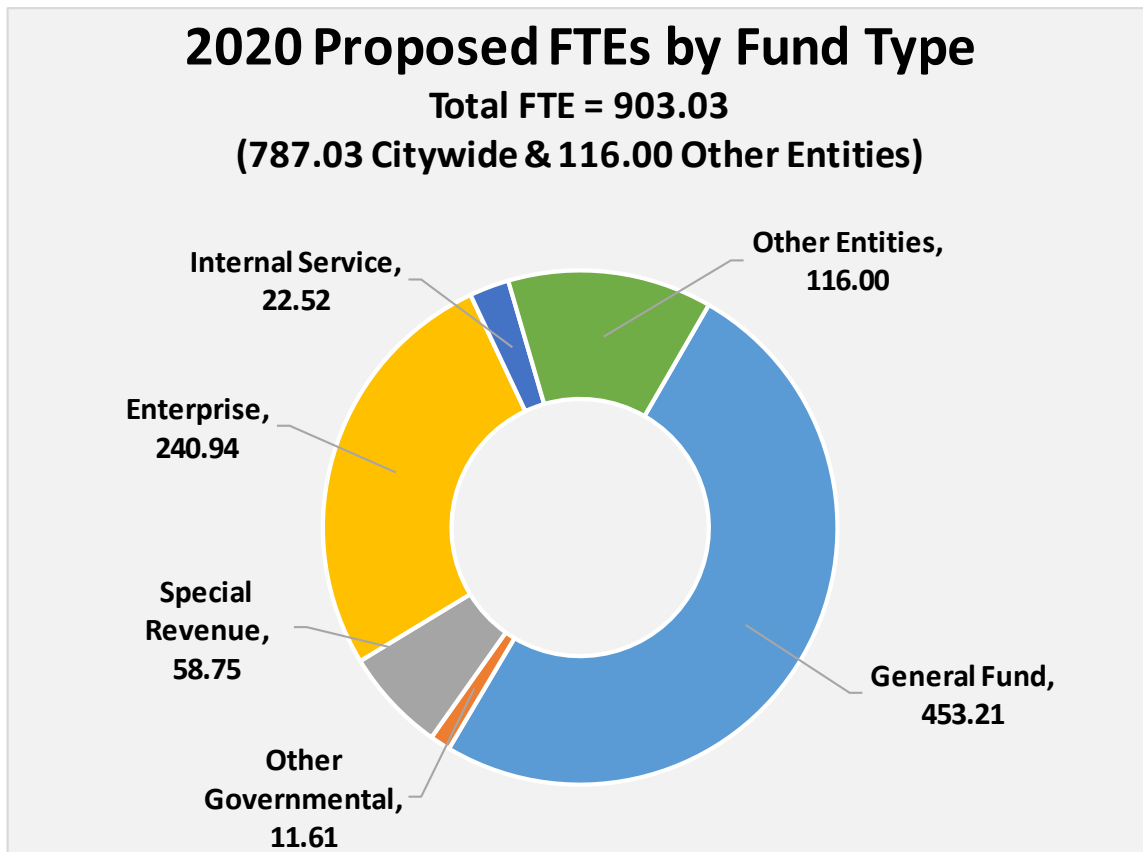
Finance Department Staff along with Staff from Departments that manage internal service fund service areas closely reviewed fund balances related to internal services funds (Fleet Replacement, Fleet Management, Risk & Insurance, and Employee Benefits) and determined that the following funds has excess fund balances that could appropriately be returned to the General Fund via one-time interfund transfers. The table below summarizes the impact funds, amounts involved, and associated rationale.

Fund	Interfund Transfer Amount	Notes
Employee Benefits	\$ 1,500,000	<ul style="list-style-type: none"> <li>▪ In 2015 and 2016, a total of \$5,342,782 (\$610,000 in 2015 and \$4,732,782 in 2016) was transferred from the General Fund to the Employee Benefits Fund to keep it solvent</li> <li>▪ In 2019, \$2,250,000 in excess fund balance was transferred to the General Fund</li> <li>▪ In 2020, an additional \$1,500,000 is planned for transfer to the General Fund</li> <li>▪ The 2019 and 2020 transfers total \$3,750,000, which means an additional \$1,592,782 could be transferred to the General Fund prior to reaching the total of \$5,342,782</li> <li>▪ Once the \$5,342,782 total is returned to the General Fund, any future transfers will be split amongst all applicable funds that contribute to the Employee Benefits Fund (not solely benefit the General Fund)</li> </ul>
Risk & Insurance	\$ 1,000,000	<ul style="list-style-type: none"> <li>▪ Human Resources staff reviewed fund balance, estimated expenditure and reserve needs, and general liability/workers' compensation rates and determined there is an excess fund balance amount of \$1,000,000</li> <li>▪ Although all departments contribute to the Risk &amp; Insurance Fund, this amount can be returned solely to the General Fund - an average of 65% of the contributions to this fund are provided by General Fund Departments and this amount does not exceed that percentage</li> </ul>
Fleet Replacement	\$ 1,500,000	<ul style="list-style-type: none"> <li>▪ Public Works staff reviewed fund balance, estimated replacement costs, and fleet rates and determined there is an excess fund balance amount of \$1,500,000</li> <li>▪ Approximately 98.5% of contributions to the Fleet Replacement Fund are from General Fund Departments, thus this excess fund balance can fully be returned to the General Fund</li> </ul>
<b>Total</b>	<b>\$ 4,000,000</b>	



## Staffing Summary

The City employs regular, benefitted part-time and full-time equivalent positions (FTEs) throughout each department to provide services. FTEs come in five varying levels based upon the number of hours worked per week. 2020 Proposed FTE data is summarized below both by Fund Type and by Department.



Hours Worked per Week	FTE
20	0.500
25	0.625
30	0.750
35	0.875
40	1.000

- Not included as FTEs are:**
- Non-benefitted or temporary positions
  - Overhires
  - Dual Incumbents (Knowledge Transfer Program)

Included in the FTE complement for the Draft 2020 Budget are the following changes:

**General Fund**

- An increase of 0.375 FTE Librarian (increase of an existing 25-hour position to 40-hour) for improved bi-lingual service offerings.
- A decrease of 0.250 FTE Parks & Recreation Planner (existing vacant position split 50/50 between Parks Planning and Open Lands as part of Parks & Recreation’s 2019 Budget reductions).

**Special Revenue Funds**

- A decrease of 0.250 FTE Parks & Recreation Planner (existing vacant position split 50/50 between Parks Planning and Open Lands as part of Parks & Recreation’s 2019 Budget reductions).

**Enterprise Funds**

- A 1.000 FTE Journey Water Systems Operator increase to allow for more proactive and systematic maintenance of Water and Wastewater lines.
- A 1.000 FTE Technical Services Master Electrician to maintain electrical components, which have and will increase significantly in number at both treatment plants.
- A 0.625 FTE Warehouse Worker increase to keep up with increased Power Utility activity.

Please see the Staffing Summary included in the Appendix section of this document for more detail.

**Capital Improvement Program Overview**

The City Charter requires the City Manager to present a program of proposed capital projects for the budget year plus four additional years. For planning purposes, this is expanded to include the budget year plus nine additional years to provide for a ten-year capital program. The 2020-2029 Capital Program represents the funding plan for all infrastructure and new/replacement equipment for both General and Enterprise Fund agencies. Projects included in the first year of the Capital Improvement Program (CIP) are included in the Annual Budget. Projects included in the out-years are approved in concept only. The CIP is updated annually to address project changes, revise revenue projections, and incorporate current City Council direction.

Capital projects relate to major capital construction and improvement projects, such as those related to buildings, drainage, parks, streets, trails, and utilities. Capital projects have significant costs and useful lives of many years. The City primarily follows a “Pay-As-You-Go” philosophy, however, occasionally issues debt for large projects. All project costs are in current dollars throughout the plan. Changes in scope may need to occur to keep projects within the cost estimates shown.

**Capital Improvement Program (CIP) Planning Objectives:**

- ✓ Deliver projects the community needs (prioritize capital efforts)
- ✓ Maintain existing infrastructure
- ✓ Develop sustainable, more predictable CIP
- ✓ Plan prudently, while allowing flexibility (emergencies and opportunities)
- ✓ Determine capital revenue streams (fine-tune projections, dedicate capital revenues)

The CIP is comprised of two plan types – the Traditionally Funded Plan (comprised of General Fund service areas’ capital items) and the Enterprise Funded Plans (comprised of capital items related to the City’s Enterprise and Utility functions).

## Plan Type Matrix

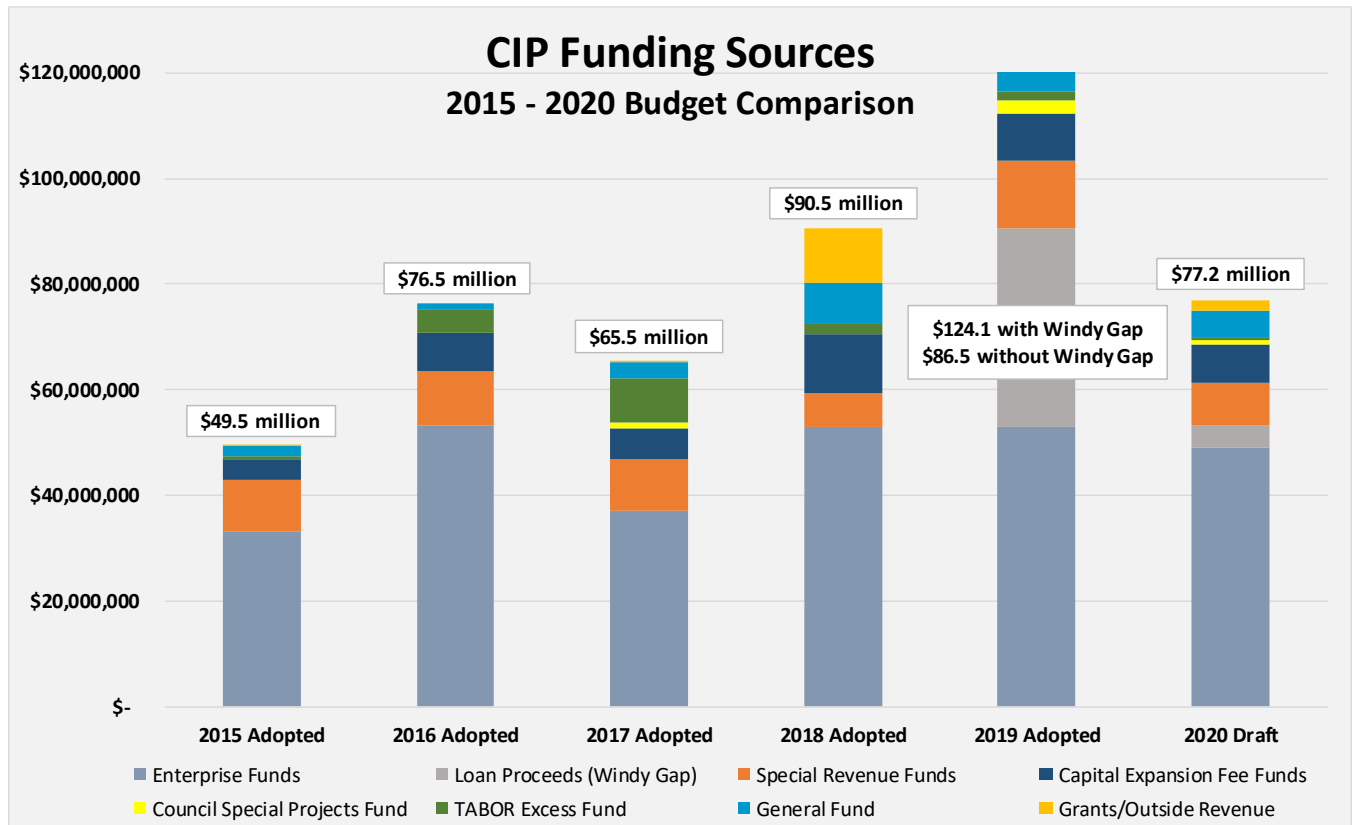
	Service Areas	Revenue Sources
<b>Traditionally Funded Plan (General Fund Agencies)</b>	<ul style="list-style-type: none"> <li>▪ Transportation – New Construction</li> <li>▪ Transportation – Street Rehabilitation</li> <li>▪ Facilities Maintenance</li> <li>▪ Parks &amp; Recreation</li> <li>▪ Police – Equipment, Facility, and Technology Needs</li> <li>▪ New Amenities</li> <li>▪ Replacement of Major Equipment</li> </ul>	<ul style="list-style-type: none"> <li>▪ TABOR Excess Revenue</li> <li>▪ Council Special Projects Reserve</li> <li>▪ General Fund Transfers</li> <li>▪ Highway Users Tax Fund (HUTF)</li> <li>▪ Transportation Maintenance Fee</li> <li>▪ Special Revenue Funds (Conservation Trust, Park Improvement, County Open Space)</li> <li>▪ Capital Expansion Fees</li> <li>▪ Outside Revenue (Grants, Donations, etc.)</li> </ul>
	<b>Funded By →</b>	
<b>Enterprise Funded Plans</b>	<ul style="list-style-type: none"> <li>▪ Water</li> <li>▪ Raw Water</li> <li>▪ Wastewater</li> <li>▪ Power</li> <li>▪ Municipal Fiber</li> <li>▪ Stormwater</li> <li>▪ Golf</li> </ul>	<ul style="list-style-type: none"> <li>▪ System Impact Fees (SIFs)</li> <li>▪ Plant Investment Fees (PIFs)</li> <li>▪ Enterprise Fund Balances</li> <li>▪ Outside Revenue (Grants)</li> <li>▪ Reimbursements (Federal Agencies)</li> <li>▪ External Borrowing</li> </ul>
	<b>Funded By →</b>	

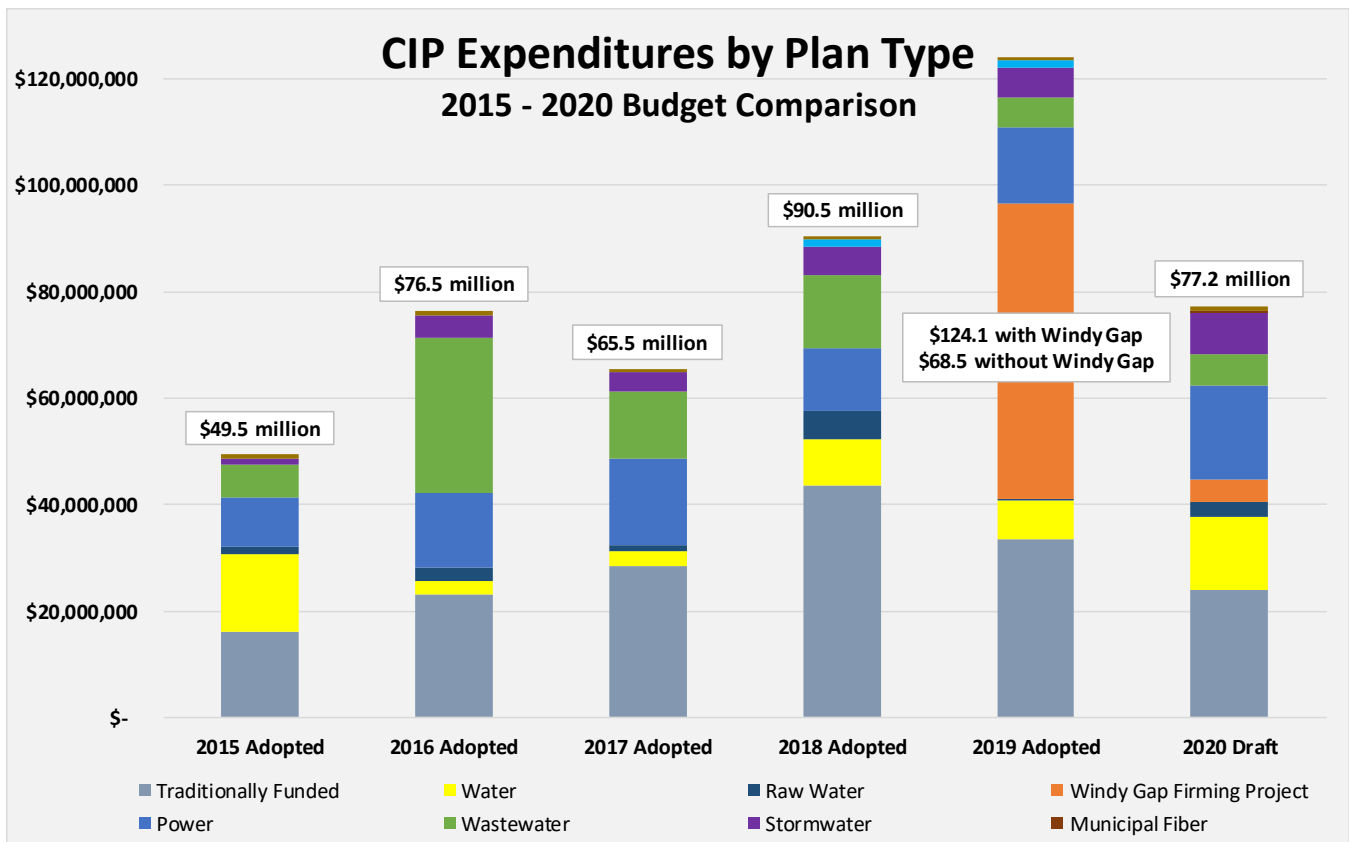
Due to the uniqueness and separate constraints of funding sources for the Traditionally Funded Plan versus the Enterprise Funded Plans, prioritization efforts for each are handled differently. Prioritization efforts for the Traditionally Funded Plan are focused on those projects seeking full or partial funding from General Fund, TABOR Excess, and Council Special Projects funding resources. Prioritization efforts for the Enterprise Funded Plans are managed internally by subject matter experts within each functional area.

Projects seeking General Fund, TABOR Excess, and Council Special Projects funding are prioritized by an employee workgroup. The seven criteria and associated weights are detailed below. Weighting criteria is a way of assigning higher priority to certain criteria over other criteria.

Criteria	Definition	Weight
A Grant or Other External Revenue Award	Project has grant or other external revenue associated with it; Existing grant/external funding award equals a 5, strong likelihood of award equals a 3, moderate likelihood a 1, and no likelihood equals a 0 (if an anticipated grant does not come to fruition, the associated project may be re-prioritized)	20
B Obligations & Commitments (Federal/State/Local Mandate or Other Legal Obligation or related to Regional Partnership)	<b>Factor 1:</b> Completion of project is mandated by federal/state/local law or some other form of legal obligation (settlement, contractual obligation, etc.); Mandated project equals a 5, non-mandated project equals a 0 <b>Factor 2:</b> Formal commitment made to a regional partner (federal, state or local jurisdiction) via an Intergovernmental Agreement (IGA) or similar action; Existing IGA or similar action equals a 5, no IGA or similar action equals a 0 <b>(if either Factor is met, enter a 5; if neither is met, enter a 0)</b>	30
C Maintenance of Existing Capital Infrastructure	Project represents an annual maintenance program required to maintain existing capital infrastructure - not a new project or other enhancement; Existing annual maintenance program (previously included in 2018-2027 CIP) equals a 5, new annual maintenance program equals a 3, does not relate to an annual maintenance program equals a 0	20
D Portion of Community Served by Project	Extent of community or amount of residents served by project; Entire City equals a 5, Quadrant/Ward equals a 3, and neighborhood equals a 1	5
E Shovel Readiness	Level of readiness to commence project; Shovel ready (dig today) equals a 5, planning & design complete equals a 3, project in concept only equals a 1	10
F Public Safety	Degree to which project relates to public safety (reduces risk, prevents injury, reduces liability, promotes safety of individuals within the community)	10
G Quality of Life	Degree to which project relates to quality of life within the community; enhances quality of life for Entire City equals a 5, Quadrant/Ward equals a 3, and a neighborhood equals a 1	5

Loveland’s CIP funding sources and expenditures by plan type for the 2015-2019 adopted budgets are summarized below along with the 2020 Draft Budget.



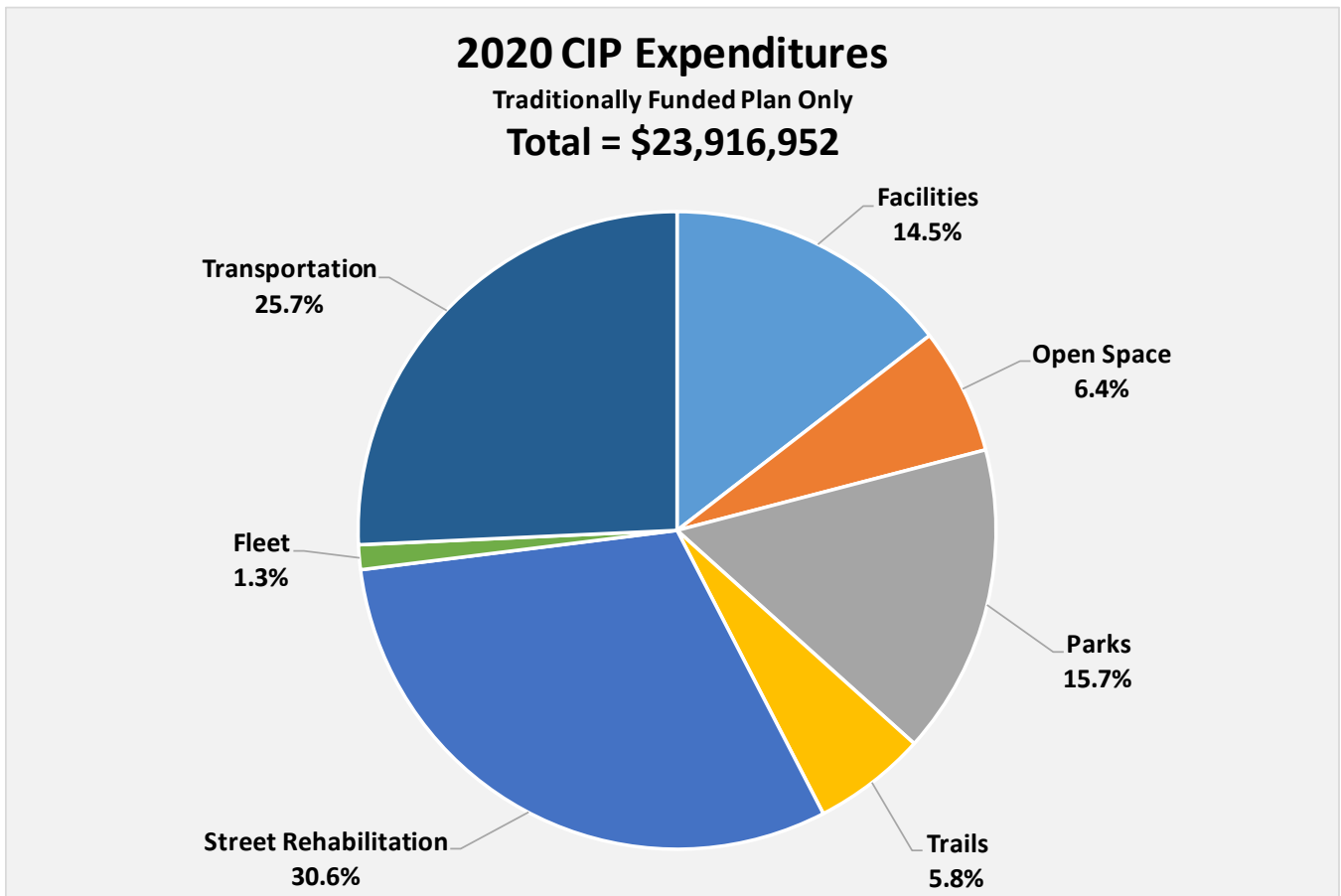
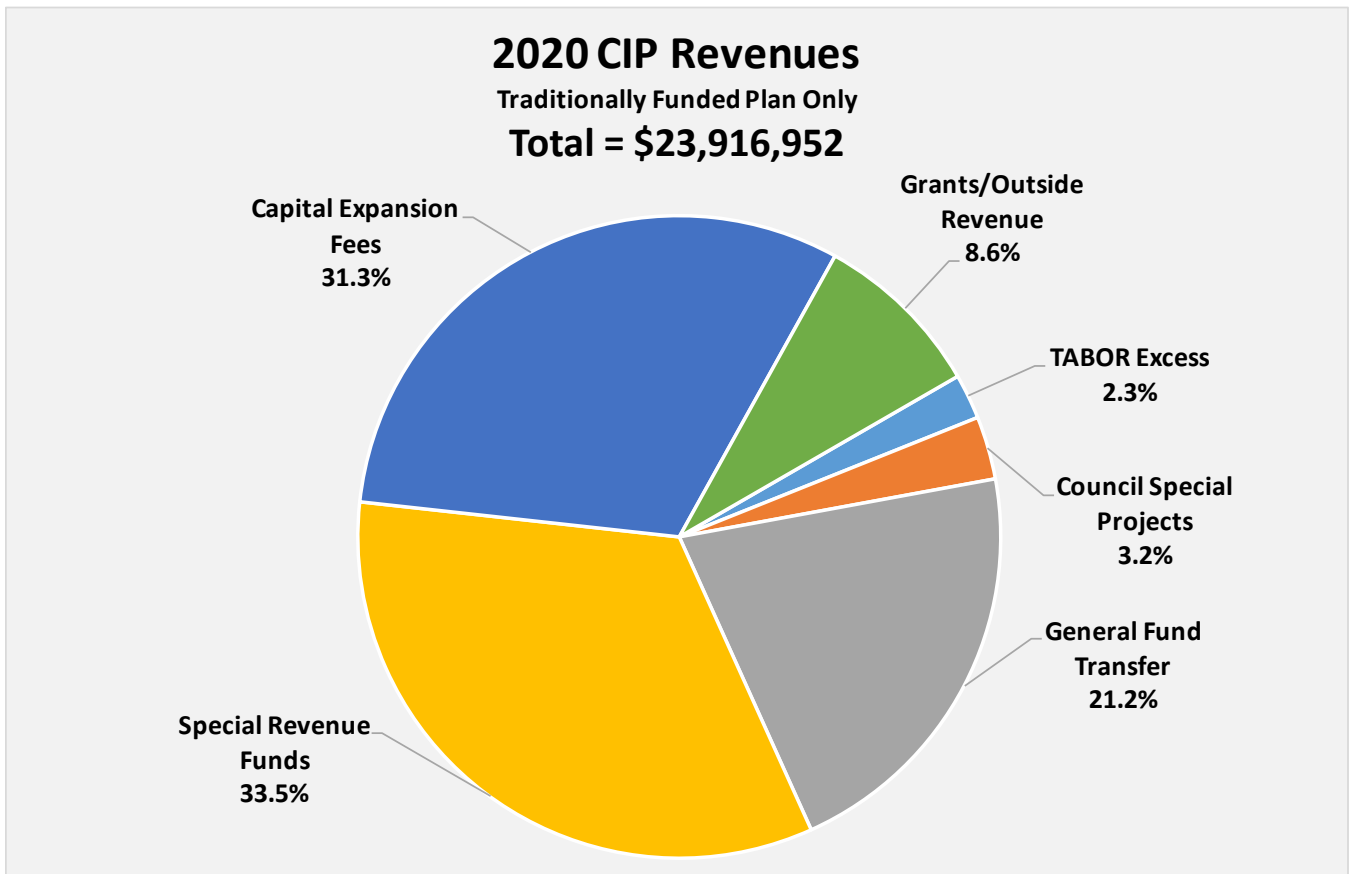


The total 2020-2029 CIP is summarized below by plan type.

Plan Type	Decision Year (----- Planning Years -----)						
	2020	2021	2022	2023	2024	2025-2029	Total
Traditionally Funded	23,916,952	18,716,494	27,201,114	23,842,527	20,935,293	113,279,378	227,891,758
Water Utility	13,892,380	3,701,928	9,416,626	13,641,842	16,894,439	70,930,612	128,477,827
Raw Water Utility	7,035,680	521,250	543,400	651,470	59,060	872,640	9,683,500
Wastewater Utility	5,672,850	4,034,761	14,890,595	4,867,070	20,174,904	33,528,586	83,168,766
Power Utility	17,694,952	14,505,960	15,547,050	14,069,991	19,293,843	86,941,538	168,053,334
Municipal Fiber	513,997	375,537	90,365	91,656	1,197,647	9,080,247	11,349,449
Stormwater Utility	7,804,700	6,000,520	5,415,380	4,456,940	4,366,800	20,815,780	48,860,120
Golf Enterprise	676,856	2,562,546	486,947	1,142,470	229,402	4,127,422	9,225,643
<b>Total</b>	<b>\$ 77,208,367</b>	<b>\$ 50,418,996</b>	<b>\$ 73,591,477</b>	<b>\$ 62,763,966</b>	<b>\$ 83,151,388</b>	<b>\$ 339,576,203</b>	<b>\$ 686,710,397</b>

**Note:** In 2019, \$55.5 million of the \$55.8 million detailed above for the Raw Water Utility is related to the Windy Gap Firming project. This project will provide a new reservoir to store approximately 90,000 acre feet of water for the Northern Colorado Water Conservancy District. Loveland's portion of this will be 9,451 acre feet of storage space. These are gross water storage figures, which are expected to result in approximately 30,000 acre feet of usable water for the District and 3,150 acre feet for Loveland.

Traditionally Funded CIP Revenues and Expenditures for the Draft 2020 Budget are summarized below.



Major Capital Projects, defined as being greater than \$1 million, included in the Draft 2020 CIP are listed below, by plan type.

Plan Type	Projects \$500,000 or Greater	2020 Amount
Traditionally Funded	FAC - Annual Facilities Major Maintenance	\$ 464,239
Traditionally Funded	FAC - Fuel Island Replacement	1,262,500
Traditionally Funded	FAC - Pulliam Building (Phase II)	1,250,000
Traditionally Funded	P&R - Neighborhood Park	3,157,800
Traditionally Funded	P&R - Open Lands Acquisitions & Developments OL	1,530,250
Traditionally Funded	P&R - Recreation Trails	1,210,000
Traditionally Funded	TRANS - Street Rehabilitation Program	7,320,334
Traditionally Funded	TRANS - 29th/Madison Intersec. and Corridor Design	734,825
Traditionally Funded	TRANS - 37th St. Improvements-US 287 to Dry Creek	1,919,000
Traditionally Funded	TRANS - Annual Bike, PED and ADA Ramps	511,385
Traditionally Funded	TRANS - Traffic Optimization (Phase II)	800,000
Enterprise Funded - Water	WA - 29th Street 5.0 MG Storage Tank #2	8,829,000
Enterprise Funded - Water	WA - Namaqua Hills Pump Station	777,000
Enterprise Funded - Water	WA - Water Line Replacement Projects	2,292,000
Enterprise Funded - Wastewater	WW-310 - Bus Barn & Taft Lift Station Renovation	1,109,500
Enterprise Funded - Wastewater	WW-310 - Misc. Sewer Line Rehabilitation Projects	1,010,000
Enterprise Funded - Wastewater	WW-310 - Sherri Mar (Colorado) 15" Sanitary Sewer	777,000
Enterprise Funded - Wastewater	WW-318 - WWTP Admin Remodel	1,110,000
Enterprise Funded - Stormwater	SWA - South Loveland Outfall (Phase 3)	6,878,100
Enterprise Funded - Raw Water	RW - Colorado Big Thompson Water Purchases	500,000
Enterprise Funded - Raw Water	RW - GRGR 18" Bypass Pipe Connections	1,620,000
Enterprise Funded - Raw Water	RW - Windy Gap Firming Project	4,356,080
Enterprise Funded - Power	PWR - Capital Blanket Projects	1,993,850
Enterprise Funded - Power	PWR - East Substation - Replace Transformer E1	606,000
Enterprise Funded - Power	PWR - Extend New Feeders from East Substation to Boise and 402	505,000
Enterprise Funded - Power	PWR - Feeder from Foothills to Hunters Run	1,515,000
Enterprise Funded - Power	PWR - Horseshoe Substation - Install new Switchgear for H1 & H2	707,000
Enterprise Funded - Power	PWR - Install Conduits from Byrd Dr to I25 Frontage Rd. Connecting at Kendall Parkway	909,000
Enterprise Funded - Power	PWR - Land Development	909,000
Enterprise Funded - Power	PWR - Land Purchase	700,000
Enterprise Funded - Power	PWR - OH to UG Conversion - Circuit 214 - Eisenhower Between Goram and Madison	515,100
Enterprise Funded - Power	PWR - OH to UG Conversion - Highway 287 from 29th St to 41st St	1,010,000
Enterprise Funded - Power	PWR - Order and Install of Switchgear for H1 and H2	707,000
Enterprise Funded - Power	PWR - Security Gates and Fences at Substations	656,500
Enterprise Funded - Power	PWR - Transfer West Substation Circuit 914 to Foothills Substation	505,000
<b>Total - Projects \$500,000 or Greater</b>		<b>\$ 60,657,463</b>

Identified project needs that are not affordable under current 10-year CIP revenue forecasts are summarized on the Horizon Projects List. Projects on the list are not listed in priority order. Should resource or revenue circumstances change, Projects may be removed from the Horizon Projects List and funded via a mid-year supplemental budget appropriation. The Horizon Projects List is summarized below by high level service area.

Project	Total Estimated Cost	Funding Sources			Remaining Unfunded Amount
		City Resources	Outside Revenue	Total Available Funds	
<b>Traditionally Funded</b>					
Corridor Planning	\$ 46,538,450	\$ -	\$ -	\$ -	\$ 46,538,450
Cultural Services	\$ 22,000,000	\$ 4,877,711	\$ -	\$ 4,877,711	\$ 17,122,289
Development Services	\$ 750,000	\$ -	\$ -	\$ -	\$ 750,000
Facilities	\$ 16,201,750	\$ -	\$ -	\$ -	\$ 16,201,750
Loveland Fire Rescue Authority	\$ 9,700,000	\$ -	\$ -	\$ -	\$ 9,700,000
Library	\$ 22,962,600	\$ 4,440,000	\$ -	\$ 4,440,000	\$ 18,522,600
Parks & Recreation	\$ 89,372,070	\$ 21,050,932	\$ -	\$ 21,050,932	\$ 68,321,138
Transportation	\$ 137,286,507	\$ 21,769,456	\$ -	\$ 21,769,456	\$ 115,517,051
<b>Subtotal Traditionally Funded</b>	<b>\$ 344,811,377</b>	<b>\$ 52,138,099</b>	<b>\$ -</b>	<b>\$ 52,138,099</b>	<b>\$ 292,673,278</b>
<b>Enterprise Funded</b>					
Golf	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,500,000
Stormwater	\$ 18,220,000	\$ -	\$ 6,180,500	\$ 6,180,500	\$ 12,039,500
<b>Subtotal Enterprise Funded</b>	<b>\$ 19,720,000</b>	<b>\$ -</b>	<b>\$ 6,180,500</b>	<b>\$ 6,180,500</b>	<b>\$ 13,539,500</b>
<b>Total Horizon Projects List</b>	<b>\$364,531,377</b>	<b>\$52,138,099</b>	<b>\$6,180,500</b>	<b>\$58,318,599</b>	<b>\$306,212,778</b>

Seven key projects currently included on the Horizon Projects List are proposed as part of the Your City Your Future Community Projects List. These projects are listed below and represent 41% of the \$306.2 million unfunded amount of the Horizon Projects List.

1. Museum Expansion
2. Fire Station 3 Replacement
3. Fire Station 5 Replacement
4. New Branch Library
5. New Recreation Center
6. Recreation Trail Underpasses
7. US 34 Widening
8. Taft Avenue – 28<sup>th</sup> St. SW to 14<sup>th</sup> St. SW Widening

Please see the Capital Program section of this document for the complete Horizon Projects List and additional information on the Capital Program by Plan Type.



## Department & Fund Overview

The City’s organizational structure is comprised of 16 departments and a Non-Departmental entity to capture items that are not attributed to a specific department (interfund transfers, contributions to Other Entities, and other miscellaneous Citywide items, such as memberships and the annual fireworks display). See table below for a summary of City Departments (that comprise the Total City Budget) and Other Entities (which are not included in the Total City Budget).

City Departments (Total City Budget)	Other Entities
<ul style="list-style-type: none"> <li>▪ Legislative</li> <li>▪ City Manager's Office</li> <li>▪ City Attorney's Office</li> <li>▪ Municipal Court</li> <li>▪ City Clerk</li> <li>▪ Cultural Services</li> <li>▪ Development Services</li> <li>▪ Economic Development</li> <li>▪ Finance</li> <li>▪ Human Resources</li> <li>▪ Information Technology</li> <li>▪ Library</li> <li>▪ Parks &amp; Recreation</li> <li>▪ Police</li> <li>▪ Public Works</li> <li>▪ Water &amp; Power</li> <li>▪ Non-Departmental</li> </ul>	<ul style="list-style-type: none"> <li>▪ Northern Colorado Regional Airport</li> <li>▪ Loveland Larimer Building Authority</li> <li>▪ Loveland Fire Rescue Authority</li> <li>▪ General Improvement District No. 1</li> <li>▪ Loveland Special Improvement District No. 1</li> <li>▪ Loveland Urban Renewal Authority</li> <li>▪ Downtown Development Authority</li> </ul> <p style="text-align: center;"><b>Note:</b></p> <p style="text-align: center;"><i>These Entities are included in the City's Budget Book for reference, however, their respective budgets are adopted by separate boards. Aside from the City's financial contributions (included in Non-Departmental) made to these Entities, they are not included in the Total City Budget presentation, but are included in the City's Financial Statements as blended component units.</i></p>

In addition to this organizational structure, the City uses a fund accounting system for budgetary and financial purposes. The City’s budgetary fund accounting structure is comprised of the General Fund, Other Governmental Funds, Special Revenue Funds, Enterprise Funds, and Internal Service Funds. This structure is detailed below.

### City Funds by Fund Type

General Fund	Other Governmental Funds	Special Revenue Funds	Enterprise Funds	Internal Service Funds
<i>Main City operating fund; houses operations largely supported by tax revenues</i>	<i>Other Funds related to the General Fund, but that are separated to promote transparency</i>	<i>Funds that account for revenues received for specific purposes that cannot be used for general City operations</i>	<i>Funds that account for governmental business operations</i>	<i>Funds that account for services provided by one City department to other City departments</i>
<ul style="list-style-type: none"> <li>▪ General Fund</li> </ul>	<ul style="list-style-type: none"> <li>▪ Foundry COP Debt Service</li> <li>▪ City of Loveland Transit</li> <li>▪ Economic Incentives</li> <li>▪ Capital Projects Fund</li> <li>▪ Council Special Projects</li> <li>▪ TABOR Excess Projects</li> <li>▪ Foundry Construction Project</li> </ul>	<ul style="list-style-type: none"> <li>▪ Perpetual Care*</li> <li>▪ Parks Improvement</li> <li>▪ Conservation Trust</li> <li>▪ County Open Space Sales Tax</li> <li>▪ Community Housing Development</li> <li>▪ Community Development Block Grant</li> <li>▪ Art in Public Places</li> <li>▪ Lodging Tax</li> <li>▪ Police Seizures &amp; Forfeitures</li> <li>▪ PEG Access Fee</li> <li>▪ Transportation</li> <li>▪ Parking Facility Fund</li> <li>▪ Capital Expansion Fee Funds</li> <li>▪ Fiber Network</li> </ul>	<ul style="list-style-type: none"> <li>▪ Water</li> <li>▪ Water SIF</li> <li>▪ Raw Water</li> <li>▪ Water Debt Service</li> <li>▪ Water Bond Debt 2015</li> <li>▪ Wastewater</li> <li>▪ Wastewater SIF</li> <li>▪ Wastewater Debt Service</li> <li>▪ Power</li> <li>▪ Power PIF</li> <li>▪ Broadband</li> <li>▪ Broadband Debt Service</li> <li>▪ Stormwater</li> <li>▪ Solid Waste</li> <li>▪ Golf</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fleet Replacement</li> <li>▪ Fleet Management</li> <li>▪ Risk &amp; Insurance</li> <li>▪ Employee Benefits</li> </ul>

\*Technically, the Perpetual Care Fund is a Trust/Agency Fund, however, is categorized as a Special Revenue Fund for efficiency as it is the only such fund within the City.

To relate Departments to Funds and better understand how these entities are connected, see Fund-Department Matrix detailed below.

### Fund-Department Matrix

#### Funds

<b>General Fund (100)</b>
<b>Other Governmental Funds</b>
▪ Foundry COP Debt Service (101)
▪ City of Loveland Transit (105)
▪ Economic Incentives (106)
▪ Capital Projects Fund (120)
▪ Council Special Projects (121)
▪ TABOR Excess Projects (122)
▪ Foundry Construction Project (123)
<b>Special Revenue Funds</b>
▪ Perpetual Care (140)
▪ Parks Improvement (200)
▪ Conservation Trust (201)
▪ County Open Space Sales Tax (202)
▪ Community Housing Development (203)
▪ Community Development Block Grant (204)
▪ Art in Public Places (205)
▪ Lodging Tax (206)
▪ Police Seizures & Forfeitures (207)
▪ Public, Educational & Government Access Fee (210)
▪ Transportation (211)
▪ Foundry Parking Garage (212)
▪ Parks Capital Expansion Fee (260)
▪ Recreation Capital Expansion Fee (261)
▪ Trails Capital Expansion Fee (262)
▪ Open Lands Capital Expansion Fee (263)
▪ Law Enforcement Capital Expansion Fee (265)
▪ Library Capital Expansion Fee (266)
▪ Museum/Rialto Capital Expansion Fee (267)
▪ General Government Capital Expansion Fee (268)
▪ Streets Capital Expansion Fee (269)
▪ Fiber Network (280)
<b>Enterprise Funds</b>
▪ Water (300)
▪ Water SIF (301)
▪ Raw Water (302)
▪ Water Debt Service (303)
▪ Water Bond Debt 2015 (304)
▪ Wastewater (315)
▪ Wastewater SIF (316)
▪ Wastewater Debt Service (317)
▪ Power (330)
▪ Power PIF (331)
▪ Municipal Fiber (335)
▪ Municipal Fiber Debt Service (337)
▪ Stormwater (345)
▪ Stormwater SIF (346)
▪ Solid Waste (360)
▪ Golf (375)
<b>Internal Service Funds</b>
▪ Fleet Replacement (500)
▪ Fleet Management (501)
▪ Risk & Insurance (502)
▪ Employee Benefits (503)

Departments	Legislative	Executive & Legal	City Clerk	Cultural Services	Development Services	Economic Services	Finance	Human Resources	Information Technology	Library	Parks & Recreation	Police	Public Works	Water & Power	Non-Departmental
General Fund (100)															
Foundry COP Debt Service (101)															
City of Loveland Transit (105)															
Economic Incentives (106)															
Capital Projects Fund (120)															
Council Special Projects (121)															
TABOR Excess Projects (122)															
Foundry Construction Project (123)															
Perpetual Care (140)															
Parks Improvement (200)															
Conservation Trust (201)															
County Open Space Sales Tax (202)															
Community Housing Development (203)															
Community Development Block Grant (204)															
Art in Public Places (205)															
Lodging Tax (206)															
Police Seizures & Forfeitures (207)															
Public, Educational & Government Access Fee (210)															
Transportation (211)															
Foundry Parking Garage (212)															
Parks Capital Expansion Fee (260)															
Recreation Capital Expansion Fee (261)															
Trails Capital Expansion Fee (262)															
Open Lands Capital Expansion Fee (263)															
Law Enforcement Capital Expansion Fee (265)															
Library Capital Expansion Fee (266)															
Museum/Rialto Capital Expansion Fee (267)															
General Government Capital Expansion Fee (268)															
Streets Capital Expansion Fee (269)															
Fiber Network (280)															
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Water SIF (301)															
Raw Water (302)															
Water Debt Service (303)															
Water Bond Debt 2015 (304)															
Wastewater (315)															
Wastewater SIF (316)															
Wastewater Debt Service (317)															
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Power PIF (331)															
Municipal Fiber (335)															
Municipal Fiber Debt Service (337)															
Stormwater (345)															
Stormwater SIF (346)															
Solid Waste (360)															
Golf (375)															
Fleet Replacement (500)															
Fleet Management (501)															
Risk & Insurance (502)															
Employee Benefits (503)															

For more information on Fund and Department budgets, see the Fund Summaries and Department Summaries sections of this document.

## Performance Indicators and Measures

Phase 1 Performance Measures developed in early 2018 focused primarily on workload. The Phase 1 Performance Measures document can be found via the City Manager's webpage. A second performance measurement phase focused on effectiveness was planned for later in 2018. In fall of 2018, however, City Council indicated an interest in developing a Citywide Strategic Plan providing an opportunity to directly tie performance measurement to the City's strategic priorities.

City Council launched a Citywide Strategic Planning effort in January of 2019 with the goal of delivering a Plan by the end of 2019. City Council's dialogue and collaborative effort during the launch event provided guidance and preliminary decisions regarding seven Strategic Focus Areas that will provide the foundational basis for the Citywide Strategic Plan. The seven areas proposed for further discussion and confirmation during 2019 are summarized below. Also included are the initial prioritizations and descriptors developed by City Council:

**1. Public Safety**

*Protect life and property; safe, attractive, secure; for businesses, visitors, schools; training for public safety personnel; physical safety of employees; visible, responsive.*

**2. Economic Vitality**

*Healthy, resilient economy; quality, living wage jobs so our citizens can find employment and afford to live in our community; business-friendly, streamlined, easy-to-understand processes; retain, expand, incubate and attract businesses; education to ensure a qualified workforce.*

**3. Infrastructure and Transportation**

*Safe, reliable, multi-modal travel; reduce traffic congestion, increase convenience, improve efficiency; well-maintained existing infrastructure; actively forecast resource needs and develop action plans; actively seek collaboration for regional benefit and cost efficiency.*

**4. Fiscal Stability and Strength**

*Fiscal responsibility; responsible stewards of resources; selective spending; cash reserves; strong and sustainable financial condition.*

**5. Quality of Life**

*Well-planned, safe, attractive development; affordable and attainable housing; partnerships and collaboration to end homelessness; protect natural resources; diverse cultural and recreational opportunities, and amenities for all.*

**6. Innovation and Organizational Excellence**

*Performance based, data driven; transparency, accountability, continuous improvement; service excellence; high-quality, dedicated workforce; leverage technology.*

**7. Outreach, Collaboration and Engagement**

*Value our citizens; listen to and respect diverse viewpoints; processes and tools for involvement and engagement; intentional transparency and accessibility.*

It is anticipated that City Council will have two additional strategic planning workshops before the end of 2019. Workshop goals will include finalization of the Strategic Focus Areas; discussion and confirmation of outcome-based goals for Strategic Focus Areas; review of Strategic Initiatives that support achievement of goals; and, consideration and determination of goal-related performance measures.