



*2021 Annual Comprehensive
Financial Report*



December 31, 2021
City of Loveland, CO

City of Loveland, Colorado

Annual Comprehensive Financial Report

For the fiscal year ended
December 31, 2021

Submitted by
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| CONTENTS | PAGE |
|--|-------------|
| Introduction Section | |
| Letter of Transmittal | 5 |
| City of Loveland City Council/Organization Chart | 10 |
| GFOA Certificate of Achievement | 11 |
| Financial Section | |
| Independent Auditor's Report | 12 |
| Management Discussion and Analysis | 15 |
| Basic Financial Statements | |
| Statement of Net Position | 28 |
| Statement of Activities | 29 |
| Governmental Funds | |
| Balance Sheet | 31 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 33 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities | 35 |
| Proprietary Funds | |
| Statement of Net Position | 36 |
| Statement of Revenues, Expenses and Changes in Fund Net Position | 40 |
| Statement of Cash Flows | 42 |
| Fiduciary Funds | |
| Statement of Fiduciary Net Position | 44 |
| Statement of Changes in Fiduciary Net Position | 45 |
| Notes | |
| Notes to Financial Statements | 46 |
| Required Supplementary Information | |
| Budgetary Comparison Schedules | |
| General | 85 |
| Loveland Urban Renewal Authority | 86 |
| Transportation | 87 |
| Loveland Fire Rescue Authority | 88 |
| Schedule of Contributions | 89 |
| Schedule of Changes in the Plan's Net Pension Liability and Related Ratios | 90 |
| Notes to Required Supplementary Information (RSI) | 92 |
| Combining and Individual Fund Financial Statements and Schedules | |
| Capital Projects | |
| Capital Expansion Fees | 93 |
| Capital Project | 94 |
| Nonmajor Governmental Funds | |
| Combining Balance Sheet | 95 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 98 |
| Budgetary Comparison Schedules | |
| General Improvement District #1 | 101 |
| Conservation Trust | 102 |
| Community Development Block Grant Fund | 103 |
| Larimer County Open Space | 104 |
| Downtown Development Authority | 105 |
| Loveland/Larimer Building Authority | 106 |
| Affordable Housing | 107 |

| | CONTENTS | PAGE |
|---------------------------------------|--|-------------|
| | Police Seizures & Forfeitures | 108 |
| | Lodging Tax | 109 |
| | PEG Fee | 110 |
| | Fiber Network | 111 |
| | Police Training Campus | 112 |
| | Parks & Recreation Improvement | 113 |
| | Perpetual Care | 114 |
| Proprietary Funds | | |
| Budgetary Comparison Schedules | | |
| | Water | 115 |
| | Waste Water | 116 |
| | Stormwater | 117 |
| | Electric & Communications | 118 |
| | Solid Waste | 119 |
| | Golf | 120 |
| Internal Service Funds | | |
| | Internal Service Combining Statement of Net Position | 121 |
| | Internal Service Statement of Revenues, Expenditures and Changes in Fund Net Position | 122 |
| | Internal Service Statement of Cash Flows | 123 |
| | Fleet Replacement Budgetary Comparison | 124 |
| | Fleet Management Budgetary Comparison | 125 |
| | Risk & Insurance Budgetary Comparison | 126 |
| | Employee Benefits Budgetary Comparison | 127 |
| Fiduciary Fund | | |
| | Special Improvement District #1 Budgetary Comparison Schedule | 128 |
| Statistical Section | | |
| | Statistical Section Descriptions | 129 |
| | Net Position by Component | 130 |
| | Changes in Net Position | 132 |
| | Changes in Net Position (Continued) | 134 |
| | Fund Balances - Governmental Funds | 136 |
| | Changes in Fund Balances - Governmental Funds | 138 |
| | Taxable Sales by Category | 140 |
| | Direct and Overlapping Sales Tax Rates | 142 |
| | Principal Sales Tax Remitters | 142 |
| | Ratio of Outstanding Debt by Type | 143 |
| | Direct and Overlapping Governmental Activities Debt | 144 |
| | Legal Debt Margin Information | 145 |
| | Pledged-Revenue Coverage | 147 |
| | Demographic and Economic Statistics | 147 |
| | Principal Employers | 148 |
| | Full-Time-Equivalent City Government Employees By Function/Program | 149 |
| | Statistical Operating Indicators by Function/Program | 150 |
| | Capital Asset Statistics by Function/Program | 153 |
| | Schedule of Terms | 155 |
| Compliance Section | | |
| | Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance & Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 161 |

| CONTENTS | PAGE |
|---|-------------|
| Independent Auditor's Report On Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance | 163 |
| Schedule of Expenditures of Federal Awards | 166 |
| Schedule of Findings & Questioned Costs | 168 |
| Local Highway Finance Report | 173 |

Introduction

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



CITY OF LOVELAND

FINANCE DEPARTMENT

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June 3, 2022

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

We are pleased to present the Annual Comprehensive Financial Report for the year ended December 31, 2021. 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 public accounting firm selected by the City Council. This report is published to fulfill these requirements. The report shows the City's continued progress in making strategic investments in capital projects and infrastructure.

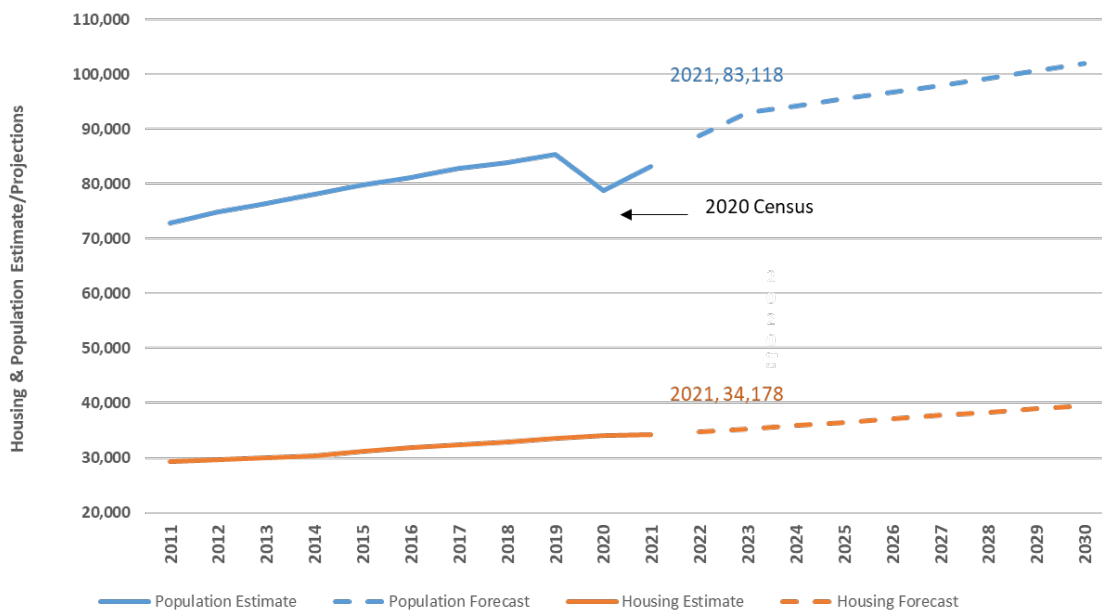
We, as the representatives of Management assume full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not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

Plante & Moran, PLLC, Certified Public Accountants, have issued an unmodified opinion ("clean opinion") on the City of Loveland's financial statements for the year ended December 31, 2021. The Independent Auditors' Report is located behind the Section 2: Financial tab of this report. Management Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Loveland, incorporated in 1881, is located approximately 50 miles north of Denver, directly east of the Big Thompson River's emergence from the Front Range of the Rocky Mountains. Situated in southeastern Larimer County, the City limits encompass 35.63 square miles and an estimated current population of 83,118 representing approximately 34,178 households.

City of Loveland Population & Housing



Source: State of Colorado Demography website
Data as of April 15, 2022

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 comprises nine members. The City is divided into four representation wards. There are two council members from each of those wards that serve staggered four-year terms and a Mayor elected at large that serves a two-year term. The Mayor presides over the City Council meetings and has an equal vote on actions taken by the Council.

The City of Loveland is a full-service organization including electric power services and solid waste/recycling services. Services also include water, wastewater, broadband, golf courses, stormwater, police, library, culture (museum, theater, Arts in Public Places), parks and recreation, cemetery, maintenance and construction related to transportation, transit (COLT), development services, and a variety of support services. In early 2019, Council approved issuance of \$85,015,000 of tax-exempt and taxable bonds to support the new municipal fiber enterprise known as PULSE. The Loveland Fire Rescue Authority jointly provides services mainly to the City and the surrounding rural district. The City jointly operates and maintains the Northern Colorado Regional Airport with the City of Fort Collins, Colorado and also the Northern Colorado Law Enforcement Training Center. A separate report is issued for the operation of the Airport, which includes federal grant requirement compliance and passenger facility charge reporting. All governing and reporting relationships are disclosed in the footnotes to the financial statements.

The budget is required to be submitted to City Council by the first Tuesday of October each year, unless City Council sets a different date. It is required to include the capital improvements for the budget year plus an additional four years, however, a 10-year capital improvement program is included. It must provide a complete financial plan for the City in a format acceptable to City Council. Except as otherwise provided by the Charter, the proposed budget must be prepared in accordance with the City Charter, state statutes establishing the local government budget laws, and the local government uniform accounting laws. A public hearing is required and two readings of applicable budget ordinances, followed by a majority "yes" vote by the full City Council, adopts the budget, setting the appropriation for the year at the fund level. Any

supplemental appropriations must be approved using the same procedures outlined above for the original adoption of the budget. Currently, departments have the flexibility, with the appropriate approvals, to move money between divisions within the same accounting fund. However, any funding moved between accounting funds requires a supplemental appropriation, public hearing and two readings of the ordinance by Council.

Local Economy

Major employers in the City include the school district, manufacturing, construction, agricultural, a discount store distribution center, and the healthcare industry. There are two hospital facilities and several substantial medical office facilities. Most of the economic data sources indicate that the healthcare sectors of the economy are growing more rapidly than the rest of the economy. Northern Colorado is growing faster than most other parts of the state and Colorado continues to be among the fastest growing states for the last five years.

The local economy has continued to rebound in the past year to pre-COVID levels. According to Colorado Department of Labor and Employment data, the local unemployment rate at the end of December 2021 was 4.2%, which is for the Fort Collins-Loveland metropolitan statistical area.

City Council has continued to support economic and business development policies and programs to retain and expand jobs as one of its highest priorities, along with investment in infrastructure. Future projects are designed to create a more attractive and vibrant downtown in Loveland. One of the projects, Heart Improvement Project (HIP) Streets, will create a vastly improved pedestrian experience and better walkability for our historic downtown area. City Council is using this recovery period to position Loveland as the front runner in Northern Colorado to attract new businesses to the City.

Recovery from the flood event of September 2013 continued into 2021. Total recovery expenditures as of December 31, 2021 were \$40,953,858. Reimbursements received from Federal Emergency Management Agency, the State of Colorado Division of Homeland Security and Emergency Management, the City's insurer, the Federal Highway Administration, and other disaster relief granting entities total \$30,592,902 to date. The City will continue to receive reimbursements on recovery expenditures, however, it is important to note that there is a 12.5% match for all FEMA and State reimbursements; a 20% match for Federal Highway Authority grants; and a \$200,000 insurance deductible.

Long-Term Financial Planning

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

The 2022 10-year Financial Master Plan shows reason for cautious planning. Budget projections for the General Fund Unassigned Fund Balances in upcoming years appear to be insufficient to maintain status quo operations and maintenance along with funding the entire 10-year Capital Plan which is very conservative at \$3,000,000 a year from 2023 through 2031. Revenue projections for future years are purposely developed in a conservative manner, which sets the parameters for resources available to deliver services. The basic revenue assumptions in the Financial Master Plan are continued growth in sales tax, property tax and use tax collections over the near term. However, there will be revisions to these projections as the economic implications from 2021 growth have been applied.

Major Initiatives

The construction of Pulse, the City of Loveland's Municipal Fiber Network was one the most significant

projects in 2021. In addition to the construction of this service the City completed the Northern Colorado Regional Police Training Facility with a total cost of \$17.6 million in a 50/50 partnership with the City of Fort Collins. Another major initiative was the start of construction on Chimney Hollow reservoir which will hold 90,000-acre feet of water when completed and filled. The City's share will be 10,000-acre feet of storage in the reservoir.

Three major capital projects were completed in 2021; Water Reclamation Facility renovation \$39.8 million; Street Rehabilitation in the amount of \$31.0 million; and the 29th Street 5 Million Gallon Treated Water Storage Tank #2 for \$7.4 million.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Loveland, Colorado for its Annual Comprehensive Financial Report for the year ended December 31, 2020. This was the 41st 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 Annual Comprehensive Financial Report 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 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and the City is submitting it to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Loveland, Colorado for its Popular Annual Financial Report (PAFR) for the year ended December 31, 2020. This was the seventh consecutive year that the City has received this prestigious award. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

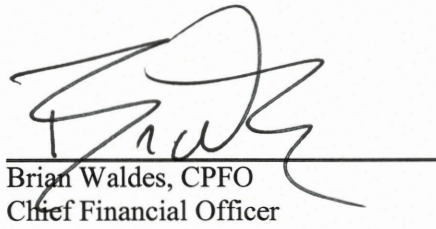
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 2021. It is the thirty-eighth consecutive year that the City will have received the budget presentation award. In order to qualify for the Distinguished Budget Presentation Award, 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 Annual Comprehensive Financial Report is a complex task and one that requires considerable expertise and experience. More importantly, the ongoing maintenance and reporting of the City's financial condition at the level to which Loveland has been accustomed to requires professionalism and dedication. The City is fortunate to have a very talented accounting staff willing to undertake these efforts year after year. The City expresses sincere thanks to the entire accounting staff of the City, while Accounting Manager Joyce Robinson and Senior Accountant Jeff Miller deserve particular recognition for their efforts in preparing representative financial statements. The City would also like to express appreciation to the independent certified public accounting firm, Plante & Moran, PLLC, Certified Public Accountants for not only its professionalism extended to City staff as it conducted its audit engagement, but also for its guidance and technical assistance.

Finally, The City would like to express its gratitude and appreciation to the members of the Loveland City Council, the Citizens Finance Advisory Commission, the City Manager's Office and City departments for their policy guidance which is contained in this document. As the governing body, your commitment to ensure accurate and reliable financial accounting and reporting systems establishes an environment which influences important decision making City-wide. We are pleased to convey the City Council's commitment to excellence to our citizens and all readers of the 2021 Annual Comprehensive Financial Report.

Respectfully Submitted,



Stephen C. Adams
City Manager



Brian Waldes, CPFO
Chief Financial Officer



CITY COUNCIL



Mayor
Jacki Marsh



Ward I
Richard Ball



Ward I
Patrick McFall



Ward II
Andrea Samson



Ward II
Dana Foley



Ward III
John Fogle



Ward III
Steve Olson



Ward IV
Jon Mallo



Ward IV - Mayor Pro Tem
Don Overcash

Boards & Commissions

The City currently has 25 boards and commissions and one ad-hoc commission. These boards and commissions serve in an advisory capacity to the City Council on policy topics critical to the operation of Loveland City Government.



City Attorney
Moses Garcia



City Manager
Steve Adams



Municipal Judge
Geri Joneson



Deputy City Manager



City Clerk



Economic Development



Finance



Human Resources



Police



Water & Power



Assistant to the City Manager



Cultural Services



Development Services



Information Technology



Library



Parks & Recreation



Public Works

The **Northern Colorado Regional Airport** and **Loveland Fire Rescue Authority** operate under Intergovernmental Agreements that establish operational and service partnerships with the City of Loveland and surrounding communities.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Loveland
Colorado**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

Financial

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Loveland, Colorado (the "City") as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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, 2021 and the respective changes in its 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the 2020 basic financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

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

Supplemental 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 other supplemental information, as identified in the table of contents; Local Highway Finance Report; and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 other supplemental information, Local Highway Finance Report, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2022 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, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the City's 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.

Plante & Moran, PLLC

June 3, 2022

Management's Discussion & Analysis

The City of Loveland offers the readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ending December 31, 2021. In addition to this overview and analysis, readers are encouraged to consider the information presented in the letter of transmittal and the City's financial statements, beginning on pages 5 and 28 respectively. Historically, the City's approach to financial management has been conservative. The hallmarks of the approach have been conservative revenue projections, operating and capital expenditures planning with contingencies for unforeseeable events, and a strong preference for using pay-as-you-go financing for major capital projects. Since the Great Recession of 2008-09, the City strives to catch up to continued growth in the region. Bond issues have been used for water and water reclamation facility expansions and lease financing was used for improvements in the downtown area. Bond issues have also been used for the financing of a municipal fiber system for the City and to participate in the construction of a reservoir at Chimney Hollow. In addition, the City has made strategic investments along with regional partners for major transportation improvements. Over the last few years, use of accumulated reserves has supported these important investments. The Loveland City Council adopted a comprehensive Fund Balance and Reserve policy to address fund balance and reserve requirements at the fund level. This policy was adopted in February 2019.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows at the close of 2021 by \$1,305,654,708 (net position). This amount is comprised of \$625,615,908 in Governmental Activities and \$680,038,800 in Business-type Activities. Of the net position amount, \$179,247,740 is unrestricted and may be used to meet the City's ongoing obligations in accordance with the City's fund designations and fiscal policies.
- The City's net position increased by \$79,981,596 from the prior year, of which \$52,005,837 is attributable to governmental activities and \$27,975,759 to business-type activities.
- At the close of 2021, the City's governmental activities reported a combined ending fund balance of \$132,118,278, which is an increase of \$34,927,545 from prior year; \$39,028,103 of the balance is unassigned.
- At the close of 2021, the General Fund unassigned fund balance was \$40,621,338 or 50% of total General Fund operating expenditures. This is \$12,870,853 higher than at the close of 2020.
- The City's outstanding debt of \$192,360,071 at the end of 2021 increased by \$51,808,783. This increase is primarily due to the issuance of a bond for the construction of Chimney Hollow reservoir for the amount of \$52,340,000.

MAJOR INITIATIVES AND IMPACTS

The City's fiscal position is recovering resulting in an increasing General Fund Balance due to a robust sales tax revenue stream in 2021.

The City's General Fund Balance was \$33,480,759 at the close of 2020 and \$47,872,078 at the close of 2021. This is a total increase of \$14,391,319. This increase shows a strong recovery for 2021 and past reductions in expenditures have been restored for 2021 and 2022. The City received the first American Rescue Plan Act of 2021 (ARPA) payment from the Federal Government of \$4.7 million and expects to receive the second payment of \$4.7 million in June 2022.

The first quarter of Fiscal Year 2021 started off strong both on the sales and use tax fronts but, because of shortfalls in the prior years, 2021 was planned to be a recession reduction cycle year. The COVID-19 pandemic had immediate financial consequences on the City beginning in March of 2020. Analysis of the National and Regional Economic trends projected a \$10 million General Fund budget shortfall. This shortfall was not realized in 2021, which was a strong year for revenue, the General Fund increased in operating revenue from \$91,768,812 in 2020 to \$109,777,331 in 2021.

The increase in revenue and fund balance for 2021 will help to address any new challenges in the future. Inflation, supply chain issues, and the possibility of a recession are challenges in the coming year. To meet these challenges, a new format of budget presentation will be presented to City Council. This will be a day long retreat for their strategic input into the challenges which include housing issues and increasing prices. It is the direction of the City to be proactive to these challenges instead of reactive.

2021 saw the completion and/or continuation of five major capital projects:

1. Municipal Fiber: Branded as Pulse, Municipal Fiber is a City utility connecting the Loveland community by offering affordable, reliable and fast internet and voice service through a 100% fiber-optic network. Pulse will be available to all residents and businesses within the City of Loveland over the next three to four years with construction that began in late 2019. Voluntary service connections will happen as areas are built out and service becomes available. Budget - \$64.7 million; 2021 cost-to-date- \$45.9 million.
2. Chimney Hollow Reservoir: A collaboration between 12 Northeastern Colorado water providers to improve the reliability of the 1985 Windy Gap Project which is operated by Northern Water's Municipal district. The firming project will build a new East Slope reservoir called Chimney Hollow to provide dedicated storage to supply a reliable 90,000 acre-feet of water each year for future generations. The City's share of this storage will be 10,000 acre-feet. The reservoir will be immediately west of the existing Carter Lake in southern Larimer County. Budget - \$77.4 million; 2021 cost-to-date- \$75.1 million. The City's share of the project financing for this project was included in the 2021 budget and the actual financing and construction of the project was started in 2021. All legal issues impacting the construction of the reservoir have been resolved.
3. Water Reclamation Facility (WRF): Previously referred to as the Wastewater Treatment Plant (WWTP), this project began in 2016 to implement regulatory changes, meet capacity needs, and replace aging infrastructure. The project includes a complete renovation of the existing anaerobic digester complex. The total cost of this project was \$39.8 million. This project was completed in 2021.
4. Police Training Campus: Northern Colorado Law Enforcement Training Center (NCLETC) is a partnership between the City of Loveland Police Department and Fort Collins Police Services. This project, was completed in 2021, and includes 1.4-mile high-speed driving track, a large skills pad, an indoor 50-yard firing range, two classrooms, and administrative space. This facility will be a regional asset utilized by many law enforcement agencies in Northern Colorado. It is located along Boyd Lake Avenue on the west side of the Northern Colorado Regional Airport Property. Costs for the project are split 50/50 with the City of Fort Collins. The total cost for the project was \$17.6 million.
5. 29th Street 5.0 Million Gallon Storage Tank #2: The 29th Street steel tank is one of the most utilized storage facilities supporting over a quarter of the City's water customers. This project provided a second 5.0-million-gallon storage tank at this critical location. This project was completed in 2021 for a total cost of \$7.4 million.

Impacts of 2013 Flood:

On September 11, 2013, extended steady rainfall caused extensive flooding throughout northern Colorado, including the Big Thompson River, which flows through the City of Loveland. Due to zoning changes that were brought forward by the City in the late 1970's (in response to the flood in 1976), residential and commercial development in the flood zone was prohibited; however, damage to City facilities was extensive. Costs for these projects will be reimbursed in large part by the Federal Emergency Management Agency (FEMA), the State of Colorado, and the Federal Highway Administration (FHWA), however the City was required to fund all flood response and recovery projects out of cash on hand. The State of Colorado, who is administering the funds for FEMA, holds 10% of all projects until they are closed out by FEMA. The City has met this withholding percentage on all but a few small projects. The 10%, and the small few that have not hit that withholding percentage yet, will be paid when the project is closed out by FEMA. As of December 31, 2021, the City incurred recovery expenses of \$40.9 million and received total reimbursements of \$30.6 million. The City is still expecting to receive \$2.2 million from closeouts on FEMA projects over the next several years. Money received to date is broken out as follows:

| | |
|-----------|---------------|
| FEMA | \$ 18,004,729 |
| Insurance | \$ 7,304,825 |
| Other | \$ 5,283,348 |

Softening Growth in Sales Tax:

The City had been experiencing a softening sales tax revenue stream in recent years. Prior to 2021, the last five (5) years averaged 3.4% growth annually. The City has also not increased the 3.0% sales tax since 1984. Since sales tax is the single largest General Fund revenue stream, this trend is being closely monitored. In 2021, sales tax comprised 50.2% of total General Fund revenues and realized its strongest growth in the last ten years. This increase in sales tax revenue is expected to continue in the near future which will continue to provide strength to the General Fund balance.

Sales Tax History* (net of TIF Revenue)

| Year | Total General Fund Revenue | General Fund Sales Tax (net of TIF sales tax) | Sales Tax % of Total GF Revenue | Sales Tax % Growth |
|------|----------------------------|---|---------------------------------|--------------------|
| 2011 | 65,634,144 | 32,248,567 | 49.1% | 0.0% |
| 2012 | 68,865,150 | 34,539,752 | 50.2% | 7.1% |
| 2013 | 67,638,678 | 36,872,201 | 54.5% | 6.8% |
| 2014 | 74,694,486 | 39,360,657 | 52.7% | 6.7% |
| 2015 | 76,653,388 | 40,522,951 | 52.9% | 3.0% |
| 2016 | 78,508,132 | 42,371,545 | 54.0% | 4.6% |
| 2017 | 81,085,397 | 44,119,468 | 54.4% | 4.1% |
| 2018 | 85,537,294 | 45,574,851 | 53.3% | 3.3% |
| 2019 | 87,823,622 | 47,921,968 | 54.6% | 5.2% |
| 2020 | 91,768,812 | 47,933,998 | 52.2% | 0.0% |
| 2021 | 105,508,194 | 53,004,011 | 50.2% | 10.6% |

*This table is based on the actual sales tax numbers. General Fund revenue excludes transfers and long term debt. Net of Tax Increment Financing (TIF) means that other funds, such as the Downtown Development Authority and Loveland Urban Renewal Authority receive a portion of the sales taxes generated in their area over the base sales taxes collected prior to the development of the authority.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

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

The City's Statement of Net Position and Statement of Activities are divided into two types of activities:

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

The City as a Trustee

Reporting the City's Fiduciary Responsibilities

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

THE CITY AS A WHOLE

As previously noted, net position may serve over time as a useful indicator of a government's financial position. In the City of Loveland's case, assets exceeded liabilities by \$1,305,654,708 as of December 31, 2021.

Net Position

Combined net position of the City of Loveland at December 31, 2021 are as follows:

CITY OF LOVELAND, COLORADO STATEMENT OF NET POSITION

| | Governmental Activities | | Business-Type Activities | | Total | | Total % of Change |
|--|-------------------------|-----------------------|--------------------------|-----------------------|-------------------------|-------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | |
| Current and other assets | \$ 227,376,930 | \$ 186,805,681 | \$ 177,288,347 | \$ 201,147,045 | \$ 404,665,277 | \$ 387,952,726 | 4.3% |
| Capital assets | 490,932,970 | 463,834,206 | 712,030,079 | 604,098,506 | 1,202,963,049 | 1,067,932,712 | 12.6% |
| Total Assets | 718,309,900 | 650,639,887 | 889,318,426 | 805,245,551 | 1,607,628,326 | 1,455,885,438 | 10.4% |
| Deferred Outflows of Resources | 101,700 | 101,700 | 259,757 | 277,671 | 361,457 | 379,371 | (4.7)% |
| Total Assets and Deferred Outflows of Resources | 718,411,600 | 650,741,587 | 889,578,183 | 805,523,222 | 1,607,989,783 | 1,456,264,809 | 10.4% |
| Long-term liabilities | 33,072,308 | 24,709,652 | 174,514,591 | 127,961,406 | 207,586,899 | 152,671,058 | 36.0% |
| Other liabilities | 26,327,341 | 21,459,420 | 34,546,590 | 25,143,413 | 60,873,931 | 46,602,833 | 30.6% |
| Total Liabilities | 59,399,649 | 46,169,072 | 209,061,181 | 153,104,819 | 268,460,830 | 199,273,891 | 34.7% |
| Deferred Inflows of Resources | 33,396,043 | 30,880,832 | 478,202 | 355,362 | 33,874,245 | 31,236,194 | 8.4% |
| Total Liabilities and Deferred Inflows of Resources | 92,795,692 | 77,049,904 | 209,539,383 | 153,460,181 | 302,335,075 | 230,510,085 | 31.2% |
| Net Position: | | | | | | | |
| Net investment in capital assets | 461,306,590 | 442,641,192 | 568,110,085 | 540,618,535 | 1,029,416,675 | 983,259,727 | 4.7% |
| Restricted-Nonspendable | 3,557,076 | 3,482,654 | - | - | 3,557,076 | 3,482,654 | 2.1% |
| Restricted | 43,496,723 | 34,389,349 | 49,936,494 | 55,601,577 | 93,433,217 | 89,990,926 | 3.8% |
| Unrestricted | 117,255,519 | 93,096,876 | 61,992,221 | 55,842,929 | 179,247,740 | 148,939,805 | 20.3% |
| Total Net Position | \$ 625,615,908 | \$ 573,610,071 | \$ 680,038,800 | \$ 652,063,041 | \$ 1,305,654,708 | \$ 1,225,673,112 | 6.5% |

As of December 31, 2021, 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 \$404,665,277 current and other assets include \$319,584,310 in general and restricted cash and investments. The restricted balance of cash and investments is \$107,305,727 for acquisition or construction of future capital assets or the payment of debt.

The largest portion of the City's total net position (78.8%) is the investment in capital assets (land, buildings, improvements, equipment, etc.); less related outstanding debt used to acquire those assets. The City of Loveland uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, primarily future revenue. Long-term debt reported in the Governmental Activities at the end of 2021 includes Certificates of Participation of \$15,170,000, compensated absences of \$5,824,010, oversizing agreements of \$911,443, lease purchase agreements of \$12,544,937, pollution remediation of \$716,475, and a loan agreement with a balance of \$1,000,000. In Business-Type Activities, Municipal Fiber bonds of \$85,015,000 excluding the premium, issued in 2019 and the Raw Water debt for Chimney Hollow of \$52,340,000 excluding the premium, issued in 2021 make up the majority of the outstanding debt balance. The remaining debt in Business-Type activities is made up of compensated absences of \$1,668,434, oversizing agreements of \$143,691, Asset Retirement Obligation (ARO) liability for Hydro, \$1,047,915, ARO liability for Solar, \$313,500 and water and wastewater bonds of \$2,405,000 and \$22,830,000 respectively.

Changes in Net Position

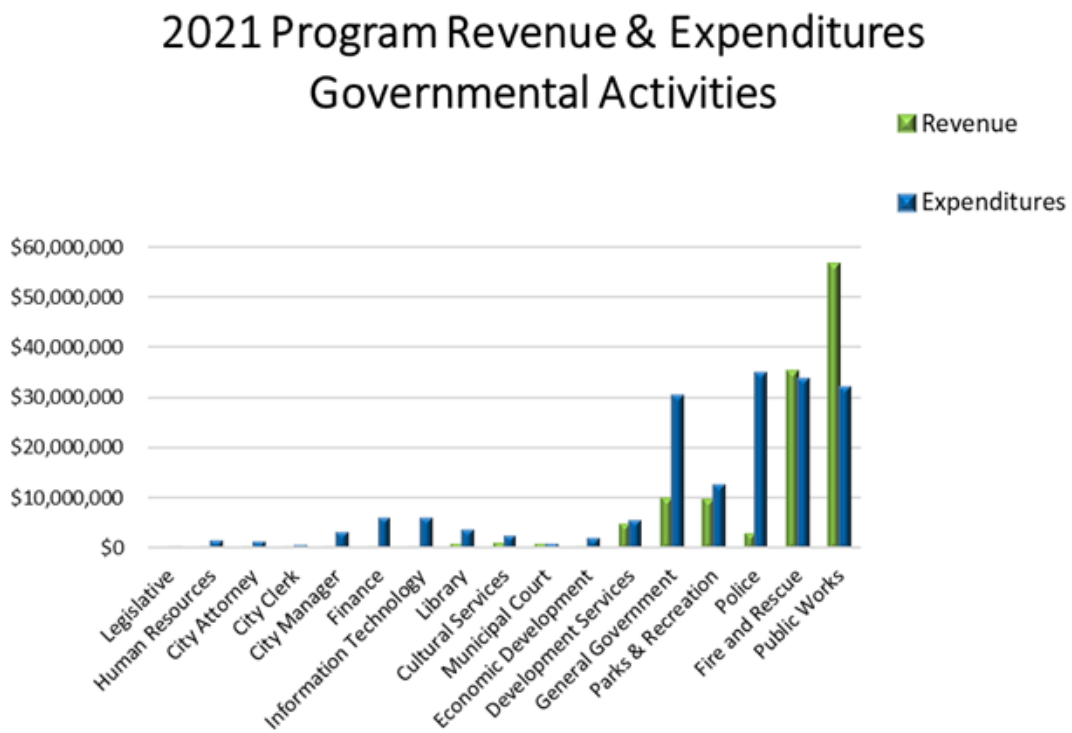
Revenues and transfers in 2021 of \$386,307,076 exceeded program expenses of \$306,325,480 for an increase in net position of \$79,981,596. This increase includes \$40,726,204 from contributed assets and revenue restricted for capital spending. The remaining \$39,255,392 represents the amount of on-going revenues and additional revenues from rate increases exceeding operating expenses. Descriptions of significant activities for Governmental and Business-Type follow on the next table.

| CITY OF LOVELAND, COLORADO CHANGES IN NET POSITION | | | | | | | |
|--|-------------------------|-----------------------|--------------------------|-----------------------|-------------------------|-------------------------|--------------|
| | Governmental Activities | | Business-Type Activities | | Total | | % Change |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | |
| Program Revenue | | | | | | | |
| Charges for service | \$ 52,922,413 | \$ 45,806,921 | \$ 140,792,522 | \$ 129,191,182 | \$ 193,714,935 | \$ 174,998,103 | 10.7% |
| Operating | | | | | | | |
| grants/contributions | 23,816,808 | 23,365,634 | 273,259 | 319,345 | 24,090,067 | 23,684,979 | 1.7% |
| Capital grants/contributions | 46,194,664 | 17,076,354 | 19,014,070 | 24,821,451 | 65,208,734 | 41,897,805 | 55.6% |
| General Revenues: | | | | | | | |
| Property Taxes | 30,849,766 | 29,121,824 | - | - | 30,849,766 | 29,121,824 | 5.9% |
| Sales and Use Taxes | 68,632,108 | 59,647,002 | - | - | 68,632,108 | 59,647,002 | 15.1% |
| Franchise and Other Taxes | 3,544,355 | 3,416,157 | - | - | 3,544,355 | 3,416,157 | 3.8% |
| Investment Earnings | 226,628 | 1,343,775 | (1,310,212) | 3,431,421 | (1,083,584) | 4,775,196 | (122.7)% |
| Other | 1,115,795 | 221,161 | 234,900 | 240,576 | 1,350,695 | 461,737 | 192.5% |
| Total Revenues | 227,302,537 | 179,998,828 | 159,004,539 | 158,003,975 | 386,307,076 | 338,002,803 | 14.3% |
| Program Expenses: | | | | | | | |
| City Manager | 3,121,875 | 5,027,941 | - | - | 3,121,875 | 5,027,941 | (37.9)% |
| Legislative | 150,963 | 142,847 | - | - | 150,963 | 142,847 | 5.7% |
| City Attorney | 1,283,365 | 1,282,582 | - | - | 1,283,365 | 1,282,582 | 0.1% |
| City Clerk | 592,360 | 737,749 | - | - | 592,360 | 737,749 | (19.7)% |
| Municipal Court | 700,112 | 680,160 | - | - | 700,112 | 680,160 | 2.9% |
| Finance | 6,075,509 | 5,822,026 | - | - | 6,075,509 | 5,822,026 | 4.4% |
| Human Resources | 1,462,259 | 1,432,526 | - | - | 1,462,259 | 1,432,526 | 2.1% |
| Information Technology | 5,953,913 | 6,892,385 | - | - | 5,953,913 | 6,892,385 | (13.6)% |
| Economic Development | 2,065,899 | 2,914,656 | - | - | 2,065,899 | 2,914,656 | (29.1)% |
| Development Services | 5,590,896 | 5,701,230 | - | - | 5,590,896 | 5,701,230 | (1.9)% |
| Public Works | 31,960,206 | 30,043,177 | - | - | 31,960,206 | 30,043,177 | 6.4% |
| Police | 34,907,689 | 25,999,756 | - | - | 34,907,689 | 25,999,756 | 34.3% |
| Fire & Rescue | 33,800,088 | 19,287,233 | - | - | 33,800,088 | 19,287,233 | 75.2% |
| Parks & Recreation | 12,691,587 | 13,456,687 | - | - | 12,691,587 | 13,456,687 | (5.7)% |
| Library | 3,504,378 | 2,920,546 | - | - | 3,504,378 | 2,920,546 | 20.0% |
| Cultural Services | 2,363,832 | 3,731,823 | - | - | 2,363,832 | 3,731,823 | (36.7)% |
| General Government | 30,301,034 | 19,008,838 | - | - | 30,301,034 | 19,008,838 | 59.4% |
| Interest on Long Term Debt | 971,660 | 781,283 | - | - | 971,660 | 781,283 | 24.4% |
| Water | - | - | 18,914,717 | 17,668,199 | 18,914,717 | 17,668,199 | 7.1% |
| Wastewater | - | - | 14,014,978 | 13,747,570 | 14,014,978 | 13,747,570 | 1.9% |
| Stormwater | - | - | 6,530,754 | 5,689,635 | 6,530,754 | 5,689,635 | 14.8% |
| Electric & Communications | - | - | 76,955,901 | 71,180,474 | 76,955,901 | 71,180,474 | 8.1% |
| Solid Waste | - | - | 8,490,265 | 7,774,032 | 8,490,265 | 7,774,032 | 9.2% |
| Golf | - | - | 3,921,240 | 3,526,340 | 3,921,240 | 3,526,340 | 11.2% |
| Total Expenses | 177,497,625 | 145,863,445 | 128,827,855 | 119,586,250 | 306,325,480 | 265,449,695 | 15.4% |
| Increase in net position before transfers | 49,804,912 | 34,135,383 | 30,176,684 | 38,417,725 | 79,981,596 | 72,553,108 | 10.2% |
| Transfers | 2,200,925 | 2,786,538 | (2,200,925) | (2,786,538) | - | - | -% |
| Increase in net position | 52,005,837 | 36,921,921 | 27,975,759 | 35,631,187 | 79,981,596 | 72,553,108 | 10.2% |
| Net Position - Beginning | 573,610,071 | 536,688,150 | 652,063,041 | 616,431,854 | 1,225,673,112 | 1,153,120,004 | 6.3% |
| Net Position - Ending | \$ 625,615,908 | \$ 573,610,071 | \$ 680,038,800 | \$ 652,063,041 | \$ 1,305,654,708 | \$ 1,225,673,112 | 6.5% |

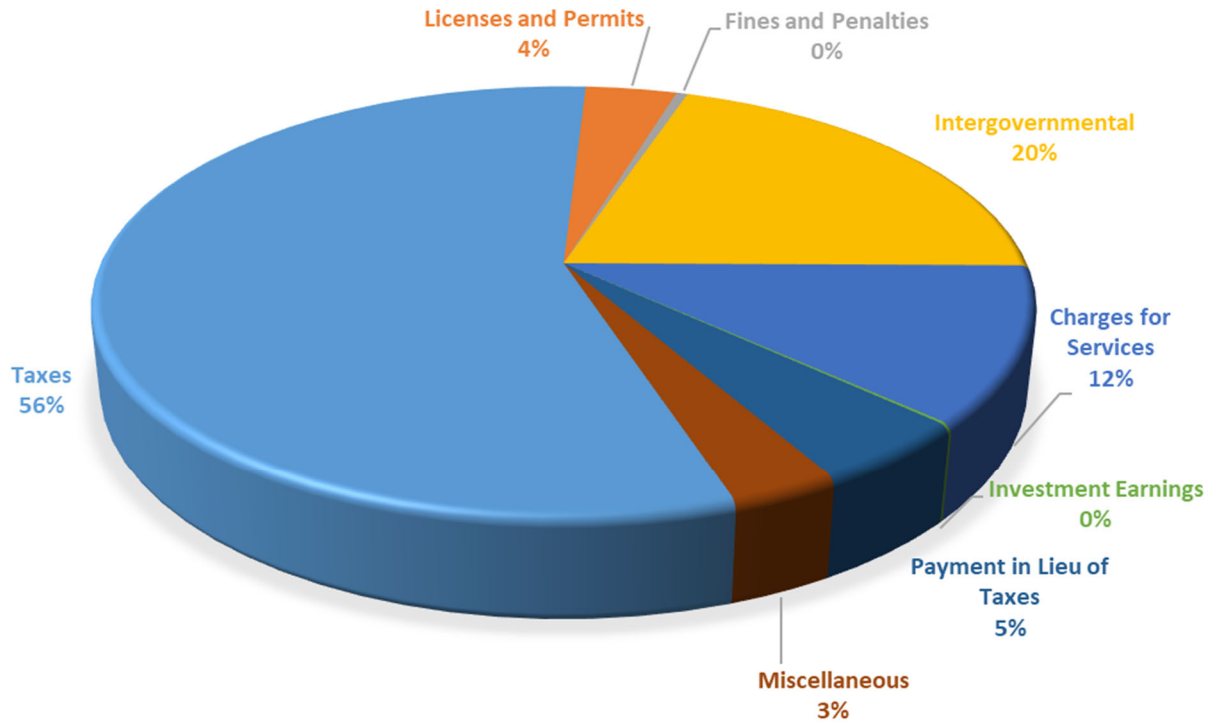
Governmental Activities

Governmental Activities increased the City's net position by \$52,005,837. Earnings on investments decreased in 2021 by 58% from \$1,343,775 in 2020 to \$226,628 in 2021. 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 gains/(losses). Property tax revenue increased in 2021 by \$1,727,942.

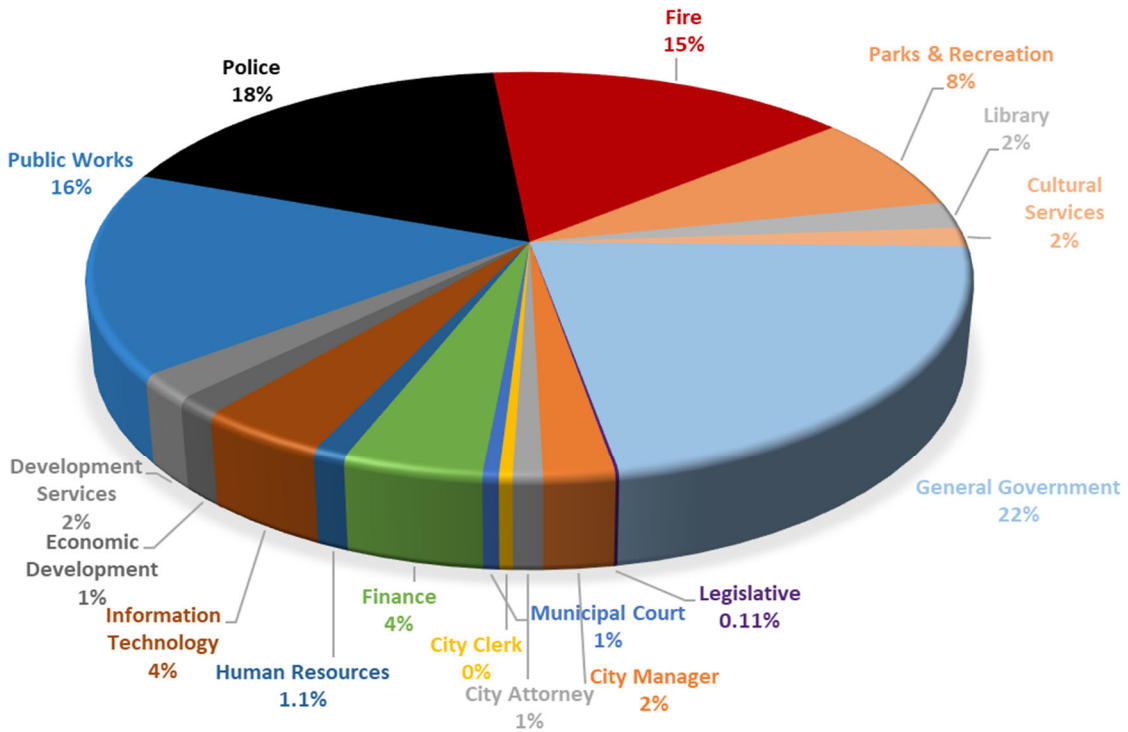
The following graph compares program revenues and expenditures of Governmental Activities in 2021, illustrating the majority of expenditures are related to public services and safety. General government expenses increased due to Small Business Assistance grants for COVID relief and lease payments for the Northern Colorado Law Enforcement Training Center (NCLETC). Public Works revenue increased due to contributed streets and easements.



Revenue by Source Governmental Funds



Expenditure by Source Governmental Funds



Business-Type Activities

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

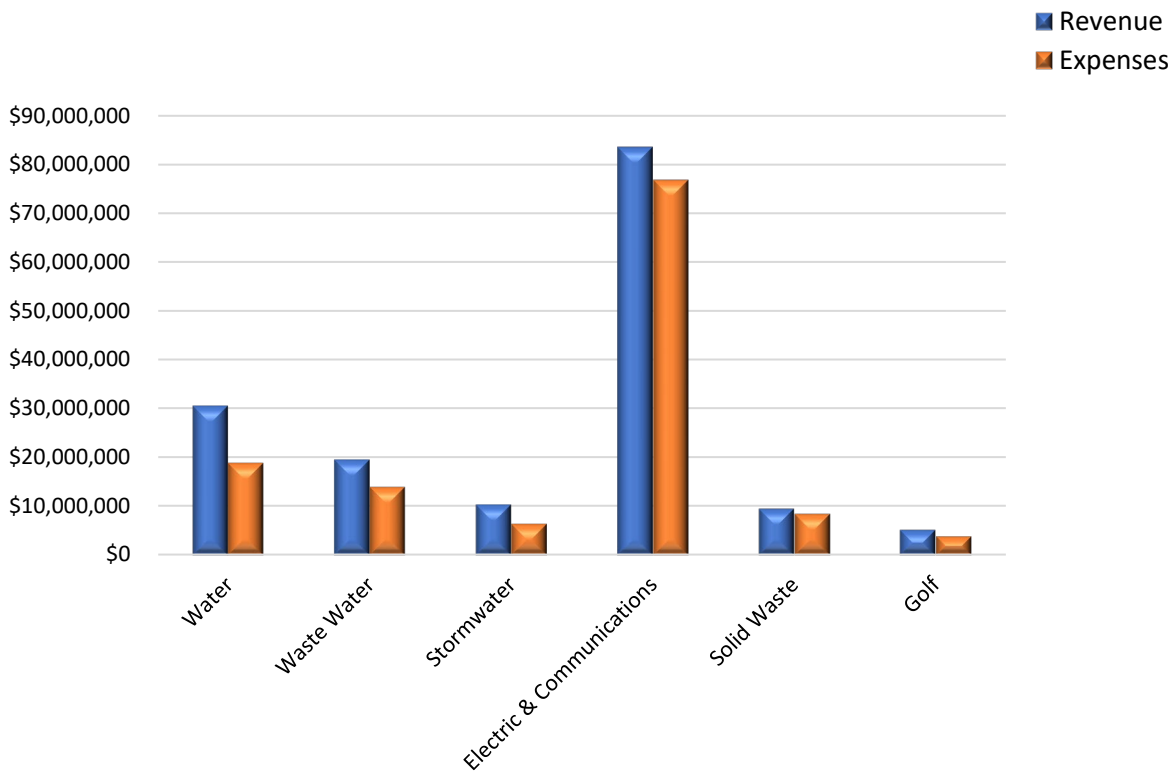
In the graph below, all activities had higher revenues in comparison to expenses.

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

For year-end 2021, net position for the Business-Type Activities increased by \$27,975,759. Earnings on investments decreased from \$3,431,421 in 2020 to (\$1,310,212) in 2021 in the Statement of Revenues, Expenses and Changes in Net Position. 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 gains/(losses).

All expenses in each fund in the business-type activities increased from the prior year except for Stormwater.

2021 Program Revenues & Expenses Business-Type Activities



THE CITY'S FUNDS

Information on the City's major governmental funds begins on page 31. These funds are accounted for using the modified accrual basis of accounting. Overall, the balances of these funds increased by \$34,927,545, and the City ended the year with a combined fund balance of \$132,118,278.

The City's Governmental Funds collected revenue over the constitutional limits (TABOR) by \$1,841,425 in 2021. If in any year revenue exceeds the TABOR limit, the City is allowed to keep and spend the balance of these revenues collected from prior years for public safety, parks maintenance and construction, and street maintenance and construction. This allocation of excess TABOR revenue sunsets in 2024.

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

- Nonspendable includes payments for perpetual care \$3,557,076.
- Restricted balance of \$43,042,151 includes \$1,841,425 reserve for excess TABOR, \$3,256,861 reserve for emergencies; \$14,780,713 for Fire and Rescue; \$11,216,086 for Open Space Acquisitions; \$5,279,673 for Parks & Recreation; \$4,154,233 for Urban Revitalization; as well as funds for Convention & Tourism, and Law Enforcement.
- Committed balances include \$39,876,828 for future capital improvements; Art in Public Places; public education; affordable housing and downtown maintenance.
- Assigned balances of \$1,320,861 are for items such as Parks Improvements, Fiber Network, as well as other governmental capital improvements.
- Unassigned General Fund is \$40,621,338, 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 expenditures in the Employee Benefits Fund (which is a self-funded plan). For the Risk & Insurance Fund, Risk Management reviews the City's Incurred But Not Reported (IBNR)/Claims Liability in conjunction with trend to monitor the adequacy of the reserves. The current balance in the fund is \$4,419,116. The reserve will cover uninsured claims and litigation, as well as open claims from prior years to account for IBNR losses.

The City's claims administration firm has developed a similar estimate of the potential future health claims. The City targets a reserve sufficient to cover 20% of existing claims plus the estimate for future expenditures. The current target reserve is \$3,138,810; the current fund balance is \$13,377,527.

Financial Analysis of the Governmental Funds

The General Fund accounts for all of the general governmental services provided by the City. These include public safety (police and fire), public works, parks & recreation, community services, culture, library, and general administration. Funding for these services comes from a variety of sources, but is heavily funded by sales and use taxes. Total General Fund revenue of \$109,777,331 increased by 20% for the year. Tax revenue of \$79,526,807, (72)% of the total General Fund revenue increased by 13% in 2021. There were no changes made to the City's mill levy or sales tax rate in 2021. The General Fund balance increased by \$14,391,319, 43%, primarily due to an increase in property and sales taxes, \$9,010,274 or 12.8% due to the economic recovery and a decrease in expenditures of (\$1,666,688) or (2.1%).

The Loveland Urban Renewal Authority (LURA) Fund revenues increased in 2021 to \$18,872,543. Tax revenues of \$18,805,001 (100% of total revenues) increased by \$1,417,962 or 8% from 2020. Total 2021 expenditures of \$17,837,862 include the distribution of tax increment financing \$15,364,839, school district fund \$2,373,417, and other services \$99,606.

Total revenues in the Capital Expansion Fees (CEF) Fund decreased by (\$70,566), (1%) from 2020, due to no increase in Charges for Services. The fund balance in the CEF Fund increased by \$9,821,907 or 31%, versus a decrease in 2020 of (\$922,990). This increase is due to smaller transfers to the Transportation Fund of \$1,248,249 and transfers to the Capital Project Fund of \$221,146.

Excluding transfers, the total revenue for the Loveland Fire Rescue Authority Fund was \$23,881,544 and total expenditures were \$29,053,060. The revenue includes the contribution from the City for \$14,721,585. Fund balance increased by \$7,374,092, primarily due to issuance of debt for the construction of Fire Station 10 and to refund the remaining balance on the debt for Fire Station 7.

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 \$680,038,800, an increase of \$27,975,759. Each of the Proprietary Funds had net position increases, the most significant in the Water Fund which increased \$11,343,371 from 2020.

General Fund Budgetary Highlights

The General Fund had been operating with an operating deficit for the Fiscal Year’s 2016, 2017, 2018 and 2019. In 2020 and 2021, the General Fund generated \$5.4 million and \$14.4 million more respectively in revenue than it incurred in expenditures.

In 2021, General Fund expenditures decreased by \$1,666,688 from 2020. The effects of COVID-19 were less severe than anticipated and the revenue in 2021 increased by \$13.7 million while the expenses decreased by \$1.67 million which contributed to the increase in fund balance. The City received \$4.7 million in the American Rescue Plan Act of 2021 (ARPA) and it is expected the City will receive an additional \$4.7 million from ARPA in 2022. The funds received will contribute to the strength in fund balance.

Revenue was expected to remain flat in 2021 and property and sales taxes exceeded expectations with an increase over 2020 by 5.9% and 11.2% respectively. Building and use taxes also increased over 2020 by 36.6% due to a strong housing market in Loveland.

Proprietary Fund Budgetary Highlights

The Water, Wastewater and Electric & Communications utilities’ increased their fund balances by \$11.3 million, \$5.2 million and \$5.2 million respectively. 2021 was again a strong year for development driven revenues.

Capital Assets and Debt Administration

Capital Assets

At the end of 2021, the City had \$1,202,963,049 invested in capital assets including but not limited to police and fire equipment, buildings, park facilities, roads, water, wastewater, and power lines.

Overall in the Statement of Net Position, buildings and equipment increased by 13% and construction in process increased by 31% in total for Governmental and Business-Type Activities. The following make up the largest portion of the balance in Construction in Process at the end of 2021:

| | | |
|------------------------------------|----|------------|
| Chimney Hollow Reservoir | \$ | 75,099,480 |
| South Loveland Outfall Phase 3 | | 8,425,217 |
| US 34 Denver to Boyd Lake Widening | | 7,762,338 |
| Waterline Replacement Sherri Mar | | 4,711,049 |
| Wilson Avenue Flood Mitigation | | 3,951,950 |
| Pulliam Renovation | | 3,566,710 |

The following table summarizes capital assets net of depreciation for both governmental and business-type activities. More detailed information about the City’s capital assets is presented in Note 4 to Financial Statements.

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

| | Governmental Activities | | Business-Type Activities | | Total | | Total % of Change |
|-------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-------------------------|-------------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | |
| Land | \$ 68,287,865 | \$ 63,830,257 | \$ 14,949,962 | \$ 14,949,962 | \$ 83,237,827 | \$ 78,780,219 | 5.7% |
| Art Collection | 8,028,854 | 7,654,835 | - | - | 8,028,854 | 7,654,835 | 4.9% |
| Buildings | 74,707,181 | 72,751,268 | 29,198,017 | 24,174,906 | 103,905,198 | 96,926,174 | 7.2% |
| Improvements | 43,822,231 | 34,526,386 | 124,654,415 | 119,746,290 | 168,476,646 | 154,272,676 | 9.2% |
| Equipment | 23,750,824 | 20,232,063 | 10,875,155 | 10,976,105 | 34,625,979 | 31,208,168 | 11.0% |
| Water rights | 2,747,520 | 2,747,520 | 77,790,650 | 77,769,650 | 80,538,170 | 80,517,170 | -.% |
| Infrastructure | 235,415,640 | 205,900,994 | 307,777,237 | 265,786,670 | 543,192,877 | 471,687,664 | 15.2% |
| Easements | 6,809,486 | 6,828,260 | 33,025,667 | 32,533,720 | 39,835,153 | 39,361,980 | 1.2% |
| Construction in Process | 27,363,369 | 49,362,623 | 113,758,976 | 58,161,203 | 141,122,345 | 107,523,826 | 31.2% |
| Total | \$ 490,932,970 | \$ 463,834,206 | \$ 712,030,079 | \$ 604,098,506 | \$ 1,202,963,049 | \$ 1,067,932,712 | 12.6% |

Major additions in 2021 included the following assets:

| | | | |
|---|---------------|--|---------------|
| Water Reclamation Facility | \$ 39,835,755 | Street Rehabilitation | \$ 31,054,227 |
| Northern Colorado Law Enforcement Training Center | \$ 9,677,131 | 29 th Street 5.0 Million Gallon Storage Tank #2 | \$ 7,408,102 |

Debt

At year-end, the City had a number of oversizing agreements related to Streets totaling \$911,443. There were no contract amendments in 2021. Between 2013 and 2015, the City secured \$13,200,000 for improvements to the Water Treatment Plant. In addition, the City issued revenue bonds in the amount of \$52,340,000 for the City's participation in the Windy Gap Firming project, the construction of a new water storage tank and the payoff of the 2013 Water bond. The City paid down \$8,275,000 remaining balance of the 2013 Water bond debt in 2021. Additionally, between 2017 and 2018, the City secured \$24,900,000 for improvements to the Wastewater Treatment Plant; the City paid down \$715,000 of this debt in 2021.

On April 24, 2019, the City closed on the City of Loveland Electric and Communication Enterprise Tax-Exempt Revenue Bonds Series 2019A and the City of Loveland Electric and Communication Enterprise Taxable Revenue Bonds Series 2019B. The combined total of net proceeds from the two bonds issued was \$95,420,361 including the bond premium. The Enterprise will use the proceeds from the bonds to design, build, and operate a municipal fiber network to provide communications services to the residents and customers of the Electric utility. The goal is to provide more reliable, lower cost, and better service than is currently available to the community.

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

NEXT YEAR’S BUDGET AND RATES

The City's General Fund has had a combination of strong revenue performance, direct federal funding and three years of expenditure reductions that have improved the position of the fund balance despite predictions of an economic recession. Stronger than expected revenue growth in Sales & Use Tax through the first quarter of 2022 are a good sign the trend will continue. The City was able to reinstitute merit based salary increases in 2021 and prior year expenditure reductions will be restored in 2022.

The City adopted the very first modern Citywide Strategic Plan on March 3, 2020. This newly adopted guiding document will be used to focus decision-making on the identified eight areas of focus; Public Safety, Infrastructure & Transportation, Livability, Innovation & Organizational Excellence, Economic Vitality, Fiscal Stability & Strength, Sustainability and Outreach, Collaboration & Engagement.

Rates for the utility funds are set to cover operating costs and capital needs. Water rates will increase by 7% in 2022 to fund capital projects both at the Water Treatment Plant and for the distribution system in order to address aging infrastructure and improve reliability and redundancy. Wastewater rates will increase by 7% in 2022, to fund capital projects at the Water Reclamation Facility and for the collection system in order to address aging infrastructure, improve reliability and redundancy, and for regulatory compliance. Power rates will increase by 3% in 2022 to fund increases in wholesale power costs and additional rehabilitative capital needs.

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 or access our website at <https://www.lovgov.org>.

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, 2021

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|-------------------------|
| ASSETS | | | |
| Cash | \$ 8,799 | \$ 8,300 | \$ 17,099 |
| Equity in Pooled Cash | 51,002,344 | 25,092,180 | 76,094,524 |
| Equity in Pooled Investments | 91,960,026 | 44,206,934 | 136,166,960 |
| Receivables (Net): | | | |
| Taxes | 40,266,957 | - | 40,266,957 |
| Accounts | 4,883,559 | 16,892,185 | 21,775,744 |
| Grants | 3,431,955 | 754,374 | 4,186,329 |
| Accrued Interest | 271,009 | 215,293 | 486,302 |
| Internal Balances | 369,657 | (369,657) | - |
| Inventory of Supplies | 1,057,208 | 7,376,215 | 8,433,423 |
| Equity in Northern Colorado Regional Airport | 9,932,212 | - | 9,932,212 |
| Restricted Assets: | | | |
| Equity in Pooled Restricted Cash | 24,193,204 | 50,762,675 | 74,955,879 |
| Equity in Pooled Restricted Investments | - | 32,349,848 | 32,349,848 |
| Capital Assets: | | | |
| Land, Water Rights and Other Assets not Being Depreciated | 85,873,725 | 125,766,279 | 211,640,004 |
| Building, Improvements and Equipment, Net of Depreciation | 377,695,876 | 472,504,824 | 850,200,700 |
| Construction in Progress | 27,363,369 | 113,758,976 | 141,122,345 |
| Total Assets | 718,309,900 | 889,318,426 | 1,607,628,326 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Pension Items | 101,700 | - | 101,700 |
| Asset Retirement Obligation | - | 259,757 | 259,757 |
| Total Deferred Outflows of Resources | 101,700 | 259,757 | 361,457 |
| LIABILITIES | | | |
| Accounts Payable | 12,523,682 | 13,920,987 | 26,444,669 |
| Accrued Liabilities | 3,086,995 | 2,399,780 | 5,486,775 |
| Deposits | 2,050,895 | 9,868,165 | 11,919,060 |
| Unearned Revenue | 4,036,335 | - | 4,036,335 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 4,342,939 | 7,309,743 | 11,652,682 |
| ARO Liability - Hydro - Short Term | - | 1,047,915 | 1,047,915 |
| Pollution Remediation-Short Term | 286,495 | - | 286,495 |
| Due in More Than One Year | 31,107,451 | 174,201,091 | 205,308,542 |
| ARO Liability - Solar - Long Term | - | 313,500 | 313,500 |
| Pollution Remediation-Long Term | 429,980 | - | 429,980 |
| Pension Liability - Due in More Than One Year | 1,534,877 | - | 1,534,877 |
| Total Liabilities | 59,399,649 | 209,061,181 | 268,460,830 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Pension Items | 165,272 | - | 165,272 |
| Deferred Property Taxes | 33,230,771 | - | 33,230,771 |
| Deferred Other | - | 478,202 | 478,202 |
| Total Deferred Inflows of Resources | 33,396,043 | 478,202 | 33,874,245 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 461,306,590 | 568,110,085 | 1,029,416,675 |
| Restricted - Nonexpendable | 3,557,076 | - | 3,557,076 |
| Restricted: | | | |
| Future Capital Improvements | - | 49,936,494 | 49,936,494 |
| Tabor 3% Emergency Reserve | 3,256,861 | - | 3,256,861 |
| Conservation Trust Fund | 5,266,568 | - | 5,266,568 |
| Open Space Acquisitions | 11,216,086 | - | 11,216,086 |
| Reserve for Excess Tabor | 1,841,425 | - | 1,841,425 |
| Fire and Rescue | 14,797,233 | - | 14,797,233 |
| Urban Revitalization | 4,154,233 | - | 4,154,233 |
| Other | 2,964,317 | - | 2,964,317 |
| Unrestricted | 117,255,519 | 61,992,221 | 179,247,740 |
| Total Net Position | \$ 625,615,908 | \$ 680,038,800 | \$ 1,305,654,708 |

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, 2021

| Functions/Programs | Expenses | Program Revenues | | |
|---|-----------------------|-----------------------|----------------------------------|--------------------------------|
| | | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions |
| Governmental Activities: | | | | |
| City Manager | \$ 3,121,875 | \$ 213,974 | \$ 20,000 | \$ - |
| Legislative | 150,963 | - | - | - |
| City Attorney | 1,283,365 | 26,982 | - | - |
| City Clerk | 592,360 | 87,566 | - | - |
| Municipal Court | 700,112 | 831,211 | 131 | - |
| Finance | 6,075,509 | 251,738 | 1,380 | - |
| Human Resources | 1,462,259 | 695 | - | - |
| Information Technology | 5,953,913 | 179,946 | - | - |
| Economic Development | 2,065,899 | - | 12,762 | - |
| Development Services | 5,590,896 | 4,882,160 | - | - |
| Public Works | 31,960,206 | 19,368,504 | 4,241,293 | 33,093,922 |
| Police | 34,907,689 | 1,898,764 | 100,001 | 853,915 |
| Fire and Rescue | 33,800,088 | 15,628,034 | 18,724,406 | 1,106,105 |
| Parks & Recreation | 12,691,587 | 4,367,279 | 42,491 | 5,374,540 |
| Library | 3,504,378 | 90,818 | - | 589,707 |
| Cultural Services | 2,363,832 | 362,960 | 47,861 | 492,460 |
| General Government | 30,301,034 | 4,731,782 | 626,483 | 4,684,015 |
| Interest on long term debt | 971,660 | - | - | - |
| Total Governmental Activities | 177,497,625 | 52,922,413 | 23,816,808 | 46,194,664 |
| Business Type Activities: | | | | |
| Water | 18,914,717 | 23,539,395 | 76,990 | 7,594,567 |
| Wastewater | 14,014,978 | 16,221,277 | 113,901 | 3,246,537 |
| Stormwater | 6,530,754 | 8,326,803 | 38 | 2,351,295 |
| Electric & Communications | 76,955,901 | 77,780,985 | 82,330 | 5,821,671 |
| Solid Waste | 8,490,265 | 9,626,951 | - | - |
| Golf | 3,921,240 | 5,297,111 | - | - |
| Total Business-Type Activities | 128,827,855 | 140,792,522 | 273,259 | 19,014,070 |
| City Total | \$ 306,325,480 | \$ 193,714,935 | \$ 24,090,067 | \$ 65,208,734 |
| General revenues: | | | | |
| Property Taxes | | | | |
| Sales and Use Taxes | | | | |
| Franchise Taxes | | | | |
| Other Taxes | | | | |
| Investment Earnings (Loss) | | | | |
| Gain on Sale of Assets | | | | |
| Transfers | | | | |
| Total General Revenues and Transfers | | | | |
| Change in Net Position | | | | |
| Net Position - Beginning | | | | |
| Net Position - Ending | | | | |

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

Net (Expenses) Revenues
and Change in Net Position

| Governmental Activities | | Business Type Activities | Totals |
|-------------------------|---------------------|-----------------------------|------------------------|
| \$ | (2,887,901) | \$ - | \$ (2,887,901) |
| | (150,963) | - | (150,963) |
| | (1,256,383) | - | (1,256,383) |
| | (504,794) | - | (504,794) |
| | 131,230 | - | 131,230 |
| | (5,822,391) | - | (5,822,391) |
| | (1,461,564) | - | (1,461,564) |
| | (5,773,967) | - | (5,773,967) |
| | (2,053,137) | - | (2,053,137) |
| | (708,736) | - | (708,736) |
| | 24,743,513 | - | 24,743,513 |
| | (32,055,009) | - | (32,055,009) |
| | 1,658,457 | - | 1,658,457 |
| | (2,907,277) | - | (2,907,277) |
| | (2,823,853) | - | (2,823,853) |
| | (1,460,551) | - | (1,460,551) |
| | (20,258,754) | - | (20,258,754) |
| | (971,660) | - | (971,660) |
| | (54,563,740) | - | (54,563,740) |
| | - | 12,296,235 | 12,296,235 |
| | - | 5,566,737 | 5,566,737 |
| | - | 4,147,382 | 4,147,382 |
| | - | 6,729,085 | 6,729,085 |
| | - | 1,136,686 | 1,136,686 |
| | - | 1,375,871 | 1,375,871 |
| | - | 31,251,996 | 31,251,996 |
| \$ | (54,563,740) | \$ 31,251,996 | \$ (23,311,744) |
| | 30,849,766 | - | 30,849,766 |
| | 68,632,108 | - | 68,632,108 |
| | 1,720,272 | - | 1,720,272 |
| | 1,824,083 | - | 1,824,083 |
| | 226,628 | (1,310,212) | (1,083,584) |
| | 1,115,795 | 234,900 | 1,350,695 |
| | 2,200,925 | (2,200,925) | - |
| | 106,569,577 | (3,276,237) | 103,293,340 |
| | 52,005,837 | 27,975,759 | 79,981,596 |
| | 573,610,071 | 652,063,041 | 1,225,673,112 |
| \$ | \$ 625,615,908 | \$ 680,038,800 | \$ 1,305,654,708 |

City of Loveland, Colorado
Balance Sheet
Governmental Fund Types
December 31, 2021

| | General | Loveland Urban Renewal Authority | Transportation | Capital Expansion Fees | Loveland Fire Rescue Authority |
|--|----------------------|--|---------------------|---------------------------|-----------------------------------|
| ASSETS | | | | | |
| Cash | \$ 8,499 | \$ - | \$ - | \$ - | \$ - |
| Equity in Pooled Cash | 18,883,121 | - | 623 | 9,706,322 | 2,646,610 |
| Equity in Pooled Investments | 23,521,381 | - | 197,834 | 30,307,087 | 4,781,422 |
| Receivables (Net): | | | | | |
| Taxes | 19,311,100 | 20,222,125 | 24,609 | - | - |
| Accounts | 1,203,184 | 1,700,329 | 1,293,134 | - | 82,242 |
| Grants | 853,603 | - | 1,100,309 | 3,471 | 13,750 |
| Due from Other Funds | 733,875 | - | - | - | - |
| Accrued Interest | 71,806 | 12,478 | - | 66,454 | 27,753 |
| Interfund Loan Receivables | 30,261 | - | - | 2,286,449 | - |
| Inventory | - | - | 442,351 | - | - |
| Equity in Pooled Restricted Cash | 5,613,115 | 7,741,308 | - | - | 8,381,514 |
| Total Assets | 70,229,945 | 29,676,240 | 3,058,860 | 42,369,783 | 15,933,291 |
| LIABILITIES | | | | | |
| Accounts Payable | 2,030,509 | 4,403,850 | 1,190,472 | 200,055 | 710,288 |
| Accrued Liabilities | 1,414,677 | - | 169,557 | 2,980 | 425,770 |
| Due to Other Funds | - | - | 364,218 | - | - |
| Unearned Revenue | 4,036,335 | - | - | - | - |
| Interfund Loan Payable | 977,988 | 1,560,959 | - | - | - |
| Total Liabilities | 8,459,509 | 5,964,809 | 1,724,247 | 203,035 | 1,136,058 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable Revenue | 1,026,652 | - | 1,334,613 | 3,471 | 16,520 |
| Deferred Property Taxes | 12,871,706 | 20,222,125 | - | - | - |
| Total Deferred Inflows of Resources | 13,898,358 | 20,222,125 | 1,334,613 | 3,471 | 16,520 |
| Total Liabilities and Deferred Inflows of Resources | 22,357,867 | 26,186,934 | 3,058,860 | 206,506 | 1,152,578 |
| Fund Balances: | | | | | |
| Nonspendable | 30,261 | - | 442,351 | - | - |
| Restricted | 6,395,429 | 3,489,306 | - | - | 14,780,713 |
| Committed | 825,050 | - | - | 42,163,277 | - |
| Assigned | - | - | - | - | - |
| Unassigned | 40,621,338 | - | (442,351) | - | - |
| Total Fund Balances | 47,872,078 | 3,489,306 | - | 42,163,277 | 14,780,713 |
| Total Liabilities and Fund Balances | \$ 70,229,945 | \$ 29,676,240 | \$ 3,058,860 | \$ 42,369,783 | \$ 15,933,291 |

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

City of Loveland, Colorado
Balance Sheet
Governmental Fund Types
December 31, 2021

| | Capital Project Funds | Other Governmental Funds | Total Governmental Funds |
|--|--------------------------|--------------------------------|--------------------------------|
| ASSETS | | | |
| Cash | \$ - | \$ 300 | \$ 8,799 |
| Equity in Pooled Cash | 949,915 | 9,946,151 | 42,132,742 |
| Equity in Pooled Investments | 1,721,826 | 12,492,786 | 73,022,336 |
| Receivables (Net): | | | |
| Taxes | - | 709,123 | 40,266,957 |
| Accounts | 346,400 | 51,635 | 4,676,924 |
| Grants | 1,240,765 | 201,455 | 3,413,353 |
| Due from Other Funds | - | - | 733,875 |
| Accrued Interest | 4,393 | 40,195 | 223,079 |
| Interfund Loan Receivables | - | - | 2,316,710 |
| Inventory | - | 22,481 | 464,832 |
| Equity in Pooled Restricted Cash | - | 2,137,087 | 23,873,024 |
| Total Assets | 4,263,299 | 25,601,213 | 191,132,631 |
| LIABILITIES | | | |
| Accounts Payable | 4,172,329 | 317,579 | 13,025,082 |
| Accrued Liabilities | 1,089 | 65,034 | 2,079,107 |
| Due to Other Funds | - | - | 364,218 |
| Unearned Revenue | - | - | 4,036,335 |
| Interfund Loan Payable | - | - | 2,538,947 |
| Total Liabilities | 4,173,418 | 382,613 | 22,043,689 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable Revenue | 1,240,765 | 117,872 | 3,739,893 |
| Deferred Property Taxes | - | 136,940 | 33,230,771 |
| Total Deferred Inflows of Resources | 1,240,765 | 254,812 | 36,970,664 |
| Total Liabilities and Deferred Inflows of Resources | 5,414,183 | 637,425 | 59,014,353 |
| Fund Balances: | | | |
| Nonspendable | - | 3,579,557 | 4,052,169 |
| Restricted | - | 18,376,703 | 43,042,151 |
| Committed | - | 1,686,667 | 44,674,994 |
| Assigned | - | 1,320,861 | 1,320,861 |
| Unassigned | (1,150,884) | - | 39,028,103 |
| Total Fund Balances | (1,150,884) | 24,963,788 | 132,118,278 |
| Total Liabilities and Fund Balances | \$ 4,263,299 | \$ 25,601,213 | \$ 191,132,631 |

| | |
|---|-----------------------|
| 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. | 480,963,364 |
| City's joint venture equity interest in Northern Colorado Regional Airport | 9,932,212 |
| City's Net Pension Liability | (1,534,877) |
| Certain deferred inflows of resources represent deferred revenue which revenue does not represent current available resources. These revenues are eliminated at the activity level. | 3,739,893 |
| Certain deferred outflows/inflows of resources represent deferred expenses relating to pension expenses | (63,572) |
| Pollution Remediation | (716,475) |
| An internal service fund is used by management to charge the costs of employee benefits, risk and insurance, and vehicle maintenance to individual funds. The assets and liabilities of the internal service fund are included in government activities in the statement of net position. | 36,443,173 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds. | |
| (Accrued Leave \$5,639,707, Certificates of Participation \$15,170,000, Capital Leases, \$12,544,937, Bank Loan, \$1,000,000, and developer oversizing agreements \$911,443) | (35,266,088) |
| Net Position of Governmental Activities | \$ 625,615,908 |

City of Loveland, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund Types
For the Year Ended December 31, 2021

| | General | Loveland Urban Renewal Authority | Transportation | Capital Expansion Fees | Loveland Fire Rescue Authority |
|---|----------------------|--|-------------------|---------------------------|-----------------------------------|
| Revenues: | | | | | |
| Taxes | \$ 79,526,807 | \$ 18,805,001 | \$ 86,085 | \$ - | \$ - |
| Licenses and Permits | 6,477,122 | - | 180,762 | - | 189,078 |
| Fines and Penalties | 837,820 | - | - | - | - |
| Intergovernmental | 8,746,559 | - | 5,294,210 | - | 18,689,300 |
| Charges for Services | 3,889,254 | - | 3,947,565 | 11,281,997 | 2,109,203 |
| Investment Earnings (Loss) | 389,049 | 57,538 | (56,806) | (111,426) | 44,094 |
| Payment in Lieu of Taxes | 8,790,101 | - | - | - | - |
| Contributions | 23,748 | - | - | - | - |
| Miscellaneous | 1,096,871 | 10,004 | 115,454 | 746,905 | 2,849,869 |
| Total Revenues | 109,777,331 | 18,872,543 | 9,567,270 | 11,917,476 | 23,881,544 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Legislative | 150,963 | - | - | - | - |
| City Manager | 1,883,391 | - | - | - | - |
| City Attorney | 1,295,583 | - | - | - | - |
| City Clerk | 584,936 | - | - | - | - |
| Municipal Court | 700,449 | - | - | - | - |
| Finance | 6,128,394 | - | - | - | - |
| Human Resources | 1,458,268 | - | - | - | - |
| Information Technology | 3,993,947 | - | - | - | - |
| Economic Development | 1,241,779 | - | - | - | - |
| Development Services | 2,771,733 | - | - | - | - |
| Public Works | 8,301,924 | - | 13,373,668 | - | - |
| Police | 24,045,391 | - | - | - | - |
| Fire | - | - | - | - | 21,302,646 |
| Parks & Recreation | 9,066,165 | - | - | 112,262 | - |
| Library | 2,947,392 | - | - | - | - |
| Cultural Services | 2,112,693 | - | - | - | - |
| General Government | 12,295,615 | 17,783,003 | - | - | - |
| Capital Outlay | 2,135,041 | - | 9,138,294 | 668,931 | 3,795,756 |
| Debt service | | | | | |
| Principal | 370,000 | - | - | - | 3,661,054 |
| Interest and debt service costs | 562,580 | 54,859 | 60,167 | - | 293,604 |
| Total Expenditures | 82,046,244 | 17,837,862 | 22,572,129 | 781,193 | 29,053,060 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 27,731,087 | 1,034,681 | (13,004,859) | 11,136,283 | (5,171,516) |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 1,603,315 | - | 13,078,066 | 155,019 | 671 |
| Transfers (Out) | (14,943,083) | - | (73,207) | (1,469,395) | - |
| Debt Proceeds | - | 1,000,000 | - | - | 12,544,937 |
| Total Other Financing Sources (Uses) | (13,339,768) | 1,000,000 | 13,004,859 | (1,314,376) | 12,545,608 |
| Net Change in Fund Balance | 14,391,319 | 2,034,681 | - | 9,821,907 | 7,374,092 |
| Fund Balances--Beginning | 33,480,759 | 1,454,625 | - | 32,110,116 | 7,406,621 |
| Prior period adjustment | - | - | - | 231,254 | - |
| Fund Balances--Beginning, as restated | 33,480,759 | 1,454,625 | - | 32,341,370 | 7,406,621 |
| Fund Balances--Ending | \$ 47,872,078 | \$ 3,489,306 | \$ - | \$ 42,163,277 | \$ 14,780,713 |

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

| Capital Project Funds | Other Governmental Funds | Total Governmental Funds |
|--------------------------|--------------------------------|--------------------------------|
| \$ - | \$ 4,076,039 | \$ 102,493,932 |
| - | - | 6,846,962 |
| - | - | 837,820 |
| 1,348,903 | 2,722,712 | 36,801,684 |
| - | 260,739 | 21,488,758 |
| 223,877 | (319,698) | 226,628 |
| - | - | 8,790,101 |
| - | - | 23,748 |
| 370,088 | 663,463 | 5,852,654 |
| 1,942,868 | 7,403,255 | 183,362,287 |
| - | - | 150,963 |
| - | 1,217,704 | 3,101,095 |
| - | - | 1,295,583 |
| - | - | 584,936 |
| - | - | 700,449 |
| - | - | 6,128,394 |
| - | - | 1,458,268 |
| 1,591,826 | 57,612 | 5,643,385 |
| - | 756,748 | 1,998,527 |
| - | - | 2,771,733 |
| 109,640 | 524,283 | 22,309,515 |
| 62,512 | 291,036 | 24,398,939 |
| - | - | 21,302,646 |
| 9,092 | 1,471,274 | 10,658,793 |
| - | - | 2,947,392 |
| - | - | 2,112,693 |
| - | 54,564 | 30,133,182 |
| 3,324,267 | 2,864,716 | 21,927,005 |
| - | - | 4,031,054 |
| - | - | 971,210 |
| 5,097,337 | 7,237,937 | 164,625,762 |
| (3,154,469) | 165,318 | 18,736,525 |
| 3,703,861 | 620,000 | 19,160,932 |
| (29,164) | - | (16,514,849) |
| - | - | 13,544,937 |
| 3,674,697 | 620,000 | 16,191,020 |
| 520,228 | 785,318 | 34,927,545 |
| (1,439,858) | 24,178,470 | 97,190,733 |
| (231,254) | - | - |
| (1,671,112) | 24,178,470 | 97,190,733 |
| \$ (1,150,884) | \$ 24,963,788 | \$ 132,118,278 |

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, 2021

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

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds | \$ 34,927,545 |
| 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 \$20,344,322 exceeded depreciation \$19,125,473 in the current period. | 1,621,594 |
| 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 loss on disposal of capital assets. | 24,646,498 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This includes accounts receivable not collected in 60 days. | (1,870,130) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes an increase in accrued leave \$82,208; a decrease in developer oversizing agreements, net of accrued interest \$268,706; an increase in the Net Pension Liability \$172,531, and an increase in Pollution Remediation \$196,475. | (182,508) |
| Revenues that are recorded for the Airport joint venture in the statement of activities that are not reported as revenues in the funds. | 1,636,412 |
| Issuance of Long-Term Debt not reported in Statement of Activities, less principal payments of \$4,842,865. | (8,702,072) |
| Internal service funds are used by management to charge the costs to various services to individual funds. The net revenue (loss) of certain activities of the internal service fund is reported with governmental funds. | (71,502) |
| <hr/> | |
| Change in net position of governmental activities | <hr/> \$ 52,005,837 |

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, 2021

| | Business-Type Activities - Enterprise Funds | | | |
|--|---|-----------------------|----------------------|---------------------------|
| | Water | Waste Water | Stormwater | Electric & Communications |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash | \$ - | \$ - | \$ - | \$ 2,850 |
| Equity in Pooled Cash | 3,414,053 | 2,398,593 | 1,955,232 | 11,993,437 |
| Equity in Pooled Investments | 7,751,052 | 5,896,243 | 6,805,014 | 14,940,552 |
| Receivables, Net | 2,291,753 | 2,209,496 | 1,106,630 | 10,675,852 |
| Accrued Interest | 75,402 | 21,846 | 22,292 | 71,649 |
| Inventory, at Cost | 335,899 | 5,871 | - | 6,822,776 |
| Total Current Assets | 13,868,159 | 10,532,049 | 9,889,168 | 44,507,116 |
| Non-current Assets: | | | | |
| Interfund Loan Receivable | - | - | - | 2,456,541 |
| Restricted Assets: | | | | |
| Future Raw Water Projects Restricted Cash | 1,287,295 | - | - | - |
| Future Easement Improvements Restricted Cash | - | - | - | - |
| Equity in Pooled Restricted Cash | 1,554,989 | 2,986,956 | - | 39,704,038 |
| Reservoir Improvements Restricted Cash | - | - | - | - |
| System Impact Fees | - | - | 4,640,865 | - |
| Equity in Pooled Restricted Investments | 20,126,409 | 1,802,359 | - | 10,421,080 |
| Total Restricted Assets | 22,968,693 | 4,789,315 | 4,640,865 | 50,125,118 |
| Capital Assets: | | | | |
| Land | 4,046,605 | 1,124,497 | 6,212,999 | 2,510,359 |
| Intangible Assets/Easements | 7,780,238 | 7,923,473 | 8,006,379 | 9,315,577 |
| Buildings | 3,467,553 | 24,038,630 | 94,184 | 5,179,139 |
| Equipment | 3,494,162 | 3,745,042 | 3,636,945 | 7,886,264 |
| Improvements Other Than Buildings | 198,767,576 | 117,349,520 | 56,106,156 | 248,079,875 |
| Water Rights | 77,696,150 | - | - | - |
| Construction in Progress | 83,947,369 | 2,542,503 | 13,153,644 | 14,010,304 |
| Total Capital Assets | 379,199,653 | 156,723,665 | 87,210,307 | 286,981,518 |
| Accumulated Depreciation | (66,576,575) | (40,696,343) | (19,236,782) | (78,583,775) |
| Net Capital Assets | 312,623,078 | 116,027,322 | 67,973,525 | 208,397,743 |
| Total Non-Current Assets | 335,591,771 | 120,816,637 | 72,614,390 | 260,979,402 |
| Total Assets | \$ 349,459,930 | \$ 131,348,686 | \$ 82,503,558 | \$ 305,486,518 |
| Deferred Outflows of Resources: | | | | |
| Asset Retirement Obligation | - | - | - | 259,757 |

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, 2021
(Continued)

| Business-Type Activities - Enterprise Funds | | | Governmental |
|---|---------------|----------------|-----------------------------------|
| Solid Waste | Golf | Totals | Activities Internal Service |
| \$ 1,250 | \$ 4,200 | \$ 8,300 | \$ - |
| 2,848,676 | 2,482,189 | 25,092,180 | 8,869,602 |
| 4,515,990 | 4,298,083 | 44,206,934 | 18,937,690 |
| 1,149,607 | 213,221 | 17,646,559 | 225,204 |
| 12,352 | 11,752 | 215,293 | 47,930 |
| 153,278 | 58,391 | 7,376,215 | 592,376 |
| 8,681,153 | 7,067,836 | 94,545,481 | 28,672,802 |
| - | - | 2,456,541 | 222,270 |
| - | - | 1,287,295 | - |
| - | 94,695 | 94,695 | - |
| 310,829 | - | 44,556,812 | 320,180 |
| - | 183,008 | 183,008 | - |
| - | - | 4,640,865 | - |
| - | - | 32,349,848 | - |
| 310,829 | 277,703 | 83,112,523 | 320,180 |
| - | 1,055,502 | 14,949,962 | 209,516 |
| - | - | 33,025,667 | - |
| 378,098 | 4,554,614 | 37,712,218 | 1,976,509 |
| 9,544,075 | 2,776,494 | 31,082,982 | 19,666,975 |
| 232,356 | 8,385,937 | 628,921,420 | - |
| - | 94,500 | 77,790,650 | - |
| - | 105,156 | 113,758,976 | 218,223 |
| 10,154,529 | 16,972,203 | 937,241,875 | 22,071,223 |
| (7,444,952) | (12,673,369) | (225,211,796) | (12,101,617) |
| 2,709,577 | 4,298,834 | 712,030,079 | 9,969,606 |
| 3,020,406 | 4,576,537 | 797,599,143 | 10,512,056 |
| \$ 11,701,559 | \$ 11,644,373 | \$ 892,144,624 | \$ 39,184,858 |
| - | - | 259,757 | - |

City of Loveland, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2021
(Continued)

| | Business-Type Activities - Enterprise Funds | | | |
|--|---|-----------------------|----------------------|---------------------------|
| | Water | Waste Water | Stormwater | Electric & Communications |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 2,064,730 | 679,155 | 3,260,028 | 7,828,943 |
| Accrued Liabilities | 972,570 | 535,997 | 66,903 | 648,158 |
| Due to Other Funds | - | - | - | 369,657 |
| Deposits | - | - | - | 9,868,165 |
| ARO Liability - Hydro | - | - | - | 1,047,915 |
| Compensated Absences | 190,527 | 155,538 | 83,407 | 303,838 |
| Bond Payable - Current | 1,793,298 | 4,050,000 | - | 405,115 |
| Total Current Liabilities | 5,021,125 | 5,420,690 | 3,410,338 | 20,471,791 |
| Long-Term Liabilities: | | | | |
| Compensated Absences | 155,886 | 127,259 | 68,242 | 248,593 |
| Bond Payable | 60,776,516 | 18,780,000 | - | 93,893,780 |
| ARO Liability - Solar | - | - | - | 313,500 |
| Interfund Loan Payable | - | - | - | 2,456,541 |
| Total Long-Term Liabilities | 60,932,402 | 18,907,259 | 68,242 | 96,912,414 |
| Total Liabilities | 65,953,527 | 24,327,949 | 3,478,580 | 117,384,205 |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 249,909,573 | 93,197,322 | 67,973,525 | 150,021,254 |
| Restricted for Future Capital Improvements | 24,255,989 | 4,789,315 | 4,640,865 | 15,661,793 |
| Restricted | - | - | - | - |
| Unrestricted | 9,340,841 | 9,034,100 | 6,410,588 | 22,679,023 |
| Total Net Position | \$ 283,506,403 | \$ 107,020,737 | \$ 79,024,978 | \$ 188,362,070 |

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, 2021
(Continued)

| Business-Type Activities - Enterprise Funds | | | Governmental |
|---|---------------|----------------|-----------------------------------|
| Solid Waste | Golf | Totals | Activities Internal Service |
| 227,723 | 482,301 | 14,542,880 | 1,549,495 |
| 106,359 | 69,793 | 2,399,780 | 1,007,888 |
| - | - | 369,657 | - |
| - | - | 9,868,165 | - |
| - | - | 1,047,915 | - |
| 92,204 | 92,125 | 917,639 | - |
| - | - | 6,248,413 | - |
| 426,286 | 644,219 | 35,394,449 | 2,557,383 |
| 75,440 | 75,375 | 750,795 | 184,302 |
| - | - | 173,450,296 | - |
| - | - | 313,500 | - |
| - | - | 2,456,541 | - |
| 75,440 | 75,375 | 176,971,132 | 184,302 |
| 501,726 | 719,594 | 212,365,581 | 2,741,685 |
| 2,709,577 | 4,298,834 | 568,110,085 | 9,969,606 |
| 310,829 | 277,703 | 49,936,494 | - |
| - | - | - | 320,180 |
| 8,179,427 | 6,348,242 | 61,992,221 | 26,153,387 |
| \$ 11,199,833 | \$ 10,924,779 | \$ 680,038,800 | \$ 36,443,173 |

City of Loveland, Colorado
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

| | Business-Type Activities - Enterprise Funds | | | | |
|---|---|-----------------------|----------------------|---------------------------|----------------------|
| | Water | Waste Water | Stormwater | Electric & Communications | Solid Waste |
| Operating Revenues: | | | | | |
| Charges for Services | \$ 20,128,789 | \$ 16,186,955 | \$ 8,249,402 | \$ 76,806,313 | \$ 9,603,233 |
| Miscellaneous | 1,799,970 | 148,223 | 77,439 | 986,810 | - |
| Total Operating Revenues | 21,928,759 | 16,335,178 | 8,326,841 | 77,793,123 | 9,603,233 |
| Operating Expenses: | | | | | |
| Personal Services | 5,743,946 | 4,151,857 | 1,628,709 | 6,703,642 | 2,860,286 |
| Supplies | 1,484,909 | 722,927 | 42,221 | 561,419 | 281,736 |
| Purchased Services | 5,213,123 | 3,442,218 | 858,844 | 6,985,897 | 3,749,472 |
| Purchased Power | - | - | - | 46,414,524 | - |
| Payment for Services | 1,325,254 | 1,049,794 | 539,680 | 5,265,409 | 609,964 |
| Depreciation | 4,084,882 | 3,712,890 | 1,424,651 | 7,253,844 | 970,931 |
| Total Operating Expenses | 17,852,114 | 13,079,686 | 4,494,105 | 73,184,735 | 8,472,389 |
| Net Operating Income (loss) | 4,076,645 | 3,255,492 | 3,832,736 | 4,608,388 | 1,130,844 |
| Nonoperating Revenues (Expenses): | | | | | |
| Investment Earnings | (628,249) | (30,694) | (240,226) | (220,065) | (102,468) |
| Bond Expenses | (203,188) | (750) | - | (1,000) | - |
| Interest and debt service costs | (874,412) | (934,542) | - | (3,673,405) | (17,876) |
| Gain (Loss) on Sale of Capital Assets | 35,947 | 15,500 | (1,952,049) | 52,281 | 34,000 |
| Total Nonoperating Revenues (Expense) | (1,669,902) | (950,486) | (2,192,275) | (3,842,189) | (86,344) |
| Net Income (Loss) Before Contributions and Transfers | 2,406,743 | 2,305,006 | 1,640,461 | 766,199 | 1,044,500 |
| Capital Contributions: | | | | | |
| System Impact/Development Fees | 4,314,651 | 2,593,470 | 417,904 | 3,732,854 | - |
| Contributed Assets | 1,082,210 | 653,067 | 1,933,391 | 220,769 | - |
| Aid to Construction | 566,814 | - | - | 1,868,048 | - |
| Raw Water Development Fees | 1,662,479 | - | - | - | - |
| Cash in Lieu of Water Rights | 1,630,892 | - | - | - | - |
| Capital Grant Contributions | 25,147 | - | - | - | 23,718 |
| Transfers In | 452 | - | 400 | - | 240,000 |
| Transfers (Out) | (346,017) | (309,636) | (158,762) | (1,338,764) | (288,598) |
| Change in Net Position | 11,343,371 | 5,241,907 | 3,833,394 | 5,249,106 | 1,019,620 |
| Total Net Position - Beginning | 272,163,032 | 101,778,830 | 75,191,584 | 183,112,964 | 10,180,213 |
| Total Net Position - Ending | \$ 283,506,403 | \$ 107,020,737 | \$ 79,024,978 | \$ 188,362,070 | \$ 11,199,833 |

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

| Business-Type Activities - Enterprise Funds | | Governmental Activities |
|---|----------------|-------------------------|
| Golf | Totals | Internal Service |
| \$ 5,293,342 | \$ 136,268,034 | \$ 25,956,601 |
| 796 | 3,013,238 | 315,093 |
| 5,294,138 | 139,281,272 | 26,271,694 |
| 2,337,218 | 23,425,658 | 2,257,603 |
| 554,628 | 3,647,840 | 2,806,992 |
| 698,714 | 20,948,268 | 18,751,935 |
| - | 46,414,524 | - |
| - | 8,790,101 | - |
| 330,680 | 17,777,878 | 1,783,799 |
| 3,921,240 | 121,004,269 | 25,600,329 |
| 1,372,898 | 18,277,003 | 671,365 |
| (88,510) | (1,310,212) | (464,436) |
| - | (204,938) | - |
| - | (5,500,235) | 8,160 |
| 1,000 | (1,813,321) | 139,962 |
| (87,510) | (8,828,706) | (316,314) |
| 1,285,388 | 9,448,297 | 355,051 |
| - | 11,058,879 | - |
| - | 3,889,437 | - |
| - | 2,434,862 | - |
| - | 1,662,479 | - |
| - | 1,630,892 | - |
| 2,973 | 51,838 | 18,602 |
| - | 240,852 | 725,030 |
| - | (2,441,777) | (1,170,185) |
| 1,288,361 | 27,975,759 | (71,502) |
| 9,636,418 | 652,063,041 | 36,514,675 |
| \$ 10,924,779 | \$ 680,038,800 | \$ 36,443,173 |

City of Loveland, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

| | Business-Type Activities - Enterprise Funds | | |
|--|---|---------------------|---------------------|
| | Water | Waste Water | Stormwater |
| Cash Flows from Operating Activities: | | | |
| Cash Received from Customers | \$ 19,712,539 | \$ 15,637,697 | \$ 8,059,416 |
| Cash Received from Interfund Services | - | - | - |
| Cash Payments for Goods and Services | (8,060,701) | (5,920,800) | (1,882,648) |
| Cash Payments to Employees | (5,864,363) | (4,175,629) | (1,630,452) |
| Cash Received from Employees | | | |
| Other Receipts | 1,611,028 | 150,225 | 77,435 |
| Net Cash Provided by Operating Activities | 7,398,503 | 5,691,493 | 4,623,751 |
| Cash Flows from Non-Capital Financing Activities: | | | |
| Transfers In | 451 | - | 400 |
| Transfers Out | (346,017) | (309,637) | (158,761) |
| Net Cash Used by Non-Capital Financing Activities | (345,566) | (309,637) | (158,361) |
| Cash Flows from Capital and Related Financing Activities | | | |
| System Impact/Development Fees | 4,314,652 | 2,593,586 | 417,904 |
| Proceeds on Sale of Capital Assets | 20,950 | 15,500 | 84,600 |
| Payments for Capital Acquisition | (77,763,437) | (3,949,974) | (6,363,126) |
| Intergovernmental Revenue | - | - | - |
| Raw Water Development Fees | 1,662,479 | - | - |
| Capital Grant Contributions | 25,147 | 61,787 | - |
| Cash in Lieu of Water Rights | 1,630,892 | - | - |
| Aid to Construction | 566,814 | - | - |
| Debt Principal proceeds (payments) | 51,139,814 | (715,000) | - |
| Repayments received on Interfund Loans receivable | - | - | - |
| Bond Expenses | (203,188) | (750) | - |
| Interest Paid | (243,634) | (945,188) | - |
| Net Cash Used by Capital and Related Financing Activities | (18,849,511) | (2,940,039) | (5,860,622) |
| Cash Flows from Investing Activities: | | | |
| Purchase of Investments | (5,909,951) | (2,132,169) | (139,524) |
| Proceeds from Sale of Investments | 13,426,586 | 3,641,086 | 3,760,925 |
| Investment Earnings | 426,935 | 92,728 | 105,166 |
| Net Cash Flows Provided by Investing Activities | 7,943,570 | 1,601,645 | 3,726,567 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (3,853,004) | 4,043,462 | 2,331,335 |
| Cash and Cash Equivalents - Jan. 1 | 10,109,341 | 1,342,087 | 4,264,762 |
| Cash and Cash Equivalents - Dec. 31 | \$ 6,256,337 | \$ 5,385,549 | \$ 6,596,097 |
| Reconciliation of Operating Income to Net | | | |
| Operating Income | \$ 4,076,645 | \$ 3,255,492 | \$ 3,832,736 |
| Adjustments to Reconcile Operating Income to | | | |
| Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation | 4,084,882 | 3,712,890 | 1,424,651 |
| (Increase) Decrease in Accounts Receivable | (605,195) | (547,143) | (189,986) |
| (Increase) Decrease in Inventory | 40,865 | (1,047) | - |
| Increase (Decrease) in Current Liabilities | (198,694) | (728,699) | (443,650) |
| Decrease in Long Term Liabilities | - | - | - |
| Total Adjustments | 3,321,858 | 2,436,001 | 791,015 |
| Net Cash Provided by Operating Activities | \$ 7,398,503 | \$ 5,691,493 | \$ 4,623,751 |
| Noncash Investing, Capital and Financing Activities: | | | |
| Contributed Assets from Subdividers | \$ 1,082,210 | \$ 653,067 | \$ 1,933,391 |
| Unrealized Loss on Investments | (983,796) | (131,491) | (316,295) |
| Reconciliation of cash and cash equivalents to statement of net position: | | | |
| Cash and cash equivalents | 3,414,053 | 2,398,593 | 1,955,232 |
| Restricted Assets - cash and cash equivalents | 2,842,284 | 2,986,956 | 4,640,865 |
| | \$ 6,256,337 | \$ 5,385,549 | \$ 6,596,097 |

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

| Business-Type Activities - Enterprise Funds | | | | Governmental Activities | |
|---|--------------|--------------|----------------|-------------------------|--------------|
| Electric & Communications | Solid Waste | Golf | Total | Internal Service | |
| \$ 73,878,671 | \$ 9,283,758 | \$ 5,285,590 | \$ 131,857,671 | \$ - | - |
| - | - | - | - | 26,045,864 | 26,045,864 |
| (58,999,284) | (4,494,048) | (1,174,651) | (80,532,132) | (21,466,510) | (21,466,510) |
| (6,679,711) | (2,863,923) | (2,319,813) | (23,533,891) | (2,269,356) | (2,269,356) |
| 987,016 | (9,333) | 543 | 2,816,914 | 633,568 | 633,568 |
| 9,186,692 | 1,916,454 | 1,791,669 | 30,608,562 | 315,408 | 315,408 |
| - | 240,000 | - | 240,851 | 725,030 | 725,030 |
| (1,338,763) | (288,598) | - | (2,441,776) | (1,170,185) | (1,170,185) |
| (1,338,763) | (48,598) | - | (2,200,925) | (445,155) | (445,155) |
| 3,732,854 | - | - | 11,058,996 | - | - |
| 78,850 | 34,000 | 1,000 | 234,900 | 139,962 | 139,962 |
| (35,272,810) | (330,650) | (206,111) | (123,886,108) | (2,614,472) | (2,614,472) |
| - | 23,718 | 3,026 | 26,744 | 106 | 106 |
| - | - | - | 1,662,479 | - | - |
| - | - | - | 86,934 | - | - |
| - | - | - | 1,630,892 | - | - |
| 6,459,503 | - | - | 7,026,317 | - | - |
| - | - | - | 50,424,814 | - | - |
| 381,317 | - | - | 381,317 | 57,936 | 57,936 |
| - | - | - | (203,938) | - | - |
| (3,427,005) | - | - | (4,615,827) | - | - |
| (28,047,291) | (272,932) | (202,085) | (56,172,480) | (2,416,468) | (2,416,468) |
| (6,767,545) | (1,124,214) | (1,135,002) | (17,208,405) | (6,820,775) | (6,820,775) |
| 12,003,539 | 2,123,903 | 1,953,663 | 36,909,702 | 8,563,326 | 8,563,326 |
| 317,070 | 54,172 | 49,068 | 1,045,139 | 222,569 | 222,569 |
| 5,553,064 | 1,053,861 | 867,729 | 20,746,436 | 1,965,120 | 1,965,120 |
| (14,646,298) | 2,648,785 | 2,457,313 | (7,018,407) | 2,362,471 | 2,362,471 |
| 66,346,623 | 511,970 | 306,779 | 82,881,562 | 6,827,311 | 6,827,311 |
| \$ 51,700,325 | \$ 3,160,755 | \$ 2,764,092 | \$ 75,863,155 | \$ 9,189,782 | \$ 9,189,782 |
| \$ 4,608,388 | \$ 1,130,844 | \$ 1,372,898 | \$ 18,277,003 | \$ 671,367 | \$ 671,367 |
| 7,253,844 | 970,931 | 330,680 | 17,777,878 | 1,783,799 | 1,783,799 |
| (2,927,442) | (304,004) | (8,000) | (4,581,770) | 89,560 | 89,560 |
| (1,155,375) | 14,939 | 34,534 | (1,066,084) | (73,508) | (73,508) |
| 2,091,384 | 103,744 | 61,557 | 885,642 | 787,756 | 787,756 |
| (684,107) | - | - | (684,107) | - | - |
| 4,578,304 | 785,610 | 418,771 | 12,331,559 | 2,587,607 | 2,587,607 |
| \$ 9,186,692 | \$ 1,916,454 | \$ 1,791,669 | \$ 30,608,562 | \$ 3,258,974 | \$ 3,258,974 |
| \$ 220,770 | \$ - | \$ - | \$ 3,889,438 | \$ - | \$ - |
| (529,701) | (146,283) | (128,917) | (2,236,483) | (641,485) | (641,485) |
| 11,996,287 | 2,849,926 | 2,486,389 | 25,100,480 | 8,869,602 | 8,869,602 |
| 39,704,038 | 310,829 | 277,703 | 50,762,675 | 320,180 | 320,180 |
| \$ 51,700,325 | \$ 3,160,755 | \$ 2,764,092 | \$ 75,863,155 | \$ 9,189,782 | \$ 9,189,782 |

City of Loveland, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

| | Special Improvement District No. 1 Custodial Fund |
|--|---|
| <hr/> | |
| ASSETS | |
| Equity in Pooled Cash and Cash Equivalents | \$ 11,391 |
| Equity in Pooled Investments | 103,481 |
| Accounts Receivable | 35,168 |
| Accrued Interest | 621 |
| Equity in Pooled Restricted Cash | 258,489 |
| <hr/> | |
| Total Assets | \$ 409,150 |
| <hr/> | |
| LIABILITIES | |
| Accounts Payable | 139 |
| <hr/> | |
| Total Liabilities | \$ 139 |
| <hr/> | |
| Net Position: | |
| Restricted For: | |
| Improvement District | \$ 409,011 |
| <hr/> <hr/> | |

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

City of Loveland, Colorado
Special Improvement District #1
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2021

| | |
|---|----------------|
| Additions: | |
| Special Assessments | \$ 461,954 |
| Interest | (1,372) |
| Miscellaneous | 2,001 |
| Total Additions | 462,583 |
| Deductions: | |
| General Administration | 5,417 |
| Bond Principal | 430,000 |
| Bond Interest | 109,200 |
| Trustee Fees | 300 |
| Total Deductions | 544,917 |
| Net increase (decrease) in fiduciary net position | (82,334) |
| Net position-beginning | 491,345 |
| Net position-ending | \$ 409,011 |

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

City of Loveland, Colorado
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

Blended Component Units

1. General Improvement District (GID) #1: This District is reported as a Special Revenue Fund. The District provides for the operation, maintenance, and construction of downtown parking lots and landscaping. The City Council serves as an ex-officio Board of Directors and the GID provides services entirely for the City.
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 Loveland City Manager, Larimer County Manager, and one other volunteer board member. The LLBA provides services that almost exclusively benefits the City.
3. Loveland Urban Renewal Authority (LURA): This Authority is reported as a Special Revenue Fund. The Authority receives tax increment financing property and sales taxes within its boundaries and uses that revenue source for urban renewal projects. The City Council serves as the governing board of LURA and LURA provides services entirely for the City.
4. Loveland Fire Rescue Authority: This Authority is reported as a Special Revenue Fund. The Authority receives revenue for operating and capital expenses primarily from contributions from the City and the Loveland Rural Fire District. Additional revenues are generated from fees charged for services provided by both the Suppression and Prevention Divisions. Expenses are limited to the operations and capital needs of the Authority. The Fund is managed by the Fire Authority, but the Authority has a governing body substantively the same as the City and a financial benefit/burden relationship exists. The Authority also provides service that almost exclusively benefits the City.
5. Downtown Development Authority (DDA): The Authority was established to aid in the development and redevelopment of property within the boundaries of the Authority. The election held on November 7, 2017 for an increase in the property taxes of not more than 5.00 mills for the Authority did not pass however the DDA's ability to issue debt secured by tax increment revenues did pass. The DDA is financially dependent on the City and any debt issuance requires final approval by the City Council. The City has an administrative and direct financial involvement and the DDA assets are for the benefit of the City.

Joint Ventures

1. Northern Colorado Regional Airport (hereinafter referred to as "Airport"): The Airport is jointly owned and operated by the cities of Loveland and Fort Collins, Colorado. Annual contributions are made by both cities to subsidize expenditures in excess of revenues for operations and to enhance the value of the Airport. As of December 31, 2021, ownership was (based on contributed capital): Fort Collins 50%, and Loveland 50%.

Note 1: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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.

Financial Information

A summary of financial information is as follows:

| | |
|--|-----------------------------|
| As of December 31, 2021 | |
| Total Current Assets | \$ 4,524,806 |
| Total Capital Assets (net of accumulated depreciation) | 15,805,175 |
| Total Assets | <u>20,329,981</u> |
| Total Current Liabilities | (465,557) |
| Total Net Position | <u><u>\$ 19,864,424</u></u> |

| | |
|--|----------------------------|
| For the Year Ended December 31, 2021 | |
| Total operating revenue | \$ 1,684,665 |
| Total operating expenses | (2,624,588) |
| Interest income & Federal/State Grants | 570,091 |
| Capital contributions | 3,642,656 |
| Change in Net Position | <u><u>\$ 3,272,824</u></u> |

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

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

Separately-issued financial statements for PRPA are available from its corporate headquarters at PRPA, 2000 East Horsetooth Road, Fort Collins, Colorado, 80525. The City does not have an equity interest in this joint venture.

3. Northern Colorado Law Enforcement Training Center: On March 19, 2019 the City of Loveland and the City of Fort Collins entered into an agreement to construct a regional training campus for their respective Police departments. This campus is jointly owned by the cities of Loveland and Fort Collins, Colorado. Ownership will be 50% for each City. The campus completed construction in early 2021.

| | |
|---------------------------|--------------------------|
| As of December 31, 2021 | |
| Total Current Assets | \$ 220,412 |
| Total Assets | <u>220,412</u> |
| Total Current Liabilities | (8,099) |
| Total Net Position | <u><u>\$ 212,313</u></u> |

| | |
|--------------------------------------|--------------------------|
| For the Year Ended December 31, 2021 | |
| Total operating revenue | \$ 62,514 |
| Total operating expenses | (291,036) |
| Interest income | 835 |
| Contributions | 440,000 |
| Change in Net Position | <u><u>\$ 212,313</u></u> |

Note 1: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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. **Loveland Urban Renewal Authority (LURA)**: This Special Revenue Fund accounts for tax increment financing and operating costs of the Authority.
3. **Transportation Fund**: This Special Revenue Fund is used to account for all revenues and costs to maintain the existing street infrastructure and the construction of new infrastructure. The primary funding sources are Highway User Tax Funds (HUTF) and other state revenue sharing, the Larimer County Road and Bridge tax revenue sharing, and the Transportation Utility Fee.

Note 1: Summary of Significant Accounting Policies (continued)

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

4. Capital Expansion Fee (CEF) Fund: This is a Capital Projects Fund that accounts for the expansion of general city facilities and infrastructure. Revenue is derived from fees specifically for the expansion of city facilities and infrastructure collected as part of the building permit process.
5. Loveland Fire Rescue Authority (LFRA) Fund: This Fund accounts for the operations and capital needs of the Fire Authority. Funding sources are primarily from the General Fund and the Loveland Rural Fire District.
6. Capital Projects Fund: This Fund accounts for the major capital improvements of the City. Most of the revenues are transfers from other funds (65.6%) and grant revenue (23.6%).

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

The City reports the following Proprietary Funds as major:

1. Water Fund: This Fund accounts for all activities necessary for the operation, maintenance and improvements of the water utility.
2. Wastewater Fund: This Fund accounts for all activities necessary for the operation, maintenance and improvements of the wastewater utility.
3. Stormwater Fund: This Fund accounts for all activities necessary for the operation, maintenance and improvements of the storm drainage utility.
4. Electric and Communications Fund: This Fund accounts for all activities necessary for the operation, maintenance and improvements of the electric and communications utility.
5. Solid Waste Fund: This Fund accounts for all activities necessary for the operation and maintenance of the refuse/recycling collection program. This fund was previously titled as the Refuse Fund.
6. Golf Fund: This Fund accounts for all the activities necessary for the operation, maintenance and improvements of the City's three golf courses.

Additionally, the City reports the following fund types:

1. Internal Service Fund: This Fund accounts for services provided to other departments or agencies of the City on a cost-reimbursement basis for the employee benefits, risk and insurance, and fleet maintenance.
2. Fiduciary Funds: This fund (Loveland Special Improvement District #1) accounts for the special assessment collection for and debt service of the District's special assessment debt. This fund qualifies as a fiduciary fund under the new requirements of GASB Statement No. 84.

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

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

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

The City also reports Stormwater, Golf and Solid Waste funds in the proprietary fund statements as major funds even though these funds don't qualify as major funds; the City believes these funds are particularly important to financial

Note 1: Summary of Significant Accounting Policies (continued)

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

statement users and also to be consistent with prior year's reporting.

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

C. Fair Value

The City categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. See Note 2 Cash and Investments for additional disclosure.

D. Property Taxes and Sales 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 inflows.

Sales taxes are due in the subsequent month from collection, the collection of sales taxes in January of the subsequent year are recorded in the current year. All sales tax collected for 2021 has been recorded in 2021. The City of Loveland sales tax rate is 3% and is a major portion of the general fund revenue.

E. Cash and Investments

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

Investments are stated at fair value.

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

F. Receivables/Payables

Interfund

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

Receivables

Receivables consist primarily of property, sales and use tax and other miscellaneous receivables. Receivables are reported net of allowance for uncollectable accounts. At December 31, 2021, the allowance for uncollectable accounts was \$568,845. Revenue from grants and donations is recognized in the period in which all eligibility requirements have been satisfied.

Note 1: Summary of Significant Accounting Policies (continued)

G. Inventories

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

H. Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the acquisition date. The City's policy is to record all capital assets with an initial cost of at least \$5,000. Interest costs are expensed as incurred and, therefore, not capitalized. 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 and Federal Grant assets in a two-year cycle. In 2021, the three-year cycle of physical inventories included the Library, Public Works, Transit, Police, Cultural Services, LLBA, Power, Golf, Risk & Insurance and Solid Waste.

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

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

Estimated useful lives for asset types are as follows:

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

I. Compensated Absences

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

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-Type Activities, or Proprietary Fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Issuance costs are reported as debt service expenses.

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

K. Deferred Outflows/Inflows of Resources

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of

Note 1: Summary of Significant Accounting Policies (continued)

K. Deferred Outflows/Inflows of Resources (continued)

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

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

L. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact pursuant to legal or contractual requirements (i.e., principal of a permanent fund).

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either imposed externally by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can be used only for specific purposes pursuant to constraints formally imposed by the City Council through action of an ordinance approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council rescinds or modifies the specified use by action of an ordinance.

Assigned: Amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been established by City of Loveland Council Resolution #R-48-2011 that grants the City Manager, or the City Manager's Designee, authority to designate the Assigned fund balance for each governmental fund based on the intended use of such resources.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. In other governmental funds if expenditures incurred for a specific purpose exceeds the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Under City policy, the General Fund is required to maintain a minimum unrestricted fund balance of the greater of 15% of the current fiscal year expenditures or two months of fiscal year expenditures budgeted for the fund. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not included in the other classifications. In other funds, the unassigned classification is used to report a deficit fund balance. When unassigned and restricted, committed, or assigned fund balances are available for use, it is the City's policy to use restricted, committed, or assigned resources before unassigned resources.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. 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 1: Summary of Significant Accounting Policies (continued)

O. Adoption of New Accounting Pronouncements

The GASB has issued several statements not yet implemented by the City. City management has not yet determined the effect the Statements will have on the financial statements. However, the City intends to implement all standards by the required dates. The Standards which will impact the City are as follows:

GASB Statement No. 87, *Leases*, issued June 2017, originally effective December 31, 2020, though GASB has extended the implementation date and now will be effective for the City beginning with its fiscal year ending December 31, 2022. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the City must recognize (1) amortization expense for using the asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, nonlease components embedded in lease contracts (such as service agreements), and leases with related parties.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020. This will be effective for the City beginning with its fiscal year ending December 31, 2022. Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. Under this Statement, a government should recognize a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability.

Note 2: Cash and Investments

Cash and investments at December 31, 2021, consisted of the following:

| | |
|--------------|-----------------------|
| Deposits | \$ 151,337,382 |
| Investments | \$ 168,620,289 |
| Total | \$ 319,957,671 |

Deposits and investments are displayed within this report as follows:

| | |
|--|-----------------------|
| Cash | \$ 17,099 |
| Equity in Pooled Cash and Cash Equivalents | 76,094,524 |
| Equity in Pooled Investments | 136,166,960 |
| Equity in Restricted Cash | 74,955,879 |
| Equity in Restricted Investments | 32,349,848 |
| Equity in Pooled Cash and Cash Equivalents - Fiduciary Fund | 11,391 |
| Equity in Restricted Cash Fiduciary Fund | 258,489 |
| Equity in Pooled Investments Fiduciary Fund | 103,481 |
| Total | \$ 319,957,671 |

A. Restricted Cash

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

B. Fair Value

The City categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments Held in Investment Pools

The City had invested \$41,097,152 in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is valued at amortized cost. The investments conform to its permitted investments and will meet Standard & Poor's investment guidelines to achieve a AAAM rating, the highest attainable rating for a Local Government Investment Pool. Information related to CSAFE can be found at their website, www.csafe.org.

City of Loveland has invested \$3,361 in Colorado Local Government Liquid Asset Trust Plus+ (ColoTrust). ColoTrust is valued using the NAV per share (or its equivalent) of the investments. ColoTrust does not have any unfunded commitments, redemption restrictions or redemption notice periods. ColoTrust has a rating of AAAM. Information related to ColoTrust can be found on their website, www.colotruster.com.

Note 2: Cash and Investments (continued)

B. Fair Value (continued)

The City has the following recurring fair value measurements as of December 31, 2021:

- U.S. Treasury securities of \$70,880,563 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of \$65,736,200 are valued using matrix pricing techniques (Level 2 inputs)
- Corporate Bonds of \$18,070,260 are valued using matrix pricing techniques (Level 2 inputs)
- Municipal Bonds of \$12,553,430 are valued using matrix pricing techniques (Level 2 inputs)
- Foreign Issues of \$1,379,836 are valued using matrix pricing techniques (Level 2 inputs)

C. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. The State banking commissioner regulates the eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2021, the City had \$38,396,063 collateralized with securities held by the financial institution's agent but not in the City's name.

D. Investments

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

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

At December 31, 2021, the City had the following investments:

| <u>Investment Type</u> | <u>Standard and Poor's</u> | | | | |
|---------------------------------------|----------------------------|----------------------|----------------------|----------------------|-----------------------|
| <i>Governmental and Business-Type</i> | <i>Rating</i> | <i>Less than 1</i> | <i>1-3</i> | <i>4-5</i> | <i>Total</i> |
| U.S. Treasury Notes | N/A | - | 22,161,043 | 48,676,020 | 70,837,063 |
| U.S. Agency Securities | AA+ | 9,995,766 | 11,647,548 | 44,052,545 | 65,695,859 |
| Corporate Bonds | AA-/A/A+/AA/AA+ | 4,547,517 | 13,511,654 | - | 18,059,171 |
| Municipal Bonds | AA/AA+ | 1,355,962 | 8,207,606 | 2,982,158 | 12,545,726 |
| Foreign Issues | AA/AA+ | - | 1,378,989 | - | 1,378,989 |
| Total | | \$ 15,899,245 | \$ 56,906,840 | \$ 95,710,723 | \$ 168,516,808 |
| <i>Fiduciary Funds</i> | | | | | |
| U.S. Treasury Notes | N/A | - | 13,609 | 29,891 | 43,500 |
| U.S. Agency Securities | AA+ | 6,138 | 7,152 | 27,051 | 40,341 |
| Corporate Bonds | AA-/A/A+/AA/AA+ | 2,792 | 8,297 | - | 11,089 |
| Municipal Bonds | AA/AA+ | 833 | 5,040 | 1,831 | 7,704 |
| Foreign Issues | AA/AA+ | - | 847 | - | 847 |
| Total | | \$ 9,763 | \$ 34,945 | \$ 58,773 | \$ 103,481 |

1. Local Government Investment Pools: At December 31, 2021, the City had \$3,361 invested in Colotrust

Note 2: Cash and Investments (continued)

D. Investments (continued)

and \$41,097,152 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. There is no limitation on withdrawals from the local government investment pools. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. Financial statements can be obtained at www.csafe.org and www.colotrust.com.

2. **Interest Rate Risk:** State statutes and the City's Investment Policy limit investments in US Treasury and Agency securities to an original maturity up to five years with a minimum credit rating of A+/A1. State Statutes and the City's Investment Policy require all repurchase agreements with a maturity of one year or less and collateralized with securities allowed by statute at no less than 102% of fair value. State statutes and the City's Investment Policy limit investments in corporate bonds to an original maturity of three years or less.
3. **Credit Risk:** State statutes and the City's Investment Policy limit investments in US Agency securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs). State statutes and the City's Investment Policy limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO. State statutes and the City's Investment Policy limit investments in corporate bonds and Foreign Issues to a minimum credit rating of "AA- or Aa3" by two or more NRSROs.
4. **Custodial Credit Risk:** The City's Investment Policy requires that securities purchased from any bank or dealer, including appropriate collateral, be placed with an independent third party for custodial safekeeping. The City has entered into an agency agreement with US Bank-Denver to establish an Investment Management Account pursuant to Colorado Revised Statutes. The City's pooled cash is invested in this account. The Bank purchases investments for the City and maintains an internal accounting record of all investments of the City. All investment transactions are approved by City management. All investments, held and maintained by the Trust Department of the Bank, are specifically separate from the investments of the bank and are identified as being investments of the City of Loveland. Investments of Loveland Special Improvement District #1 are held by other banks in their Trust Departments and are also specifically identified as being investments of the City of Loveland.
5. **Concentration of Credit Risk:** The City's Investment Policy does not limit the amount the City may invest in one issuer. The City had investments in US agency securities greater than 5% of its total portfolio as follows: US Treasury Notes (42.04%), Federal Home Loan Bank (8.90%), Federal National Mortgage Association (5.93%), Federal Home Loan Mortgage Corporation (12.54%) and Federal Farm Credit Bank (11.61%).

E. Restricted Investments

Investments of \$32,349,848 have been restricted in the Water Fund, Wastewater Fund and the Electric & Communications Fund for capital projects.

Note 3: Interfund Receivables, Payables, And Transfers

Interfund balances at December 31, 2021, were as follows:

| <u>Due From</u> | <u>Due To</u> | <u>Amount</u> |
|---------------------------|---------------|---------------|
| Transportation Fund | General Fund | \$ 364,218 |
| Electric & Communications | General Fund | \$ 369,657 |

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

| <u>Advance From</u> | <u>Advance To</u> | <u>Original Amount</u> | <u>Principal Payments</u> | <u>Principal Balance at December 31, 2021</u> |
|---------------------|------------------------|------------------------|---------------------------|---|
| CEF Fund | Loveland Urban Renewal | \$ 900,000 | \$ 373,071 | \$ 526,929 |
| CEF Fund | Loveland Urban Renewal | 1,500,000 | 750,842 | 749,158 |
| General Fund | Loveland Urban Renewal | 63,100 | 32,840 | 30,260 |
| CEF Fund | General Fund | 1,700,000 | 944,282 | 755,718 |
| Fleet Fund | General Fund | 500,000 | 277,730 | 222,270 |
| CEF Fund | Loveland Urban Renewal | \$ 366,000 | \$ 111,356 | \$ 254,644 |

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

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

**Loveland Urban Renewal Authority
Payment Schedule**

| | Beginning Balance | Principal | Interest | Total Payment |
|--------------|------------------------------|-------------------|------------------|----------------------|
| 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 | 132,978 | 4,028 | 137,005 |
| Total | | \$ 749,158 | \$ 80,598 | \$ 829,755 |

Payment Schedule

| | Beginning Balance | Principal | Interest | Total Payment |
|--------------|------------------------------|------------------|-----------------|----------------------|
| 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 | | \$ 30,260 | \$ 3,256 | \$ 33,516 |

Loveland Urban Renewal Authority Payment Schedule

| | Beginning Balance | Principal | Interest | Total Payment |
|--------------|------------------------------|-------------------|------------------|----------------------|
| 2022 | 526,929 | 81,461 | 15,808 | 97,270 |
| 2023 | 445,467 | 83,906 | 13,364 | 97,270 |
| 2024 | 361,561 | 86,423 | 10,847 | 97,270 |
| 2025 | 275,138 | 89,016 | 8,254 | 97,270 |
| 2026 | 186,123 | 91,686 | 5,584 | 97,270 |
| 2027 | 94,437 | 94,437 | 2,833 | 97,270 |
| Total | | \$ 526,929 | \$ 56,690 | \$ 583,620 |

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

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 Farmers Market). 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 taxes. 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 |
| 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 | | \$ 977,988 | \$ 76,963 | \$ 1,054,951 |

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

| Loveland Urban Renewal Authority Payment Schedule | | | | |
|--|--------------------------|-------------------|------------------|----------------------|
| | Beginning Balance | Principal | Interest | Total Payment |
| 2022 | 254,644 | 39,367 | 7,639 | 47,006 |
| 2023 | 215,277 | 40,548 | 6,458 | 47,006 |
| 2024 | 174,729 | 41,765 | 5,242 | 47,007 |
| 2025 | 132,964 | 43,018 | 3,989 | 47,007 |
| 2026 | 89,946 | 44,308 | 2,698 | 47,006 |
| 2027 | 45,638 | 45,638 | 1,369 | 47,007 |
| Total | | \$ 254,644 | \$ 27,395 | \$ 282,039 |

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

Transfers between funds were as follows:

| Transfers In: | | | | | | | | | | | |
|---------------------------|---------------------|---------------------|----------------------|-------------------|---------------|---------------|-------------------|-------------------|--------------------------------|------------------------------|----------------------|
| | General | Capital Projects | Transportation | CEF's | Water | Storm-water | Solid Waste | Internal Services | Loveland Fire Rescue Authority | Non-Major Governmental Funds | Total |
| Transfers Out: | | | | | | | | | | | |
| General | \$ - | \$ 1,613,485 | \$ 11,828,026 | \$ 155,019 | \$ 452 | \$ 400 | \$ - | \$ 725,030 | \$ 671 | \$ 620,000 | \$ 14,943,083 |
| Capital Projects | 29,164 | - | - | - | - | - | - | - | - | - | 29,164 |
| Transportation | 73,207 | - | - | - | - | - | - | - | - | - | 73,207 |
| CEF's | - | 221,146 | 1,248,249 | - | - | - | - | - | - | - | 1,469,395 |
| Water | 73,485 | 272,043 | 489 | - | - | - | - | - | - | - | 346,017 |
| Wastewater | 37,258 | 272,043 | 335 | - | - | - | - | - | - | - | 309,636 |
| Electric & Communications | 695,466 | 642,780 | 518 | - | - | - | - | - | - | - | 1,338,764 |
| Stormwater | 41,952 | 116,363 | 447 | - | - | - | - | - | - | - | 158,762 |
| Solid Waste | - | 288,598 | - | - | - | - | - | - | - | - | 288,598 |
| Internal Services | 652,782 | 277,403 | - | - | - | - | 240,000 | - | - | - | 1,170,185 |
| | <u>\$ 1,603,314</u> | <u>\$ 3,703,861</u> | <u>\$ 13,078,064</u> | <u>\$ 155,019</u> | <u>\$ 452</u> | <u>\$ 400</u> | <u>\$ 240,000</u> | <u>\$ 725,030</u> | <u>\$ 671</u> | <u>\$ 620,000</u> | <u>\$ 20,126,811</u> |

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

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

The General Fund transferred \$11,828,026 and the Capital Expansion Fees Fund transferred \$1,248,249 to the Transportation Fund for various street capital projects throughout the City. The General Fund transferred \$725,030 to the internal services fund for use on one-time capital.

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

| Governmental Activities | Beginning Balance | Increases/ Transfers | Decreases/ Transfers | Ending Balance |
|---|--------------------------|-----------------------------|-----------------------------|-----------------------|
| Capital Assets, not being depreciated | | | | |
| Land | \$ 63,830,257 | \$ 4,647,209 | \$ 189,601 | \$ 68,287,865 |
| Easements | 6,828,260 | 93,871 | 112,645 | 6,809,486 |
| Water Rights | 2,747,520 | - | - | 2,747,520 |
| Art Collection | 7,654,835 | 374,019 | - | 8,028,854 |
| Construction in Progress | 49,362,623 | 7,166,832 | 29,166,086 | 27,363,369 |
| Total Capital Assets, not being depreciated | 130,423,495 | 12,281,931 | 29,468,332 | 113,237,094 |
| Capital Assets, being depreciated | | | | |
| Buildings | 106,319,809 | 4,673,743 | - | 110,993,552 |
| Equipment | 52,260,662 | 7,630,715 | 1,595,438 | 58,295,939 |
| Improvements Other Than Buildings | 64,771,642 | 12,351,898 | - | 77,123,540 |
| Infrastructure | 329,263,766 | 40,576,591 | 2,921,542 | 366,918,815 |
| Total Capital Assets, being depreciated | 552,615,879 | 65,232,947 | 4,516,980 | 613,331,846 |
| Less accumulated depreciation for: | | | | |
| Buildings | 33,568,541 | 2,717,830 | - | 36,286,371 |
| Equipment | 32,028,599 | 4,073,444 | 1,556,928 | 34,545,115 |
| Improvements Other Than Buildings | 30,245,256 | 3,056,053 | - | 33,301,309 |
| Infrastructure | 123,362,772 | 11,061,945 | 2,921,542 | 131,503,175 |
| Total Accumulated Depreciation | 219,205,168 | 20,909,272 | 4,478,470 | 235,635,970 |
| Total capital assets, being depreciated, net | 333,410,711 | 44,323,675 | 38,510 | 377,695,876 |
| Governmental activities capital assets, net | \$ 463,834,206 | \$ 56,605,606 | \$ 29,506,842 | \$ 490,932,970 |
| Business-type Activities | | | | |
| Capital Assets, not being depreciated | | | | |
| Land | \$ 14,949,962 | \$ - | \$ - | \$ 14,949,962 |
| Easements | 32,533,720 | 775,155 | 283,208 | 33,025,667 |
| Water Rights | 77,769,650 | 21,000 | - | 77,790,650 |
| Construction in Progress | 58,161,203 | 88,522,041 | 32,924,268 | 113,758,976 |
| Total Capital Assets, not being depreciated | \$ 183,414,535 | \$ 89,318,196 | \$ 33,207,476 | 239,525,255 |
| Capital Assets, being depreciated | | | | |
| Buildings | 31,776,296 | 5,935,922 | - | 37,712,218 |
| Equipment | 28,890,169 | 2,860,624 | 667,811 | 31,082,982 |
| Improvements Other Than Buildings | 185,203,263 | 9,468,702 | 64,269 | 194,607,696 |
| Infrastructure | 383,329,110 | 53,443,772 | 2,459,158 | 434,313,724 |
| Total Capital Assets, being depreciated | \$ 629,198,838 | \$ 71,709,020 | \$ 3,191,238 | 697,716,620 |
| Less accumulated depreciation for: | | | | |
| Buildings | 7,601,390 | 912,811 | - | 8,514,201 |
| Equipment | 17,914,064 | 2,961,572 | 667,809 | 20,207,827 |
| Improvements Other Than Buildings | 65,456,973 | 4,555,626 | 59,318 | 69,953,281 |
| Infrastructure | 117,542,440 | 9,389,987 | 395,940 | 126,536,487 |
| Total Accumulated Depreciation | \$ 208,514,867 | \$ 17,819,996 | \$ 1,123,067 | 225,211,796 |
| Total capital assets, being depreciated, net | 420,683,971 | 53,889,024 | 2,068,171 | 472,504,824 |
| Business-type activities capital assets, net | \$ 604,098,506 | \$ 143,207,220 | \$ 35,275,647 | \$ 712,030,079 |

Note 4: Capital Assets (continued)

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

| Governmental Activities | |
|---------------------------------------|----------------------|
| Executive | \$ 2,949 |
| Library | 573,682 |
| Finance | 5,605 |
| Information Technology | 357,234 |
| Development Services | 2,820,713 |
| Public Works | 9,551,255 |
| Police | 808,325 |
| Fire | 1,162,976 |
| Parks & Recreation | 3,463,692 |
| Cultural Services | 269,689 |
| Nondepartmental | 109,353 |
| Internal Service Fund | 1,783,799 |
| Total Governmental Activities | \$ 20,909,272 |
| | |
| Business-Type Activities | |
| Water | \$ 4,084,882 |
| Wastewater | 3,712,890 |
| Stormwater | 1,424,651 |
| Electric & Communications | 7,253,844 |
| Solid Waste | 970,931 |
| Golf | 330,680 |
| Total Business-Type Activities | \$ 17,777,878 |

Note 5: Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

| | Balance 12/31/2020 | Additions | Reductions | Balance 12/31/2021 | Due Within One Year |
|---------------------------------|-----------------------|----------------------|----------------------|-----------------------|------------------------|
| Governmental Activities | | | | | |
| Compensated Absences | \$ 5,752,556 | \$ 3,475,726 | \$ 3,404,272 | \$ 5,824,010 | \$ 3,203,206 |
| Certificates of Participation | 15,540,000 | - | 370,000 | 15,170,000 | 380,000 |
| Direct Placement Debt: | | | | | |
| Lease Purchase Agreement | - | \$ 11,365,000 | - | \$ 11,365,000 | \$ 445,000 |
| Equipment Lease Purchase | - | 1,179,937 | - | 1,179,937 | 162,733 |
| Loan Agreement | - | 1,000,000 | - | 1,000,000 | - |
| Capital Leases | 3,661,054 | - | 3,661,054 | - | - |
| IGA for Apparatus Purchase | 811,811 | - | 811,811 | - | - |
| Pollution Remediation | \$ 520,000 | \$ 196,475 | - | \$ 716,475 | \$ 286,495 |
| Oversizing Agreements | 1,180,149 | - | 268,706 | 911,443 | 152,000 |
| Total | \$ 27,465,570 | \$ 17,217,138 | \$ 8,515,843 | \$ 36,166,865 | \$ 4,629,434 |
| Business-Type Activities | | | | | |
| Electric & Communication | | | | | |
| Bonds | \$ 85,015,000 | - | - | \$ 85,015,000 | - |
| Premium on Bonds | 9,722,770 | - | 438,875 | 9,283,895 | 405,115 |
| Water Enterprise Bonds | - | 52,340,000 | - | 52,340,000 | 1,305,000 |
| Premium on Bonds | - | 7,957,438 | 132,624 | 7,824,814 | 318,298 |
| Direct Placement Debt: | | | | | |
| Water Bonds | \$ 10,680,000 | - | \$ 8,275,000 | \$ 2,405,000 | \$ 170,000 |
| Wastewater Bonds | 23,545,000 | - | 715,000 | 22,830,000 | 4,050,000 |
| ARO Liability-Hydro | \$ 1,732,022 | - | \$ 684,107 | \$ 1,047,915 | \$ 1,047,915 |
| ARO Liability-Solar | 313,500 | - | - | 313,500 | - |
| Compensated Absences | 1,670,342 | 1,244,216 | 1,246,124 | 1,668,434 | 917,639 |
| Oversizing Agreements | 118,274 | 72,515 | 47,098 | 143,691 | 143,691 |
| Total | \$ 132,796,908 | \$ 61,614,169 | \$ 11,538,828 | \$ 182,872,249 | \$ 8,357,658 |

A. Certificates of Participation

In March, 2017 the City closed the lease certificates of participation financing transaction bearing interest at 3.39% for a fifteen year term. The amount of proceeds was \$15,900,000. These lease certificates of participation were used to fund the construction of the Foundry parking garage.

The City issued Certificates of Participation on March 14, 2017 for the construction of a Parking Facility located at the downtown Foundry project and other public improvements. The debt is secured by the initial leased property of:

- (a) City Municipal Building, located at 500 East 3rd Street
- (b) the Fire Administration Building located at 410 East 5th Street
- (c) the Municipal Operations Center located at 105 West 5th Street

At a later date to be determined, the Parking Facility property will be substituted for the City Property.

Note 5: Long-Term Liabilities (continued)

A. Certificates of Participation (continued)

| Year | Principal | Interest |
|--------------|----------------------|---------------------|
| 2022 | \$ 380,000 | \$ 511,043 |
| 2023 | 400,000 | 497,991 |
| 2024 | 405,000 | 484,431 |
| 2025 | 425,000 | 470,532 |
| 2026 | 435,000 | 456,040 |
| 2027-2031 | 2,420,000 | 2,045,696 |
| 2032 | 10,705,000 | 181,450 |
| Total | \$ 15,170,000 | \$ 4,647,183 |

B. Loan Agreement

In January 2021 the DDA entered into a reimbursement agreement for eligible public improvements at the Cleveland Station project located at the southeast corner of 5th Street and Cleveland for \$800,000 and additional smaller projects in the DDA for \$200,000 for a total loan of \$1,000,000. The project is in both the DDA and LURA downtown boundaries, with the property and sales tax increment related to this project going to LURA downtown. The agreement was approved for LURA downtown to use the tax increment on this property to repay the debt until LURA sunsets on 10/1/2027. After this date the DDA will use the same tax increment to pay the remainder of the debt. The debt has a reserve equal to the yearly payment on the debt of \$118,270. This agreement doesn't create a general obligation or other indebtedness or multiple fiscal year direct or indirect obligation to the City.

The interest rate is 3.26% with a final maturity date of 12/1/2033. Interest is paid semi-annually on June 1st and December 1st. Principal payments are also semi-annual and will begin on June 1st, 2024. The default provision for this debt is the Lender shall be entitled to the appointment of a receiver or receivers of the Pledged Revenue.

| Year | Principal | Interest |
|--------------|---------------------|-------------------|
| 2022 | \$ - | \$ 34,049 |
| 2023 | - | 32,600 |
| 2024 | 86,366 | 31,902 |
| 2025 | 89,204 | 29,063 |
| 2026 | 92,136 | 26,132 |
| 2027-2031 | 508,141 | 83,196 |
| 2032-2033 | 224,153 | 8,233 |
| Total | \$ 1,000,000 | \$ 245,175 |

C. Water, Wastewater and Electric & Communication Bonds

In July 2013, the City Water Fund authorized revenue bonds in the amount of \$10,000,000 for improvements to the Water Treatment Plant. The bonds had a flexible draw of proceeds beginning on the bond issuance date of July 17, 2013 through July 19, 2016. The bonds had a final maturity date of August 1, 2033. This bond was paid off upon issuance of the 2021 Water bond.

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

Note 5: Long-Term Liabilities (continued)

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

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

In January 2017, the City Wastewater Fund authorized revenue bonds in the amount of \$24,900,000 for improvements to the Water Reclamation Facility. The bonds had a fixed draw of proceeds beginning on January 18, 2017 through August 1, 2018. The fixed draw for 2017 on the bonds totaled \$550,000, and the spent amount for 2018 was \$18,036,607. The remainder of \$6,313,393 was expended in 2019. The bonds have a final maturity date of August 1, 2037 with the first principal payment of \$665,000 due on August 1, 2019. The rate of interest on the bonds is 3.35% on the borrowing totaling \$4,450,000 and 4.11% on the borrowing totaling \$20,450,000.

Interest payments began in August 2017. Principal payments are due annually beginning August 1 2019, and interest payments are due semi-annually on February 1 and August 1. The 2017 revenue bonds are payable solely from the net revenue of the wastewater utility system, after deduction of operating expenses. The default provisions for this debt is any receiver appointed may enter and may take possession of the System, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Gross Revenue arising after the appointment of such receiver in the same manner as the Enterprise or City itself might do.

In April 2019, the City Electric and Communication fund issued revenue bonds in the amount of \$58,445,000 tax exempt bonds and \$26,570,000 taxable bonds for a total debt of \$85,015,000. The outstanding balance of \$85,015,000 is excluding the unamortized premium of \$9,722,770. The bond premium received upon the issuance of the debt was \$10,405,361 and \$1,087,706 has been amortized. The tax exempt bonds have an interest rate of 5% with a final maturity date of December 1, 2044. The taxable bonds have a variable interest rate ranging from 2.854% to 3.722% with a final maturity date of December 1, 2032.

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

In July 2021, the City Water fund issued revenue bonds in the amount of \$52,340,000 tax exempt bonds for the City's participation in the Windy Gap Firing project and the construction of a new water storage tank. In addition the proceeds of this debt was used to pay and cancel the 2013 Water bond. The outstanding balance is excluding the unamortized premium of \$7,824,814. The bond premium received upon the issuance of the debt was \$7,957,438 and \$132,624 has been amortized. The rate of interest on the bonds is 3.322%. The bonds have a final maturity date of 8/1/2046 with the first principal payment of \$1,305,000 due on 8/1/2022. The bonds are payable from the net revenues from the Water fund and the lien on those revenues is on a parity with the lien of the 2015 bond.

Interest payment will begin in February 2022. Principal payments are due annually beginning August 1, 2022, and interest payments are due semi-annually on February 1st and August 1st. The default provisions for this debt are after 60 days notice the Paying Agent will receive not less than 25% of the aggregate principal amount.

Note 5: Long-Term Liabilities (continued)

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

| Year | Principal | | | | Interest | | | |
|--------------|---------------------|----------------------|-------------------------------------|----------------------|-------------------|----------------------|-------------------------------------|----------------------|
| | 2015 Water Bond | 2017 Wastewater Bond | 2019 Electric & Communications Bond | 2021 Water Bond | 2015 Water Bond | 2017 Wastewater Bond | 2019 Electric & Communications Bond | 2021 Water Bond |
| 2022 | \$ 170,000 | \$ 4,050,000 | \$ - | \$ 1,305,000 | \$ 71,669 | \$ 915,665 | \$ 3,811,106 | \$ 1,757,208 |
| 2023 | 175,000 | 880,000 | 1,250,000 | 1,370,000 | 66,603 | 771,858 | 3,811,106 | 1,695,300 |
| 2024 | 180,000 | 920,000 | 2,630,000 | 1,425,000 | 61,388 | 735,690 | 3,775,431 | 1,640,500 |
| 2025 | 185,000 | 955,000 | 2,710,000 | 1,480,000 | 56,024 | 697,878 | 3,697,215 | 1,583,500 |
| 2026 | 190,000 | 995,000 | 2,795,000 | 1,540,000 | 50,511 | 658,628 | 3,612,663 | 1,524,300 |
| 2027-2031 | 1,045,000 | 5,970,000 | 15,425,000 | 8,665,000 | 163,751 | 2,624,441 | 16,605,913 | 6,647,300 |
| 2032-2036 | 460,000 | 7,395,000 | 18,800,000 | 10,420,000 | 20,711 | 1,278,004 | 13,238,006 | 4,897,450 |
| 2037-2041 | - | 1,665,000 | 23,960,000 | 12,105,000 | - | 68,431 | 8,072,000 | 3,215,250 |
| 2042-2046 | - | - | 17,445,000 | 14,030,000 | - | - | 1,772,750 | 1,287,450 |
| Total | \$ 2,405,000 | \$ 22,830,000 | \$ 85,015,000 | \$ 52,340,000 | \$ 490,657 | \$ 7,750,595 | \$ 58,396,190 | \$ 24,248,258 |

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 Water Reclamation Facility and the firming of Windy Gap raw water and construction of a water storage tank. The City has issued revenue bonds which are outstanding through year end for the implementation of communication services for the City of Loveland.

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

| | <u>Amount Pledged</u> | <u>Term of Commitment</u> |
|--|-----------------------|---------------------------|
| 2015 Water Bond | \$ 2,895,657 | 2033 |
| 2017 Wastewater Bond | 30,580,595 | 2037 |
| 2019 Electric & Communications Bond | 143,411,190 | 2044 |
| 2021 Water Bond | 76,588,258 | 2046 |
| \$ 253,475,700 | | |

Note 5: Long-Term Liabilities (continued)

D. Lease Purchase Agreement

The Loveland Fire Rescue Authority entered into a lease purchase agreement on April 9, 2021. This lease purchase agreement was entered into to fund the construction of Fire Station 10 and to pay and cancel the 2018 capital lease. The repayment schedule for the lease are semi-annual interest payments on April 1st and October 1st with the principal payments on April 1st. The rate of interest on the lease is 2.285% with a final maturity of April 1, 2041. Payments on this lease started on October 1, 2021.

| Year | Principal | Interest |
|--------------|----------------------|---------------------|
| 2022 | \$ 445,000 | \$ 255,163 |
| 2023 | 465,000 | 244,744 |
| 2024 | 475,000 | 233,981 |
| 2025 | 485,000 | 222,989 |
| 2026 | 500,000 | 211,711 |
| 2027-2031 | 2,670,000 | 879,932 |
| 2032-2036 | 2,985,000 | 556,412 |
| 2037-2041 | 3,340,000 | 194,765 |
| Total | \$ 11,365,000 | \$ 2,799,697 |

E. Equipment Lease Purchase Agreement

The Loveland Fire Rescue Authority entered into a lease purchase agreement on April 9, 2021. This lease purchase agreement was entered into to purchase 115 SCBAs, 254 cylinders, 9 RIC kits, 2 compressors and related equipment. The repayment schedule for the lease are annual principal and interest payments on January 15th. The rate of interest on the lease is 2.734% with a final maturity of January 15, 2028. Payments on this lease begin on January 15, 2022.

| Year | Principal | Interest |
|--------------|---------------------|-------------------|
| 2022 | \$ 162,733 | \$ 23,388 |
| 2023 | 158,311 | 27,810 |
| 2024 | 162,639 | 23,482 |
| 2025 | 167,086 | 19,036 |
| 2026 | 171,654 | 14,467 |
| 2027-2028 | 357,514 | 14,728 |
| Total | \$ 1,179,937 | \$ 122,911 |

F. Special Assessment Bonds

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

The City is not obligated in any manner for this debt. This debt will be serviced by special assessments paid by the property owners within the District. The outstanding balance of the bonds at December 31, 2021 is \$2,585,000.

G. 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, 2021, the City had oversizing agreements for transportation, and water. The City appropriates money annually to make payments on developer agreements with a target of having the agreement paid off by the time the improvement would have been scheduled for construction in the capital

Note 5: Long-Term Liabilities (continued)

G. Developer Oversizing Agreements (continued)

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 is currently two street oversizing improvement agreements that include interest payment requirements.

The City's Oversizing Developer Agreement Schedule at December 31, 2021 is as follows:

| Project | Date of Contract | Orig Contract Amount | Jan 1, 2021 Balance | Contract Additions | Contract Payments | December 31, 2021 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 | 48,706 | - | 48,706 | - |
| Highway 34 @ Sculptor | 4/13/07 | 1,154,569 | 171,968 | - | 120,000 | 51,968 |
| Sculptor South of US 34 | 4/13/07 | 431,271 | 251,271 | - | 100,000 | 151,271 |
| Street Oversizing Agreements | | \$ 2,759,088 | \$ 1,180,149 | \$ - | \$ 268,706 | \$ 911,443 |
| Parkside Village Second Sub | 9/16/2019 | \$ 47,098 | \$ 47,098 | \$ - | \$ 47,098 | \$ - |
| Millennium SW 18th Subdivision | 12/10/2020 | 52,745 | 52,745 | - | - | 52,745 |
| Chilson-Stroh Farms 2nd Subdivision | 11/3/2020 | 18,431 | 18,431 | - | - | 18,431 |
| Millennium Northwest 13th Subdivision | 2/11/2021 | 72,515 | - | 72,515 | - | 72,515 |
| Water Oversizing Agreements | | \$ 190,789 | \$ 118,274 | \$ 72,515 | \$ 47,098 | \$ 143,691 |
| TOTAL DEVELOPER AGREEMENTS | | \$ 2,949,877 | \$ 1,298,423 | \$ 72,515 | \$ 315,804 | \$ 1,055,134 |

**Interest applies to these contracts.*

Note 6: Contractual Obligations

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

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

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

Master Financing Agreement

On January 20, 2004, the Master Financing Agreement (MFA) was entered into between the City, Centerra Metropolitan District #1 (District), the Loveland Urban Renewal Authority (LURA), Centerra Properties West LLC (Developer), Centerra Public Improvement Collection Corporation, and Centerra Public Improvement Development Corporation. The MFA's intent was to establish an agreement for the City and the LURA to participate financially in the construction of public improvements through the use of new property and sales tax revenues generated from the approximately 1,300 acres of land at the northwest and northeast corners of the Interstate 25 and US Highway 34 interchange (the Commercial Area). Pursuant to the MFA, the LURA pledges to pay the District the net tax increment revenues for the purpose of financing certain public and regional improvements. The TIF allocation terminates the earlier of the date the LURA obligation is paid or 25 years after the LURA commencement date of January 20, 2004. The MFA also requires the recording of the Public Improvement Fee (PIF) Covenant against all of the property within the Commercial Area to provide for the imposition of a Public Improvement Fee. In connection with the PIF, the City agrees in the MFA to grant a sales tax credit against the collection of 1.25% of its 3.0% sales tax on taxable sales transactions occurring within the Commercial Area.

Note 7: Police Seizure Funds

Police, a department of the General Fund, received proceeds from the seizure of contraband. These funds must be used for the specific purpose of law enforcement activities. State Statute requires the formation of a committee on disposition of forfeited property. The committee accepts and spends forfeiture proceeds without the approval from the City Council. Interest loss received was \$(769) leaving an ending fund balance of \$49,645.

Note 8: Commitments And Contingencies

A. Risk Management

To manage risk, the City uses a combination of large deductibles, participation in an insurance pool, and insurance coverage. The activity for City risk functions is accounted for in the Risk & Insurance Fund and the Employee Benefits Fund, which are components of the combined Internal Service Fund. The Internal Service Fund also includes the Fleet Replacement and Fleet Management Funds.

The City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA) for property and liability. CIRSA is a separate and legal entity which was formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, 29-1-201 et. seq., 29-13-102, 84-44-101(1)(c) and (3), and 84-44-204, C.R.S., as amended, and Colorado Constitution, Article XIV, Section 18(2). Membership is restricted to Colorado municipalities which are members of the Colorado Municipal League and other public entities which meet certain criteria.

Other public entities must meet the following criteria:

1. Be a "public entity" as that term is defined in the Colorado Governmental Immunity Act (school districts are ineligible for CIRSA membership);
2. Have an intergovernmental agreement in effect with a CIRSA member municipality for the provision of one or more functions, services, or facilities lawfully authorized to both the entity and the municipality; and
3. That member municipality must consent to the entity's participation.

The purposes of CIRSA are to provide coverage and related services for its member municipalities through Member Pooling and excess insurance. It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability or loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs.

All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The board of directors may credit member municipalities' future contributions in the event of a surplus. Although it has never occurred, CIRSA member municipalities are subject to a supplemental assessment in the event of a deficiency.

In 2021, the deductible paid by the City for property, and auto physical damage is \$250,000 per occurrence. The deductible paid by the City for liability claims is \$250,000.

Workers' compensation is obtained through Pinnacol Assurance. The deductible paid by the City for workers' compensation in each incident is \$100,000, with loss amounts over \$100,000 paid by Pinnacol. The City's Workers' Compensation insurance is renewed each July, and for the 2021-2022 renewal period (7/01/2021 through 6/30/2022) the City renewed with a per-occurrence deductible of \$100,000. Pinnacol also provides the City with a workers' compensation employers' liability limit of \$2,000,000.

The Employee Benefits Fund provides benefit eligible employees with a variety of benefits, including a partially self-insured medical plan, self-insured dental coverage, short-term and long-term disability plans, a life insurance plan and employee assistance as well as other ancillary benefits. Medical insurance is self-insured up to a fully insured stop-loss coverage of \$175,000. Estimated liabilities for medical and dental claims incurred but not reported (IBNR) at year end, are shown as accrued liabilities in the fund. These estimates are based on projections from historical claims data. Administrative costs of preparing these estimates are not included in the accrual of these liabilities. Individual stop-loss coverage reduces the City's risk by shifting responsibility for large claims to the stop-loss provider. Medical claim amounts paid in excess of \$175,000 for a covered individual in a calendar year are reimbursed to the City by the stop-loss provider. Medical aggregate stop-loss coverage is also applicable and protects the City against high total claims for the healthcare plan. The

Note 8: Commitments And Contingencies (continued)

A. Risk Management (continued)

Employee Benefits Fund has \$13,377,527 in net position for employee benefit claims. Short-term Disability is managed by an Administrative Services Only agreement; Short-term Disability wages are paid by the City. Long-term Disability and Life Insurance coverage are purchased through premiums paid to insurance companies.

The Risk & Insurance Fund provides protection against losses involving City property, equipment, liability, workers' compensation, environmental issues and unemployment. Reserves within the fund support higher deductibles against loss. Payments to CIRSA and Pinnacle for coverage under the insurance pool are shown as expenses within the fund. Charges for services are collected from City departments based on amounts determined by management to meet annual required payouts and to maintain deductible reserves. Accrued liabilities are recorded for incurred claims based on estimates made by CIRSA and Pinnacle. Additional contingent liability claims for these coverages have not been recognized after reviewing claims history due to the remoteness of potential loss in excess of actual contributions.

The Risk & Insurance Fund has \$4,419,116 in net position for property casualty losses. The combined net position of the Risk & Insurance Fund and Employee Benefits Fund, available to cover catastrophic losses, totals \$17,796,643.

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

| Description | December 31, 2021 | December 31, 2020 |
|-----------------------------------|------------------------------|------------------------------|
| Unpaid Claims - Beginning | \$ 1,330,098 | \$ 1,392,939 |
| Incurred Claims (includes IBNR's) | 11,765,404 | 9,598,470 |
| Claims Paid | (11,212,830) | (9,661,311) |
| Unpaid Claims Ending | \$ 1,882,672 | \$ 1,330,098 |

B. Construction Commitments

At December 31, 2021 the City had several construction projects in process. The most significant of these are as follows:

| Project | Budget | Cost to date |
|--------------------------|---------------|---------------------|
| Chimney Hollow Reservoir | \$ 77,360,680 | \$ 75,099,480 |
| Muni-Fiber Outside Plant | \$ 52,108,389 | \$ 42,343,976 |
| Muni-Fiber Service Drops | \$ 12,622,774 | \$ 3,583,462 |
| Loveland Outfall Phase 3 | \$ 12,166,987 | \$ 8,425,217 |
| Pulliam Building | \$ 9,897,842 | \$ 3,566,710 |

C. Contingent Liabilities

Pending Litigation

The City Attorney does not believe any current litigation would materially affect the financial statements of the City.

Grantor Agency Audits

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grant. Such audits could lead to reimbursements to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the grantor cannot be

Note 8: Commitments And Contingencies (continued)

C. Contingent Liabilities (continued)

determined at this time. Management believes disallowances, if any resulting from such audits, would not materially affect the financial statements of the City.

Note 9: Retirement Commitments

A. Defined Contribution Plans

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

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

1. **Police:** All certified officers of the Police Department must participate from the date of hire. The plan is administered by Principal Financial Group. City contributions vest with the officers after five years of employment.
2. **Fire:** All paid firefighters must participate from the date of hire. The plan is administered by Mission Square Retirement. 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 Nationwide Mutual Insurance Company. City contributions vest with the employees after three years of employment.

Contribution requirements and amounts contributed during 2021 are as follows:

| | Police Officers | Firefighters | Non-uniformed Employees |
|-----------------------------------|------------------------|---------------------|--------------------------------|
| Required Contribution Rate | | | |
| Employer | 10% - 15% | 10% | 5% - 9% |
| Employee | 10% | 10% | 3% |
| Amounts Contributed | | | |
| Employer | \$ 1,391,148 | \$ 901,118 | \$ 2,760,170 |
| Employee | 997,366 | 901,118 | 1,294,104 |
| Total | \$ 2,388,514 | \$ 1,802,236 | \$ 4,054,274 |

B. Defined Benefit Plans

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

Note 9: 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, 2021, the most recent actuarial valuation date, the plan was 62.02% funded. The membership of the Loveland and Rural Consolidated Volunteer Firefighters Pension Plan is:

| | |
|------------------------------|----------|
| Retirees and Beneficiaries | 67 |
| Inactive, Nonretired Members | 2 |
| Active Members | 0 |
| <hr/> Total Members | <hr/> 69 |

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 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, 2021 is:

| | | |
|-----------------------------|----|-----------------|
| Total Pension Liability | \$ | 4,041,223 |
| Plan Fiduciary Net Position | | <hr/> 2,506,346 |
| Net Pension Liability | \$ | <hr/> 1,534,877 |

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|---|----------------------------|--------------------------------|--------------------------|
| Beginning Balance | \$ 3,916,993 | \$ 2,470,987 | \$ 1,446,006 |
| Changes for the Year | | | |
| Service Cost | - | - | - |
| Interest | 260,104 | - | 260,104 |
| Difference between expected and actual experience of the Total Pension Liability | 273,482 | - | 273,482 |
| Contributions - Employer | - | 101,700 | (101,700) |
| State of Colorado discretionary payment | - | 65,665 | (65,665) |
| Net Investment Income | - | 291,913 | (291,913) |
| Benefit Payments, Including Refunds | (409,356) | (409,356) | - |
| Administrative Expense | - | (14,563) | 14,563 |
| Net Changes | 124,230 | 35,359 | 88,871 |
| Ending Balance as of 12/31/21 | <u>\$ 4,041,223</u> | <u>\$ 2,506,346</u> | <u>\$ 1,534,877</u> |

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ - | \$ (165,272) |
| Employer contributions to the plan subsequent to the measurement date | 101,700 | - |
| Total | <u>\$ 101,700</u> | <u>\$ (165,272)</u> |

Amounts reported as net deferred outflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce pension liability and, therefore, will not be included in future pension expense):

Year Ended December 31:

| | |
|-------|--------------------|
| 2022 | \$(57,013) |
| 2023 | (22,358) |
| 2024 | (60,316) |
| 2025 | (25,585) |
| 2026 | - |
| Total | <u>\$(165,272)</u> |

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

5. Actuarial Methods and Assumption:

The total pension liability shown is based on an actuarial study for period January 1, 2021 for the measurement period ending December 31, 2020. 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. The December 31, 2021, year-end reported net pension liability was determined using a measure of the total pension liability and pension net position as of the December 31, 2020 measurement date. Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2019 determines the contribution amounts for 2020 and 2021.

Actuarial Assumptions are:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar, |
| Open ¹ | |
| Remaining Amortization Period | 20 years ¹ |
| Asset Valuation Method | 5-Year smoothed market |
| Inflation | 2.5% |
| Salary Increase | N/A |
| Investment Rate of Return | 7.0% |
| Retirement Age | 50% per year of eligibility until 100% at age 65 |
| Mortality | <u>Pre-retirement</u> 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. <u>Post-retirement</u> 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. |
| | <u>Disabled</u> 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. |

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

6. Development of Single Discount Rate:

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

| | |
|--|-------|
| Single Discount Rate | 7.0% |
| Long-Term Expected Rate of Investment Return | 7.0% |
| Long-Term Municipal Bond Rate * | 2.00% |

The last year ending December 31 in the 2021 to 2120 projection period for which projected benefit payments are fully funded is year 2120.

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

*Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2020." In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.

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

| | |
|---|--------------|
| 1% Decrease to 6.0% | \$ 1,872,808 |
| Current Single Discount Rate Assumption of 7.0% | \$ 1,534,877 |
| 1% Increase to 8.0% | \$ 1,243,882 |

8. Long Term Expected Rate of Return:

| Asset Class | Target Allocation | Long Term Expected Rate of Return |
|-----------------------|-------------------|-----------------------------------|
| Global Equity | 39% | 8.23% |
| Equity Long/Short | 8% | 6.87% |
| Private Capital | 26% | 10.63% |
| Fixed Income - Rates | 10% | 4.01% |
| Fixed Income - Credit | 5% | 5.25% |
| Absolute Return | 10% | 5.60% |
| Cash | 2% | 2.32% |
| Total | 100% | 7.79% |

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, 2020, are summarized in the above table.

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

In November of 1992, Colorado voters approved a constitutional amendment which limits revenues and expenditures beginning in 1993. These limits apply to revenues of the governmental entity except for those areas classified as “enterprises” or as other exclusions. Enterprises as defined under the amendment are not the same as Enterprise Funds defined using governmental generally accepted accounting principles. The amendment also excludes certain types of revenues and expenses of the entity from the limitation process. These exclusions include, but are not limited to: gifts or donations, federal funds, property sales, damage awards, or reserve transfers or expenditures.

Revenue collections in subsequent years are limited to changes in the Denver-Aurora-Lakewood Consumer Price Index (CPI) for Urban Consumers and to increases in property valuations from new construction and annexations. The amendment also requires that the base be “reset” each year to actual revenue collections of the prior year or the maximum revenue allowable, whichever is less.

In November 2001, the voters approved a request that the City use excess revenues from 2003 through 2012 for police and fire operations, streets construction and maintenance and parks construction and maintenance. An extension was approved in 2013 through 2024 to be used for the same purposes. As of December 31, 2021, \$1,841,425 is available for these purposes. This balance will be incorporated into the 2023 Budget Planning Process.

The City has established an Emergency Reserve, representing 3% of qualifying expenditures, as required by the amendment. At December 31, 2021, the emergency reserve of \$3,256,861 as reported as a restriction of fund balance in the General Fund.

The following table shows revenue and growth items applicable to the revenue limit for 2021.

| | | | |
|-----------------------------|--------------------------------|-------------------------------|----------------------------|
| Actual revenue \$ | 108,562,032 | CPI increase | 3.54% |
| Base revenue | <u>106,720,607</u> | Growth increase | <u>1.77%</u> |
| Surplus/(Deficit) \$ | <u><u>1,841,425</u></u> | Total increase allowed | <u><u>5.31%</u></u> |

Note 11: Fund Balance Designation

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

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

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

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

Since 2005, when the Citizen Finance Advisory Commission brought a policy to City Council, the City has retained a minimum of 15% of the General Fund expenditures in the unassigned fund balance in essence as a stabilization fund. The City Council must formally adopt a supplemental appropriation to use these funds. The replenishment of the funds would be strategically addressed in the General Fund Ten Year Financial Master Plan that is updated annually. Even during the most significant economic event, the City has not used this stabilization balance. The balance as of December 31, 2021 is \$12,795,943.

The City has one major special revenue fund that is for programs that, by Council policy, have dedicated revenue sources. The Loveland Urban Renewal Authority (LURA) Fund was established by the City Council in July 2002. The LURA fund accounts for urban revitalization activities throughout the community. Revenue is received from incremental sales and property taxes collected within the designated area. The City of Loveland has a formally adopted minimum fund balance policy approved by City Council on March 5, 2019.

Note 11: Fund Balance Designation (continued)

The table below provides detail for each category of fund balance

| FUND BALANCES | General | Loveland Urban Renewal Authority | Trans- portation | Capital Expansion Fees | Loveland Fire & Rescue Authority | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|-------------------------------|----------------------|---|---------------------|------------------------------|---|-----------------------|--------------------------------|--------------------------------|
| Nonspendable: | | | | | | | | |
| Inventory | - | - | \$ 442,351 | - | - | - | \$ 22,481 | \$ 464,832 |
| Interfund Loan Receivable | 30,261 | - | - | - | - | - | - | 30,261 |
| Permanent Fund | - | - | - | - | - | - | 3,557,076 | 3,557,076 |
| Total | | | | | | | | |
| Nonspendable | 30,261 | - | 442,351 | - | - | - | 3,579,557 | 4,052,169 |
| Restricted | | | | | | | | |
| Tabor 3% Emergency Reserve | 3,256,861 | - | - | - | - | - | - | 3,256,861 |
| Reserve for Excess Tabor | 1,841,425 | - | - | - | - | - | - | 1,841,425 |
| Urban Revitalization | - | 3,489,306 | - | - | - | - | 664,927 | 4,154,233 |
| Parks & Recreation | 13,105 | - | - | - | - | - | 5,266,568 | 5,279,673 |
| Open Space Acquisitions | - | - | - | - | - | - | 11,216,086 | 11,216,086 |
| Law Enforcement | - | - | - | - | - | - | 261,958 | 261,958 |
| Fire & Rescue | - | - | - | - | 14,780,713 | - | - | 14,780,713 |
| Conventions & Tourism | - | - | - | - | - | - | 686,991 | 686,991 |
| Museum Programs | 743,565 | - | - | - | - | - | - | 743,565 |
| Downtown Maintenance | - | - | - | - | - | - | 280,173 | 280,173 |
| Police Donations | 246,252 | - | - | - | - | - | - | 246,252 |
| Library Books | 294,221 | - | - | - | - | - | - | 294,221 |
| Total Restricted | 6,395,429 | 3,489,306 | - | - | 14,780,713 | - | 18,376,703 | 43,042,151 |
| Committed: | | | | | | | | |
| Future Capital Improvements | - | - | - | 39,876,828 | - | - | - | 39,876,828 |
| Interfund Loan Receivable | - | - | - | 2,286,449 | - | - | - | 2,286,449 |
| Art in Public Places | 825,050 | - | - | - | - | - | - | 825,050 |
| Public Education | - | - | - | - | - | - | 441,124 | 441,124 |
| Affordable Housing Agreements | - | - | - | - | - | - | 1,245,543 | 1,245,543 |
| Total Committed | 825,050 | - | - | 42,163,277 | - | - | 1,686,667 | 44,674,994 |
| Assigned | | | | | | | | |
| Parks Capital Improvements | - | - | - | - | - | - | 951,119 | 951,119 |
| Fiber Network | - | - | - | - | - | - | 369,742 | 369,742 |
| Total Assigned | - | - | - | - | - | - | 1,320,861 | 1,320,861 |
| Unassigned: | 40,621,338 | - | (442,351) | - | - | (1,150,884) | - | 39,028,103 |
| Total Fund Balances | \$ 47,872,078 | \$ 3,489,306 | \$ - | \$ 42,163,277 | \$ 14,780,713 | \$ (1,150,884) | \$ 24,963,788 | \$ 132,118,278 |

Note 12: Tax Abatement

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

The following is a list of the incentives active in 2021:

Artspace Loveland

Artspace Projects, Inc purchased property in downtown Loveland to develop an affordable, mixed-use live/work artist space. In October 2013, the City agreed to waive use tax in an amount not to exceed \$75,000 and provide a loan for \$300,000 for 30 years at the rate of 1.75%. Annually the developer makes principal and interest payments equal to 75% of the residual cash flow from the previous calendar year. The residual cash flow paid to the City is applied first to any accrued but unpaid interest and then to the principal balance of the loan. The developer made no loan payments in 2016 or 2017, as there was no residual cash flow in the preceding years. The City has received payments since 2018 totaling \$45,601.

Nordson Medical (dba Value Plastics, Inc)

The company built a new manufacturing facility in Loveland and relocated their medical components unit. Through agreements approved in October 2013 and November 2014, the City agreed to waive the building permit fees and use tax in an amount not to exceed \$311,000; waive Capital Expansion Fees and System Impact Fees valued at \$230,000 which were backfilled from the Economic Incentives Fund; and pay \$313,000 for site infrastructure. These agreement terms were fulfilled in 2014 and 2015. The remaining term is the rebate of 100% of the City's portion of the Business Personal Property Tax (BPPT) for five years commencing with the 2017 taxes payable in 2018. As of 12/31/2021, the City has issued three of the five annual payments of BPPT rebates.

LFS Loveland, LLC and LEED Fabrication Services, Inc

The company constructed a new building at 5100 Boyd Lake Avenue, which required public roadway improvements. City Council approved an agreement in July 2013 that waived certain building permit fees and materials use tax totaling \$75,000. The agreement also approved a deferral of the cash-in-lieu payment estimated in 2013 to be \$331,782 for the roadway improvements. The five-year deferral period ended July 2018. The City granted a series of extensions with the last extension ending August 27, 2018. A settlement for the cash-in-lieu payment was reached with the current property owner in 2021 and this item is now closed.

Hach Company

The company constructed a new research and development facility at the company's existing site. The City waived building permit fees and materials use tax and offered a refund of the City's portion of business personal property tax (BPPT) in a combined amount not to exceed \$700,000. The agreement approved in November 2014 was amended in October 2015 to extend the deadlines for obtaining a building permit. The remaining term is the rebate of the City's portion of the Business Personal Property Tax (BPPT). The City is obligated to rebate, on an annual basis, the personal property tax paid by Hach for that year. The BPPT rebate amount is capped at \$180,658.78, which is the difference between the incentive amount of \$700,000 and the actual waivers of \$519,341.22. The company completed the new facility in August 2017. As of 12/31/2021 the City has issued \$97,013.20 in BPPT rebates.

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

City Council approved an incentive agreement with Evergreen Development in January 2015 to develop a Sprouts Farmers Market. In accordance with the agreement terms, the City reimbursed the developer \$2.2 million for public improvements at the site and provided a waiver of building permit fees and materials use tax in an amount not to exceed \$97,000. The company guaranteed a minimum annual collection of City sales tax from the project area, over 10 years, that is equal to the incentive amount plus 3% (\$254, 920 annually). The developer pays the difference if the collection of sales taxes at the project falls below the minimum guarantee. The 10-year guarantee period started July

Note 12: Tax Abatement (continued)

1, 2016 and the City has not exercised the guarantee provision with Evergreen. In September 2017, Evergreen Development sold the Sprouts property, which triggered the net proceeds provision in the agreement. The City received 40% of the sales proceeds (\$307,000).

Esh's Surplus Market

The company purchased property and built a new facility to house a grocery store, warehouse and corporate headquarters. In the June 2015 incentive agreement, the City agreed to waive construction materials use tax in an amount not to exceed \$50,000 and deferred Capital Expansion fees for a period of 5 years. The deferred fees are capped at \$200,000 and the deferral period commenced on July 1, 2016 and expires on July 1, 2021. The agreement details the payment schedule: Year 1 - \$20,000; Year 2 - \$30,000; Year 3 - \$40,000; Year 4 - \$50,000; Year 5 - \$60,000. The City has received all five payments on time. The terms of the agreement have been met.

The Foundry Loveland, LLC

The Foundry project was a \$75 million redevelopment of 2-1/2 blocks in downtown Loveland. The redevelopment agreement approved in December 2016 reimbursed the developer \$17,676,367 for construction of a city owned parking garage, a public plaza, sidewalks and other public improvements. A July 2018 amendment to the agreement approved an additional amount of \$477,647 for additional project improvements. The grand opening of The Foundry occurred in August 2019. The remaining agreement term is an incentive, not to exceed \$2,189,944, for the development of a movie theater complex. The movie theater incentive is payable in annual installments, over 10 years, of \$200,000 plus 2%. The first payment was issued to the developer in 2019. The 2021 payment (year 3/10) was \$208,080 and was issued in December, 2021.

Eagle Crossing Development, Inc (The Brands Project)

The developer plans to build a mixed-use retail, entertainment, office, residential and hotel complex near I-25 and Crossroads Boulevard. In December 2016, City Council approved an incentive agreement. The agreement terms provide for a city sales tax rebate to the developer for a period of 25 years from issuance of a certificate of occupancy or December 31, 2047, whatever occurs first. The rebate amount is 2 cents of each 3 cents of city sales tax collected for anchor tenants. For junior anchors, the rebate amount is 2 cents of each 3 cents collected for years 1 through 15 and 1.25 cents of each 3 cents collected for years 16 through 25. For other retailers (non-anchor) the rebate is 1.25 cents for each 3 cents collected. The building permit fee and material use tax waivers expired December 31, 2021. The City has issued sales tax rebates based on the development of qualified other retailers (non-anchor) since 2019.

4th & Garfield, LLC

The project was a three story, 20,000 square foot mixed-use infill development located at the northeast corner of 4th and Garfield Avenue in downtown Loveland. City Council approved an agreement with the Downtown Development Authority (DDA) and the developer in July 2019 for an incentive package of \$625,000 for the design and construction of eligible public improvements plus a \$50,000 waiver of the materials use tax. The agreement stated the developer will obtain necessary permits and commence construction prior to December 31, 2019. The developer was granted a series of extensions through contract amendments. The developer was unable to obtain the required permits and commence construction by June 30, 2021 and the agreement terminated.

JAX, Inc.

The business assistance agreement, approved by City Council in March 2020, provided a sales tax rebate not to exceed \$1,500,000 over a 10-year period. Jax purchased the property at 2665 W. Eisenhower, formerly owned by Kmart. The graduated sales tax rebate is for a portion of the 3% City sales tax collected above a baseline of \$150,000 in remitted sales tax. The rebate includes City sales tax generated from the 2665 W. Eisenhower site and any new pad sites developed at that location. Jax met the agreement terms and opened in August 2020. The first sales tax rebate payment was issued 12 months from the certificate of occupancy date and will be paid annually for 10 years or up to \$1,500,000 whichever occurs first.

Note 12: Tax Abatement (continued)

Metropolitan Theatres Corporation (Metrolux 14 Theatres)

City Council approved a business assistance agreement in August 2020 in support of the Metropolitan Theatres Corporation's plan to convert two existing theatres into an IMAX theatre at 6085 Sky Pond Drive. The cash incentive is for \$200,000 payable after issuance of a certificate of occupancy. The agreement provides a waiver of building permit fees and materials use tax not to exceed \$50,000 combined. The cash incentive is subject to repayment if IMAX does not remain in business for four years following the issuance of a certificate of occupancy. The agreement terms state the certificate of occupancy must be obtained by December 31, 2022 and the date may be extended by the City Manager.

Love 450 Inc. (Cleveland Station)

The Cleveland Station project is located at the SE corner of 5th and Cleveland Avenue in downtown Loveland. When completed the project will have rehabilitated 24,402 square feet of retail and office space. The property is located within the Loveland Urban Renewal Authority Downtown Plan Area and in the Downtown Development Authority (DDA). City Council approved an agreement with the DDA and the developer (Love 450, Inc) in January 2021. The developer will be reimbursed up to \$800,000 for the design and construction of eligible public improvements as defined in the reimbursement agreement. In October 2021, City Council and the LURA Board of Directors approved a loan agreement which included \$800,000 for the Cleveland Station project. Loan payments will be supported by dedicating 100% of future property and city sales tax increment from the Cleveland Station project until the loan is paid off. At closing, the City funded a Reserve Fund in an amount equal to 100% of the maximum annual debt service requirements of the loan. The DDA will issue reimbursement payments to the developer per the process outlined in the reimbursement agreement. The City, through the Finance Department, reviews and approves all payments prior to issuance by the DDA.

Lincoln DB, LLC (Dutch Brothers)

This retail incentive was approved by City Council in May 2021 for a Dutch Brothers drive through coffee shop located at 975 N Lincoln Avenue. The property is within the boundaries of the Loveland Urban Renewal Authority Downtown Plan Area and the Downtown Development Authority (DDA). The agreement is between the City, DDA and the developer and reimburses the developer for the design and construction of eligible public improvements. Dutch Brothers received a certificate of occupancy in May 2021. The calculation period for the reimbursement begins the first, full year of operation which is 2022. The first payment to the developer will occur January 2023. The reimbursement amount is the equivalent of 50% of the annual city sales tax generated at the project site. The reimbursement will be paid annually for six years or up to \$99,070 whichever occurs first. The agreement is contingent on approval and appropriation action and issuance of debt, loan, or advance by City Council.

Opterus Research and Development

In accordance with the small business incentive program, the City Manager approved a \$30,000 cash incentive to Opterus in August 2021. Opterus R&D is an advanced structures company in the aerospace industry. The incentive helped offset the costs of over \$1.45 million in tenant finish and equipment at their location in the Forge Campus at 815 14th Street SW. The incentive is subject to repayment if the lease at The Forge is not maintained for three years. Payment of the incentive is anticipated to be made in early 2022 when the terms of the agreement are met.

Simply Delicious, Inc (Bobo's)

Simply Delicious Inc dba Bobo's Oat Bars is a nationally recognized brand producing healthy handmade oat bar snacks that are shipped across the country. They are expanding and consolidating their Loveland and Boulder manufacturing, distribution and headquarters into one building located in Loveland. The business assistance agreement defers the city sales tax, up to \$300,000, collected on manufacturing equipment purchased in the first year of operation. The City will defer the tax over five years through October 1, 2027 and waive the tax, up to \$300,000, at the end of the five years if all agreement terms are met. Retention of this business keeps roughly 100 jobs in Loveland and has the potential to add up to 125 new jobs over the next 5 years.

Note 13 Asset Retirement Obligations

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

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

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

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

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

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

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

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

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

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

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

Note 14 Pollution Remediation Obligations

The City of Loveland has pollution remediation obligations as defined by GASB Statement No. 49. Liability amounts are included in Noncurrent Liabilities Due Within One Year or Due in More Than One Year. The City’s total amount of pollution remediation obligations as of December 31, 2021 was \$716,475 of which \$286,495 is Due Within One Year as a current liability. Pollution obligations of the City generally include remediation activities related to asbestos abatement and removal, land contamination, and leaking underground storage tanks. Individually significant pollution remediation obligations are disclosed below:

- The City recorded a liability for remediation activities at the former Sugar Beet Factory for removal of soil with Volatile Organic Compounds (VOCs) and contaminants. The costs are estimated to be \$66,495 in 2022 and \$123,600 in subsequent years. The cost estimates are based on bids and/or estimates. Estimates may be provided by consultants or be based on past projects and experience.
- The City recorded a liability for remediation activities at the Pulliam Building. The City will conduct asbestos abatement. The costs are estimated to be \$175,000 at a date to be determined. Costs are estimated by averaging the low and high estimate for the site.
- The City recorded a liability for remediation activities at the Foundry parking garage which has a dewatering permit which requires groundwater sampling. The costs are estimated to be \$120,000 in 2022 and \$70,000 in subsequent years.
- The City recorded a liability for remediation activities at the NCLETC for periodic removal of lead hazardous waste components from shooting activities. The costs are estimated to be \$100,000 in 2022.

Note 15: Prior Period Adjustment

This prior period adjustment is for capital expenditures expended in the Capital Expansion Fees fund that should have been expended against the Capital Project fund for the Northern Colorado Law Enforcement Training Center. The net position for both funds needs to be restated for the amount of the expenditures as follow:

Capital Expansion Fees fund

| | |
|---|----------------|
| Net position December 31,2020 as previously reported | \$ 32,110,116 |
| Increase for expenditures moved to Capital Projects funds | <u>231,254</u> |
| Net position December 31,2020 as Restated | \$ 32,341,370 |

Capital Project funds

| | |
|--|-------------------|
| Net position December 31,2020 as previously reported | \$ (1,439,858) |
| Decrease for expenditures moved from Capital Expansion Fees fund | <u>(231,254)</u> |
| Net position December 31,2020 as Restated | \$ (1,671,112) |

Required Supplementary Info

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

City of Loveland, Colorado
General
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | | Difference with Final Budget |
|--|---------------------------------|----------------------|----------------------|------------------------------------|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Taxes | \$ 71,264,349 | \$ 71,264,349 | \$ 79,526,807 | \$ 8,262,458 |
| Licenses and Permits | 2,465,839 | 2,465,839 | 6,477,122 | 4,011,283 |
| Fines and Penalties | 1,055,237 | 1,074,667 | 837,820 | (236,847) |
| Intergovernmental | 2,047,671 | 11,712,054 | 8,746,559 | (2,965,495) |
| Charges for Services | 3,137,574 | 3,137,574 | 3,889,254 | 751,680 |
| Investment Earnings (Loss) | 224,489 | 224,489 | 389,049 | 164,560 |
| Payment in Lieu of Taxes | 8,940,455 | 8,940,455 | 8,790,101 | (150,354) |
| Contributions | - | 226,489 | 23,748 | (202,741) |
| Miscellaneous | 718,887 | 766,763 | 1,096,871 | 330,108 |
| Total Revenues | 89,854,501 | 99,812,679 | 109,777,331 | 9,964,652 |
| Expenditures: | | | | |
| Current: | | | | |
| Legislative | 132,218 | 152,218 | 150,963 | 1,255 |
| City Manager | 1,807,722 | 2,184,843 | 1,883,391 | 301,452 |
| City Attorney | 1,341,110 | 1,341,110 | 1,295,583 | 45,527 |
| City Clerk | 641,134 | 751,134 | 584,936 | 166,198 |
| Municipal Court | 740,258 | 759,688 | 700,449 | 59,239 |
| Finance | 6,360,565 | 6,662,332 | 6,128,394 | 533,938 |
| Human Resources | 1,707,212 | 1,727,562 | 1,458,268 | 269,294 |
| Information Technology | 4,273,947 | 4,464,947 | 3,993,947 | 471,000 |
| Economic Development | 1,379,333 | 1,779,333 | 1,241,779 | 537,554 |
| Development Services | 2,891,307 | 3,038,421 | 2,771,733 | 266,688 |
| Public Works | 8,775,530 | 8,790,007 | 8,301,924 | 488,083 |
| Police | 25,768,928 | 27,027,003 | 24,045,391 | 2,981,612 |
| Parks & Recreation | 9,239,043 | 9,357,026 | 9,066,165 | 290,861 |
| Library | 3,137,795 | 3,001,934 | 2,947,392 | 54,542 |
| Cultural Services | 2,064,518 | 2,576,575 | 2,112,693 | 463,882 |
| General Government | 7,905,028 | 13,937,974 | 12,295,615 | 1,642,359 |
| Capital Outlay | 2,935,327 | 7,270,820 | 2,135,041 | 5,135,779 |
| Debt Service | | | | |
| Principal | 370,000 | 370,000 | 370,000 | - |
| Interest and debt service costs | 791,566 | 791,566 | 562,580 | 228,986 |
| Total Expenditures | 82,262,541 | 95,984,493 | 82,046,244 | 13,938,249 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 7,591,960 | 3,828,186 | 27,731,087 | 23,902,901 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 1,756,931 | 3,175,203 | 1,603,315 | (1,571,888) |
| Transfers (Out) | (14,827,698) | (23,659,371) | (14,943,083) | 8,716,288 |
| Total Other Financing Sources (Uses) | (13,070,767) | (20,484,168) | (13,339,768) | 7,144,400 |
| Net Change in Fund Balance | (5,478,807) | (16,655,982) | 14,391,319 | 31,047,301 |
| Fund Balance--Beginning | 33,480,759 | 33,480,759 | 33,480,759 | - |
| Fund Balance--Ending | \$ 28,001,952 | \$ 16,824,777 | \$ 47,872,078 | \$ 31,047,301 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Urban Renewal Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--|---------------------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 17,775,000 | \$ 18,375,000 | \$ 18,805,001 | \$ 430,001 |
| Charges for Services | 1,670,000 | 1,670,000 | - | (1,670,000) |
| Investment Earnings (Loss) | 17,000 | 17,000 | 57,538 | 40,538 |
| Miscellaneous | 10,000 | 10,000 | 10,004 | 4 |
| Total Revenues | 19,472,000 | 20,072,000 | 18,872,543 | (1,199,457) |
| Expenditures: | | | | |
| Current: | | | | |
| Services | 1,175,531 | 1,175,531 | 44,747 | 1,130,784 |
| School District Fund | 995,000 | 995,000 | 2,373,417 | (1,378,417) |
| Distribution of Tax Increment Financing | 15,000,000 | 15,600,000 | 15,364,839 | 235,161 |
| Principal | 275,000 | 275,000 | - | 275,000 |
| Interest and debt service costs | 80,000 | 80,000 | 54,859 | 25,141 |
| Total Expenditures | 17,525,531 | 18,125,531 | 17,837,862 | 287,669 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,946,469 | 1,946,469 | 1,034,681 | (911,788) |
| Other Financing Sources (Uses): | | | | |
| Debt Proceeds | - | - | 1,000,000 | 1,000,000 |
| Total Other Financing Sources (Uses) | - | - | 1,000,000 | 1,000,000 |
| Net Change in Fund Balance | 1,946,469 | 1,946,469 | 2,034,681 | 88,212 |
| Fund Balance--Beginning | 1,454,625 | 1,454,625 | 1,454,625 | - |
| Fund Balance--Ending | \$ 3,401,094 | \$ 3,401,094 | \$ 3,489,306 | \$ 88,212 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Transportation
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--|---------------------------------|---------------------|-------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 78,000 | \$ 78,000 | \$ 86,085 | \$ 8,085 |
| Licenses and Permits | 218,000 | 218,000 | 180,762 | (37,238) |
| Intergovernmental | 4,120,191 | 8,751,539 | 5,294,210 | (3,457,329) |
| Charges for Services | 3,320,888 | 3,720,888 | 3,947,565 | 226,677 |
| Investment Earnings (Loss) | - | - | (56,806) | (56,806) |
| Miscellaneous | 106,120 | 110,420 | 115,454 | 5,034 |
| Total Revenues | 7,843,199 | 12,878,847 | 9,567,270 | (3,311,577) |
| Expenditures: | | | | |
| Current: | | | | |
| Public Works | 10,289,383 | 14,450,620 | 13,373,668 | 1,076,952 |
| Capital Outlay | 11,707,542 | 18,727,624 | 9,138,294 | 9,589,330 |
| Interest and debt service costs | 73,258 | 73,258 | 60,167 | 13,091 |
| Total Expenditures | 22,070,183 | 33,251,502 | 22,572,129 | 10,679,373 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (14,226,984) | (20,372,655) | (13,004,859) | 7,367,796 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 14,326,833 | 20,096,240 | 13,078,066 | (7,018,174) |
| Transfers (Out) | (99,849) | (168,409) | (73,207) | 95,202 |
| Total Other Financing Sources (Uses) | 14,226,984 | 19,927,831 | 13,004,859 | (6,922,972) |
| Net Change in Fund Balance | - | (444,824) | - | 444,824 |
| Fund Balance--Beginning | - | - | - | - |
| Fund Balance--Ending | \$ - | \$ (444,824) | \$ - | \$ 444,824 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Fire Rescue Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--|---------------------------------|---------------------|----------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Licenses and Permits | \$ 159,350 | \$ 159,350 | \$ 189,078 | \$ 29,728 |
| Intergovernmental | 18,088,415 | 18,748,434 | 18,689,300 | (59,134) |
| Charges for Services | 1,382,894 | 1,382,894 | 2,109,203 | 726,309 |
| Investment Earnings (Loss) | 45,000 | 45,000 | 44,094 | (906) |
| Miscellaneous | 2,224,001 | 2,274,751 | 2,849,869 | 575,118 |
| Total Revenues | 21,899,660 | 22,610,429 | 23,881,544 | 1,271,115 |
| Expenditures: | | | | |
| Current: | | | | |
| Fire | 20,396,187 | 21,985,539 | 21,302,646 | 682,893 |
| Capital Outlay | 1,124,255 | 10,452,317 | 3,795,756 | 6,656,561 |
| Principal | 233,000 | 3,940,785 | 3,661,054 | 279,731 |
| Interest and debt service costs | 150,000 | 397,159 | 293,604 | 103,555 |
| Total Expenditures | 21,903,442 | 36,775,800 | 29,053,060 | 7,722,740 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,782) | (14,165,371) | (5,171,516) | 8,993,855 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | - | 5,014,000 | 671 | (5,013,329) |
| Transfers (Out) | - | (5,014,000) | - | 5,014,000 |
| Debt Proceeds | - | 11,365,000 | 12,544,937 | 1,179,937 |
| Total Other Financing Sources (Uses) | - | 11,365,000 | 12,545,608 | 1,180,608 |
| Net Change in Fund Balance | (3,782) | (2,800,371) | 7,374,092 | 10,174,463 |
| Fund Balance--Beginning | 7,406,621 | 7,406,621 | 7,406,621 | - |
| Fund Balance--Ending | \$ 7,402,839 | \$ 4,606,250 | \$ 14,780,713 | \$ 10,174,463 |

See accompanying independent auditors' report.

Defined Benefit Plan Supplementary Information
 Loveland And Rural Consolidated Volunteer Firefighters Pension Fund
Schedule of Contributions

Schedule of Contributions Multiyear

| FY Ending December 31, | Actuarially Determined Contribution | Actual Contribution* | Contribution Deficiency (Excess) |
|---------------------------|---|-------------------------|--|
| 2021 | \$ 117,230 | \$ 132,129 | (14,899) |
| 2020 | 117,230 | 126,801 | (9,571) |
| 2019 | 114,327 | 123,400 | (9,073) |
| 2018 | 114,327 | 173,178 | (58,851) |
| 2017 | 74,032 | 101,670 | (27,638) |
| 2016 | 74,032 | 177,764 | (103,732) |
| 2015 | 76,423 | 188,023 | (111,600) |
| 2014 | 76,423 | 182,799 | (106,376) |
| 2013 | 182,766 | 182,799 | (33) |
| 2012 | 182,766 | 182,799 | (33) |

*Includes both employer and State of Colorado Supplemental Discretionary Payment. This schedule is required by GASB 68 to show information for a 10 year period.

Actuarial Methods and Assumptions

| | |
|-------------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar, Open |
| Remaining Amortization Period | 20 years |
| Asset Valuation Method | 5-Year smoothed fair value |
| Inflation | 2.5% |
| Investment Rate of Return | 7.0% |
| Retirement Age | 50% per year of eligibilty until 100% at age 65 |
| Mortality | Pre-retirement : 2006 central rates from the RP-2014 Employee Mortality Tables for males and females, projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. Post- Retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates for the scale for all years. |

City of Loveland, Colorado

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

| Financial Reporting period ending December 31, | 2021 | 2020 | 2019 | 2018 |
|--|--------------|--------------|--------------|--------------|
| Measurement period ending December 31, | 2020 | 2019 | 2018 | 2017 |
| Total Pension Liability | | | | |
| Service Cost | | \$ - | \$ - | \$ - |
| Interest on the Total Pension Liability | 260,104 | 270,052 | 275,919 | 284,838 |
| Benefit Changes | | - | | - |
| Difference between Expected and Actual Experience | 273,482 | - | 188,728 | - |
| Assumption Changes | | - | 126,564 | - |
| Benefit Payments | (409,356) | (414,869) | (409,231) | (398,494) |
| Net Change in Total Pension Liability | 124,230 | (144,817) | 181,980 | (113,656) |
| Total Pension Liability - Beginning | 3,916,993 | 4,061,810 | 3,879,830 | 3,993,486 |
| Total Pension Liability - Ending (a) | 4,041,223 | 3,916,993 | 4,061,810 | 3,879,830 |
| Plan Fiduciary Net Position | | | | |
| Employer Contributions | 101,700 | 123,400 | | 101,670 |
| Pension Plan Net Investment Income | 291,913 | 334,026 | 2,940 | 360,131 |
| Benefit Payments | (409,356) | (414,869) | (409,231) | (398,494) |
| Pension Plan Administrative Expense | (14,563) | (16,647) | (14,627) | (14,890) |
| State of Colorado Supplemental Discretionary Payment | 65,665 | - | 173,178 | - |
| Net Change in Plan Fiduciary Net Position | 35,359 | 25,910 | (247,740) | 48,417 |
| Plan Fiduciary Net Position - Beginning | 2,470,987 | 2,445,077 | 2,692,817 | 2,644,400 |
| Plan Fiduciary Net Position - Ending (b) | 2,506,346 | 2,470,987 | 2,445,077 | 2,692,817 |
| Net Pension Liability - Ending (a) - (b) | \$ 1,534,877 | \$ 1,446,006 | \$ 1,616,733 | \$ 1,187,013 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 62.02% | 63.08% | 60.20% | 69.41% |
| Covered Payroll | N/A | N/A | N/A | N/A |
| Net Pension Liability as a Percentage of Covered Payroll | N/A | N/A | N/A | N/A |

Note to Schedule:

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

| 2017 | 2016 | 2015 |
|--------------|------------|------------|
| 2016 | 2015 | 2014 |
| \$ 7,212 | \$ 7,212 | \$ 9,256 |
| 251,537 | 260,183 | 248,058 |
| 259,856 | - | 274,064 |
| 173,817 | - | 1,626 |
| 152,811 | - | 0 |
| (396,888) | (368,980) | (371,640) |
| 448,345 | (101,585) | 161,364 |
| 3,545,141 | 3,646,726 | 3,485,362 |
| 3,993,486 | 3,545,141 | 3,646,726 |
| 91,175 | 101,434 | 96,210 |
| 133,811 | 51,437 | 183,273 |
| (396,888) | (368,980) | (371,640) |
| (4,314) | (6,397) | (4,607) |
| 86,589 | 86,589 | 86,589 |
| (89,627) | (135,917) | (10,175) |
| 2,734,027 | 2,869,944 | 2,880,119 |
| 2,644,400 | 2,734,027 | 2,869,944 |
| \$ 1,349,086 | \$ 811,114 | \$ 776,782 |
| 66.22% | 77.12% | 78.70% |
| N/A | N/A | N/A |
| N/A | N/A | N/A |

Notes to Required Supplementary Information (RSI)

Budgets and Budgetary Accounting

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

- Prior to September 20, the City Manager submits to the City Council, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of an ordinance. This ordinance authorizes a lump-sum expenditure budget for the City taken as a whole. An appropriation ordinance is also adopted which allocates the total budget to each individual fund. This allocation of the appropriation may not be legally exceeded by an individual fund.
- Supplemental appropriations are approved on an individual fund level basis. Supplemental appropriations of \$359,261,915 were approved during 2021 - of which \$127,191,820 was approved for the debt issuance related to Chimney Hollow in the Water fund and \$104,786,812 was approved for the Municipal Fiber Debt Service Funds. Management may revise budgets within an individual fund for internal management purposes. Increases to an individual fund's appropriated total and transfers between funds must be approved by City Council. Budgets included in this report reflect all supplemental appropriations legally adopted by City Council.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Permanent Funds.
- Budgets for the General, Special Revenue, the City's Capital Projects Fund, and all Permanent Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) with the exception that the proceeds and uses of new capital leases are not budgeted. For Special Improvement District No. 1, one budget was adopted for the district. Budgets for Enterprise and Internal Service are adopted to fulfill statutory requirements and are prepared on an appropriation basis. Principally, the appropriation basis of budgeting provides for a full accrual basis of accounting, capital expenditures, and bond principal payments but does not provide for depreciation, amortization, or for estimated claims liabilities.
- All appropriations lapse at year-end per State statutes except for grants and capital projects. This change was adopted by the City of Loveland Council in 2019. Any capital or grant project with available budget is eligible for rollover into the next fiscal year.
- The Capital Projects fund had a deficit fund balance due to the timing on receipt of grant revenue. This grant revenue will be received in 2022.
- The Risk & Insurance fund had a deficit budget due to open claims higher than anticipated. Appropriate measures have been taken to prevent future overages, including a review of open claims prior to the end of the year.
- An actuarial valuation is performed annually to determine the total pension liability. The net pension liability is to be measured as the total pension liability less the Plan's fiduciary net position. To value the Plan, the actuary must predict future events such as investment return, mortality, and rates of termination and retirement using actuarial assumptions. Any variation in future experience from that expected, from these assumptions will result in corresponding changes in the estimated costs of the Plan's benefits.

Other Major Funds

The Capital Expansion Funds are designed to address the need for capital facilities. The Capital Projects Fund accounts for all infrastructure construction and major equipment, machinery and facility expenditures that will provide long-term service or other public benefits.

City of Loveland, Colorado
Capital Expansion Fees
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|---|---------------------------------|----------------------|----------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 1,250,000 | \$ 1,250,000 | \$ - | \$ (1,250,000) |
| Charges for Services | 7,256,633 | 7,256,633 | 11,281,997 | 4,025,364 |
| Investment Earnings (Loss) | 186,807 | 186,807 | (111,426) | (298,233) |
| Miscellaneous | 86,904 | 126,904 | 746,905 | 620,001 |
| Total Revenues | 8,780,344 | 8,820,344 | 11,917,476 | 3,097,132 |
| Expenditures | | | | |
| Parks & Recreation | 65,465 | 241,203 | 112,262 | 128,941 |
| Capital Outlay | 1,435,500 | 7,136,492 | 668,931 | 6,467,561 |
| Total Expenditures | 1,500,965 | 7,377,695 | 781,193 | 6,596,502 |
| Excess (deficiency) of revenues over (under) expenditures | 7,279,379 | 1,442,649 | 11,136,283 | 9,693,634 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | - | - | 155,019 | 155,019 |
| Transfers (Out) | (2,219,535) | (4,033,503) | (1,469,395) | 2,564,108 |
| Total Other Financing Sources (Uses) | (2,219,535) | (4,033,503) | (1,314,376) | 2,719,127 |
| Net Change in Fund Balance | 5,059,844 | (2,590,854) | 9,821,907 | 12,412,761 |
| Fund Balance--Beginning | 32,110,116 | 32,110,116 | 32,110,116 | - |
| Prior Period Adjustment | - | - | 231,254 | 231,254 |
| Fund Balance--Ending | \$ 37,169,960 | \$ 29,519,262 | \$ 42,163,277 | \$ 12,644,015 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Capital Project Funds
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|---|---------------------------------|---------------------|-----------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ 1,182,657 | \$ 1,348,903 | \$ 166,246 |
| Investment Earnings (Loss) | - | - | 223,877 | 223,877 |
| Miscellaneous | 500,000 | 1,378,525 | 370,088 | (1,008,437) |
| Total Revenues | 500,000 | 2,561,182 | 1,942,868 | (618,314) |
| Expenditures | | | | |
| Information Technology | - | 1,575,423 | 1,591,826 | (16,403) |
| Public Works | - | 50,234 | 109,640 | (59,406) |
| Police | - | 42,000 | 62,512 | (20,512) |
| Parks & Recreation | - | - | 9,092 | (9,092) |
| Capital Outlay | 2,745,000 | 8,742,449 | 3,324,267 | 5,418,182 |
| Total Expenditures | 2,745,000 | 10,410,106 | 5,097,337 | 5,312,769 |
| Excess (deficiency) of revenues over (under) expenditures | (2,245,000) | (7,848,924) | (3,154,469) | 4,694,455 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 2,265,400 | 8,508,588 | 3,703,861 | (4,804,727) |
| Transfers (Out) | (20,400) | (41,900) | (29,164) | 12,736 |
| Total Other Financing Sources (Uses) | 2,245,000 | 8,466,688 | 3,674,697 | (4,791,991) |
| Net Change in Fund Balance | - | 617,764 | 520,228 | (97,536) |
| Fund Balance--Beginning | (1,439,858) | (1,439,858) | (1,439,858) | - |
| Prior Period Adjustment | - | - | (231,254) | (231,254) |
| Fund Balance--Ending | \$ (1,439,858) | \$ (822,094) | \$ (1,150,884) | \$ (328,790) |

See accompanying independent auditors' report.

Non-Major Government Funds

CAPITAL PROJECTS FUND

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

SPECIAL REVENUE FUNDS

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

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

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

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

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

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.

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

POLICE TRAINING CAMPUS—to account for operations and maintenance of the Police Training Campus. Funding is provided jointly by the City of Loveland and the City of Fort Collins.

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.

City of Loveland, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2021

SPECIAL REVENUE

| | General Improvement District #1 | Conservation Trust | Community Development Block Grant | Larimer County Open Space | Downtown Development Authority | Loveland/ Larimer Building Authority |
|--|--|-------------------------------|--|--------------------------------------|---|---|
| ASSETS | | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Equity in Pooled Cash | 97,009 | 1,195,831 | - | 5,862,213 | 370,305 | 14,020 |
| Equity in Pooled Investments | 182,266 | 3,668,218 | - | 3,691,038 | 293,517 | - |
| Receivables (Net): | | | | | | |
| Taxes | 64,898 | - | - | 524,138 | 72,475 | - |
| Accounts | - | - | - | - | - | - |
| Grants | - | 34,855 | 35,307 | 113,017 | - | 12,276 |
| Accrued Interest | 465 | 8,924 | - | 17,929 | 1,105 | 23 |
| Inventory | - | - | - | - | - | - |
| Restricted Assets: | | | | | | |
| Equity in Pooled Restricted Cash | - | 500,000 | - | 1,233,084 | - | - |
| Total Assets | 344,638 | 5,407,828 | 35,307 | 11,441,419 | 737,402 | 26,319 |
| LIABILITIES | | | | | | |
| Accounts Payable | - | 97,104 | 32,503 | 112,954 | - | 23,436 |
| Accrued Liabilities | - | 9,301 | 2,804 | 29,362 | - | 2,883 |
| Total Liabilities | - | 106,405 | 35,307 | 142,316 | - | 26,319 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable Revenue | - | 34,855 | - | 83,017 | - | - |
| Deferred Property Taxes | 64,465 | - | - | - | 72,475 | - |
| Total Deferred Inflows of Resources | 64,465 | 34,855 | - | 83,017 | 72,475 | - |
| Total Liabilities and Deferred Inflows of Resources | 64,465 | 141,260 | 35,307 | 225,333 | 72,475 | 26,319 |
| Fund Balances: | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | 280,173 | 5,266,568 | - | 11,216,086 | 664,927 | - |
| Committed | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - |
| Total Fund Balances | 280,173 | 5,266,568 | - | 11,216,086 | 664,927 | - |
| Total Liabilities and Fund Balances | \$ 344,638 | \$ 5,407,828 | \$ 35,307 | \$ 11,441,419 | \$ 737,402 | \$ 26,319 |

See accompanying independent auditors' report.

| SPECIAL REVENUE | | | | | | | | CAPITAL PROJECTS | PERMANENT FUND |
|---------------------|-------------------------------|-------------------|-------------------|-------------------|------------------------|--------------------------------|---------------------|------------------|----------------|
| Affordable Housing | Police Seizures & Forfeitures | Lodging Tax | PEG Fee | Fiber Network | Police Training Campus | Parks & Recreation Improvement | Perpetual Care | | |
| \$ - | \$ - | \$ 300 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 651,821 | 22,402 | 267,415 | 135,903 | 97,327 | 133,992 | 113,670 | 984,243 | | |
| 592,316 | 27,161 | 397,310 | 304,489 | 299,147 | 36,837 | 433,570 | 2,566,917 | | |
| - | - | 47,612 | - | - | - | - | - | - | - |
| - | - | 2,321 | - | - | 49,314 | - | - | - | - |
| - | - | 6,000 | - | - | - | - | - | - | - |
| 1,406 | 82 | 1,106 | 732 | 656 | 269 | 1,582 | 5,916 | | |
| - | - | 22,481 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 404,003 | - | - | - |
| 1,245,543 | 49,645 | 744,545 | 441,124 | 397,130 | 220,412 | 952,825 | 3,557,076 | | |
| - | - | 18,624 | - | 27,388 | 3,864 | 1,706 | - | - | - |
| - | - | 16,449 | - | - | 4,235 | - | - | - | - |
| - | - | 35,073 | - | 27,388 | 8,099 | 1,706 | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | 35,073 | - | 27,388 | 8,099 | 1,706 | - | - | - |
| - | - | 22,481 | - | - | - | - | 3,557,076 | - | - |
| - | 49,645 | 686,991 | - | - | 212,313 | - | - | - | - |
| 1,245,543 | - | - | 441,124 | - | - | - | - | - | - |
| - | - | - | - | 369,742 | - | 951,119 | - | - | - |
| 1,245,543 | 49,645 | 709,472 | 441,124 | 369,742 | 212,313 | 951,119 | 3,557,076 | | |
| \$ 1,245,543 | \$ 49,645 | \$ 744,545 | \$ 441,124 | \$ 397,130 | \$ 220,412 | \$ 952,825 | \$ 3,557,076 | | |

(Continued)

City of Loveland, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2021

| | Total |
|--|----------------------|
| ASSETS | |
| Cash | \$ 300 |
| Equity in Pooled Cash | 9,946,151 |
| Equity in Pooled Investments | 12,492,786 |
| Receivables (Net): | |
| Taxes | 709,123 |
| Accounts | 51,635 |
| Grants | 201,455 |
| Accrued Interest | 40,195 |
| Inventory | 22,481 |
| Restricted Assets: | |
| Equity in Pooled Restricted Cash | 2,137,087 |
| Total Assets | 25,601,213 |
| LIABILITIES | |
| Accounts Payable | 317,579 |
| Accrued Liabilities | 65,034 |
| Total Liabilities | 382,613 |
| DEFERRED INFLOWS OF RESOURCES | |
| Unavailable Revenue | 117,872 |
| Deferred Property Taxes | 136,940 |
| Total Deferred Inflows of Resources | 254,812 |
| Total Liabilities and Deferred Inflows of Resources | 637,425 |
| Fund Balances: | |
| Nonspendable | 3,579,557 |
| Restricted | 18,376,703 |
| Committed | 1,686,667 |
| Assigned | 1,320,861 |
| Total Fund Balances | 24,963,788 |
| Total Liabilities and Fund Balances | \$ 25,601,213 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2021

SPECIAL REVENUE

| | General Improvement District #1 | Conservation Trust | Community Development Block Grant | Larimer County Open Space | Downtown Development Authority | Loveland/ Larimer Building Authority |
|---|--|-------------------------------|--|--------------------------------------|---|---|
| Revenues: | | | | | | |
| Taxes | \$ 64,594 | \$ - | \$ - | \$ 2,850,149 | \$ 225,729 | \$ - |
| Intergovernmental | - | 942,480 | 1,155,978 | 33,126 | - | 524,252 |
| Charges for Services | - | - | - | - | - | - |
| Investment Earnings (Loss) | (3,175) | (95,095) | - | (132,512) | (69) | 31 |
| Miscellaneous | - | 319 | - | 132,331 | - | - |
| Total Revenues | 61,419 | 847,704 | 1,155,978 | 2,883,094 | 225,660 | 524,283 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| City Manager | - | - | 1,155,978 | - | - | - |
| Information Technology | - | - | - | - | - | - |
| Economic Development | - | - | - | - | - | - |
| Public Works | - | - | - | - | - | 524,283 |
| Police | - | - | - | - | - | - |
| Parks & Recreation | - | 238,529 | - | 1,232,745 | - | - |
| General Government | 2,590 | - | - | - | 51,974 | - |
| Capital Outlay | - | 1,168,405 | - | 1,541,178 | - | - |
| Total Expenditures | 2,590 | 1,406,934 | 1,155,978 | 2,773,923 | 51,974 | 524,283 |
| Excess (Deficiency) of Revenues Over Expenditures | 58,829 | (559,230) | - | 109,171 | 173,686 | - |
| Other Financing Sources (Uses): | | | | | | |
| Transfers In | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - |
| Net Change in Fund Balance | 58,829 | (559,230) | - | 109,171 | 173,686 | - |
| Fund Balances--Beginning | 221,344 | 5,825,798 | - | 11,106,915 | 491,241 | - |
| Fund Balances--Ending | \$ 280,173 | \$ 5,266,568 | \$ - | \$ 11,216,086 | \$ 664,927 | \$ - |

See accompanying independent auditors' report.

| SPECIAL REVENUE | | | | | | | CAPITAL PROJECTS | PERMANENT FUND |
|---------------------|-------------------------------|-------------------|-------------------|-------------------|------------------------|--------------------------------|---------------------|----------------|
| Affordable Housing | Police Seizures & Forfeitures | Lodging Tax | PEG Fee | Fiber Network | Police Training Campus | Parks & Recreation Improvement | Perpetual Care | |
| \$ - | \$ - | \$ 861,068 | \$ 74,499 | \$ - | \$ - | \$ - | \$ - | |
| - | - | 65,100 | - | - | - | 1,776 | - | |
| - | - | - | - | - | 62,514 | 63,510 | 134,715 | |
| (12,424) | (769) | 5,747 | (5,934) | (7,017) | 835 | (9,023) | (60,293) | |
| 155,334 | - | 148,325 | - | - | 220,000 | 7,154 | - | |
| 142,910 | (769) | 1,080,240 | 68,565 | (7,017) | 283,349 | 63,417 | 74,422 | |
| 61,726 | - | - | - | - | - | - | - | |
| - | - | - | 20,292 | 37,320 | - | - | - | |
| - | - | 756,748 | - | - | - | - | - | |
| - | - | - | - | - | 291,036 | - | - | |
| - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | - | |
| - | - | - | - | - | - | 155,133 | - | |
| 61,726 | - | 756,748 | 20,292 | 37,320 | 291,036 | 155,133 | - | |
| 81,184 | (769) | 323,492 | 48,273 | (44,337) | (7,687) | (91,716) | 74,422 | |
| 400,000 | - | - | - | - | 220,000 | - | - | |
| 400,000 | - | - | - | - | 220,000 | - | - | |
| 481,184 | (769) | 323,492 | 48,273 | (44,337) | 212,313 | (91,716) | 74,422 | |
| 764,359 | 50,414 | 385,980 | 392,851 | 414,079 | - | 1,042,835 | 3,482,654 | |
| \$ 1,245,543 | \$ 49,645 | \$ 709,472 | \$ 441,124 | \$ 369,742 | \$ 212,313 | \$ 951,119 | \$ 3,557,076 | |

(Continued)

City of Loveland, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2021

| | Total |
|---|----------------------|
| Revenues: | |
| Taxes | \$ 4,076,039 |
| Intergovernmental | 2,722,712 |
| Charges for Services | 260,739 |
| Investment Earnings (Loss) | (319,698) |
| Miscellaneous | 663,463 |
| Total Revenues | 7,403,255 |
| Expenditures: | |
| Current: | |
| City Manager | 1,217,704 |
| Information Technology | 57,612 |
| Economic Development | 756,748 |
| Public Works | 524,283 |
| Police | 291,036 |
| Parks & Recreation | 1,471,274 |
| General Government | 54,564 |
| Capital Outlay | 2,864,716 |
| Total Expenditures | 7,237,937 |
| Excess (Deficiency) of Revenues Over Expenditures | 165,318 |
| Other Financing Sources (Uses): | |
| Transfers In | 620,000 |
| Total Other Financing Sources (Uses) | 620,000 |
| Net Change in Fund Balance | 785,318 |
| Fund Balances--Beginning | 24,178,470 |
| Fund Balances--Ending | \$ 24,963,788 |

See accompanying independent auditors' report.

City of Loveland, Colorado
General Improvement District #1
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--------------------------------|---------------------------------|-------------------|-------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 50,000 | \$ 50,000 | \$ 64,594 | \$ 14,594 |
| Investment Earnings (Loss) | 1,500 | 1,500 | (3,175) | (4,675) |
| Total Revenues | 51,500 | 51,500 | 61,419 | 9,919 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 15,300 | 15,300 | 2,590 | 12,710 |
| Total Expenditures | 15,300 | 15,300 | 2,590 | 12,710 |
| Net Change in Fund Balance | 36,200 | 36,200 | 58,829 | 22,629 |
| Fund Balance--Beginning | 221,344 | 221,344 | 221,344 | - |
| Fund Balance--Ending | \$ 257,544 | \$ 257,544 | \$ 280,173 | \$ 22,629 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Conservation Trust
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--------------------------------|---------------------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 1,300,000 | \$ 1,300,000 | \$ 942,480 | \$ (357,520) |
| Investment Earnings (Loss) | 50,000 | 50,000 | (95,095) | (145,095) |
| Miscellaneous | - | - | 319 | 319 |
| Total Revenues | 1,350,000 | 1,350,000 | 847,704 | (502,296) |
| Expenditures: | | | | |
| Current: | | | | |
| Parks & Recreation | 387,556 | 441,633 | 238,529 | 203,104 |
| Capital Outlay | 200,000 | 4,081,322 | 1,168,405 | 2,912,917 |
| Total Expenditures | 587,556 | 4,522,955 | 1,406,934 | 3,116,021 |
| Net Change in Fund Balance | 762,444 | (3,172,955) | (559,230) | 2,613,725 |
| Fund Balance--Beginning | 5,825,798 | 5,825,798 | 5,825,798 | - |
| Fund Balance--Ending | \$ 6,588,242 | \$ 2,652,843 | \$ 5,266,568 | \$ 2,613,725 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Community Development Block Grant
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--------------------------------|---------------------------------|------------------|------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 382,403 | \$ 1,815,248 | \$ 1,155,978 | \$ (659,270) |
| Total Revenues | 382,403 | 1,815,248 | 1,155,978 | (659,270) |
| Expenditures: | | | | |
| Current: | | | | |
| City Manager | 382,403 | 1,815,248 | 1,155,978 | 659,270 |
| Total Expenditures | 382,403 | 1,815,248 | 1,155,978 | 659,270 |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balance--Beginning | - | - | - | - |
| Fund Balance--Ending | \$ - | \$ - | \$ - | \$ - |

See accompanying independent auditors' report.

City of Loveland, Colorado
Larimer County Open Space
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--|---------------------------------|---------------------|----------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 2,200,000 | \$ 2,200,000 | \$ 2,850,149 | \$ 650,149 |
| Intergovernmental | - | - | 33,126 | 33,126 |
| Investment Earnings (Loss) | 125,000 | 125,000 | (132,512) | (257,512) |
| Miscellaneous | 100,000 | 100,000 | 132,331 | 32,331 |
| Total Revenues | 2,425,000 | 2,425,000 | 2,883,094 | 458,094 |
| Expenditures: | | | | |
| Parks & Recreation | 1,442,450 | 1,561,361 | 1,232,745 | 328,616 |
| Capital Outlay | 4,342,000 | 4,732,507 | 1,541,178 | 3,191,329 |
| Total Expenditures | 5,784,450 | 6,293,868 | 2,773,923 | 3,519,945 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,359,450) | (3,868,868) | 109,171 | 3,978,039 |
| Other Financing Sources (Uses): | | | | |
| Transfers (Out) | (31,500) | (31,500) | - | 31,500 |
| Total Other Financing Sources (Uses) | (31,500) | (31,500) | - | 31,500 |
| Net Change in Fund Balance | (3,390,950) | (3,900,368) | 109,171 | 4,009,539 |
| Fund Balance--Beginning | 11,106,915 | 11,106,915 | 11,106,915 | - |
| Fund Balance--Ending | \$ 7,715,965 | \$ 7,206,547 | \$ 11,216,086 | \$ 4,009,539 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Downtown Development Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--------------------------------|---------------------------------|-------------------|-------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 125,000 | \$ 125,000 | \$ 225,729 | \$ 100,729 |
| Investment Earnings (Loss) | 1,500 | 1,500 | (69) | (1,569) |
| Total Revenues | 126,500 | 126,500 | 225,660 | 99,160 |
| Expenditures: | | | | |
| General Government | 175,000 | 175,000 | 51,974 | 123,026 |
| Total Expenditures | 175,000 | 175,000 | 51,974 | 123,026 |
| Net Change in Fund Balance | (48,500) | (48,500) | 173,686 | 222,186 |
| Fund Balance--Beginning | 491,241 | 491,241 | 491,241 | - |
| Fund Balance--Ending | \$ 442,741 | \$ 442,741 | \$ 664,927 | \$ 222,186 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Larimer Building Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--------------------------------|---------------------------------|--------------------|----------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 712,541 | \$ 696,041 | \$ 524,252 | \$ (171,789) |
| Investment Earnings (Loss) | - | - | 31 | 31 |
| Total Revenues | 712,541 | 696,041 | 524,283 | (171,758) |
| Expenditures: | | | | |
| Current: | | | | |
| Public Works | 695,041 | 599,041 | 524,283 | 74,758 |
| Parks & Recreation | 17,500 | 17,500 | - | 17,500 |
| Capital Outlay | - | 96,000 | - | 96,000 |
| Total Expenditures | 712,541 | 712,541 | 524,283 | 188,258 |
| Net Change in Fund Balance | - | (16,500) | - | 16,500 |
| Fund Balance--Beginning | - | - | - | - |
| Fund Balance--Ending | \$ - | \$ (16,500) | \$ - | \$ 16,500 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Affordable Housing
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--|---------------------------------|-------------------|---------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Investment Earnings (Loss) | \$ - | \$ - | \$ (12,424) | \$ (12,424) |
| Miscellaneous | - | 161,122 | 155,334 | (5,788) |
| Total Revenues | - | 161,122 | 142,910 | (18,212) |
| Expenditures: | | | | |
| City Manager | 526,500 | 1,423,863 | 61,726 | 1,362,137 |
| Total Expenditures | 526,500 | 1,423,863 | 61,726 | 1,362,137 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (526,500) | (1,262,741) | 81,184 | 1,343,925 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 400,000 | 843,850 | 400,000 | (443,850) |
| Total Other Financing Sources (Uses) | 400,000 | 843,850 | 400,000 | (443,850) |
| Net Change in Fund Balance | (126,500) | (418,891) | 481,184 | 900,075 |
| Fund Balance--Beginning | 764,359 | 764,359 | 764,359 | - |
| Fund Balance--Ending | \$ 637,859 | \$ 345,468 | \$ 1,245,543 | \$ 900,075 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Police Seizures & Forfeitures
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--------------------------------|---------------------------------|------------------|------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Investment Earnings (Loss) | \$ - | \$ - | \$ (769) | \$ (769) |
| Total Revenues | - | - | (769) | (769) |
| Net Change in Fund Balance | - | - | (769) | (769) |
| Fund Balance--Beginning | 50,414 | 50,414 | 50,414 | - |
| Fund Balance--Ending | \$ 50,414 | \$ 50,414 | \$ 49,645 | \$ (769) |

See accompanying independent auditors' report.

City of Loveland, Colorado
Lodging Tax
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--|---------------------------------|-------------------|-------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 700,000 | \$ 700,000 | \$ 861,068 | \$ 161,068 |
| Intergovernmental | - | - | 65,100 | 65,100 |
| Investment Earnings (Loss) | - | - | 5,747 | 5,747 |
| Miscellaneous | 63,000 | 63,000 | 148,325 | 85,325 |
| Total Revenues | 763,000 | 763,000 | 1,080,240 | 317,240 |
| Expenditures: | | | | |
| Economic Development | 747,848 | 773,848 | 756,748 | 17,100 |
| Total Expenditures | 747,848 | 773,848 | 756,748 | 17,100 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 15,152 | (10,848) | 323,492 | 334,340 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | - | 3,000 | - | (3,000) |
| Transfers (Out) | (5,000) | (5,000) | - | 5,000 |
| Total Other Financing Sources (Uses) | (5,000) | (2,000) | - | 2,000 |
| Net Change in Fund Balance | 10,152 | (12,848) | 323,492 | 336,340 |
| Fund Balance--Beginning | 385,980 | 385,980 | 385,980 | - |
| Fund Balance--Ending | \$ 396,132 | \$ 373,132 | \$ 709,472 | \$ 336,340 |

See accompanying independent auditors' report.

City of Loveland, Colorado
PEG Fee
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--------------------------------|---------------------------------|-------------------|-------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 80,000 | \$ 80,000 | \$ 74,499 | \$ (5,501) |
| Investment Earnings (Loss) | - | - | (5,934) | (5,934) |
| Total Revenues | 80,000 | 80,000 | 68,565 | (11,435) |
| Expenditures: | | | | |
| Current: | | | | |
| Information Technology | 50,000 | 20,292 | 20,292 | - |
| Capital Outlay: | | | | |
| Capital Outlay | 100,000 | 129,708 | - | 129,708 |
| Total Expenditures | 150,000 | 150,000 | 20,292 | 129,708 |
| Net Change in Fund Balance | (70,000) | (70,000) | 48,273 | 118,273 |
| Fund Balance--Beginning | 392,851 | 392,851 | 392,851 | - |
| Fund Balance--Ending | \$ 322,851 | \$ 322,851 | \$ 441,124 | \$ 118,273 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Fiber Network
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--|---------------------------------|-------------------|-------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Investment Earnings (Loss) | \$ - | \$ - | \$ (7,017) | \$ (7,017) |
| Total Revenues | - | - | (7,017) | (7,017) |
| Expenditures: | | | | |
| Information Technology | 125,000 | 94,500 | 37,320 | 57,180 |
| Capital Outlay | 25,000 | - | - | - |
| Total Expenditures | 150,000 | 94,500 | 37,320 | 57,180 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (150,000) | (94,500) | (44,337) | 50,163 |
| Other Financing Sources (Uses): | | | | |
| Transfers (Out) | - | (55,500) | - | 55,500 |
| Total Other Financing Sources (Uses) | - | (55,500) | - | 55,500 |
| Net Change in Fund Balance | (150,000) | (150,000) | (44,337) | 105,663 |
| Fund Balance--Beginning | 414,079 | 414,079 | 414,079 | - |
| Fund Balance--Ending | \$ 264,079 | \$ 264,079 | \$ 369,742 | \$ 105,663 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Police Training Campus
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--|---------------------------------|----------------|-------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$ - | \$ - | \$ 62,514 | \$ 62,514 |
| Investment Earnings (Loss) | - | - | 835 | 835 |
| Miscellaneous | - | 259,000 | 220,000 | (39,000) |
| Total Revenues | - | 259,000 | 283,349 | 24,349 |
| Expenditures: | | | | |
| Police | - | 418,000 | 291,036 | 126,964 |
| Capital Outlay | - | 61,000 | - | 61,000 |
| Total Expenditures | - | 479,000 | 291,036 | 187,964 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | (220,000) | (7,687) | 212,313 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | - | 220,000 | 220,000 | - |
| Total Other Financing Sources (Uses) | - | 220,000 | 220,000 | - |
| Net Change in Fund Balance | - | - | 212,313 | 212,313 |
| Fund Balance--Beginning | - | - | - | - |
| Fund Balance--Ending | \$ - | \$ - | \$ 212,313 | \$ 212,313 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Parks & Recreation Improvement
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--|---------------------------------|-------------------|-------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 1,800 | \$ 1,800 | \$ 1,776 | \$ (24) |
| Charges for Services | 45,500 | 45,500 | 63,510 | 18,010 |
| Investment Earnings (Loss) | 8,535 | 8,535 | (9,023) | (17,558) |
| Miscellaneous | - | - | 7,154 | 7,154 |
| Total Revenues | 55,835 | 55,835 | 63,417 | 7,582 |
| Expenditures: | | | | |
| Capital Outlay | 100,000 | 328,701 | 155,133 | 173,568 |
| Total Expenditures | 100,000 | 328,701 | 155,133 | 173,568 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (44,165) | (272,866) | (91,716) | 181,150 |
| Other Financing Sources (Uses): | | | | |
| Transfers (Out) | (1,000) | (1,000) | - | 1,000 |
| Total Other Financing Sources (Uses) | (1,000) | (1,000) | - | 1,000 |
| Net Change in Fund Balance | (45,165) | (273,866) | (91,716) | 182,150 |
| Fund Balance--Beginning | 1,042,835 | 1,042,835 | 1,042,835 | - |
| Fund Balance--Ending | \$ 997,670 | \$ 768,969 | \$ 951,119 | \$ 182,150 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Perpetual Care
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--------------------------------|---------------------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$ 91,000 | \$ 91,000 | \$ 134,715 | \$ 43,715 |
| Investment Earnings (Loss) | 33,936 | 33,936 | (60,293) | (94,229) |
| Total Revenues | 124,936 | 124,936 | 74,422 | (50,514) |
| Net Change in Fund Balance | 124,936 | 124,936 | 74,422 | (50,514) |
| Fund Balance--Beginning | 3,482,654 | 3,482,654 | 3,482,654 | - |
| Fund Balance--Ending | \$ 3,607,590 | \$ 3,607,590 | \$ 3,557,076 | \$ (50,514) |

See accompanying independent auditors' report.

Proprietary Funds

ENTERPRISE FUNDS

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

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

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

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

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

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

The internal service funds are:

FLEET REPLACEMENT & MANAGEMENT—provides vehicle maintenance and replacement of the City fleet.

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

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

City of Loveland, Colorado
Water
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|-----------------------------------|---------------------------------|---------------------|-------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$ 20,017,164 | \$ 20,017,164 | \$ 20,128,789 | \$ 111,625 |
| Cash in Lieu of Water Rights | 504,880 | 504,880 | 1,630,892 | 1,126,012 |
| Miscellaneous | 1,507,936 | 2,238,244 | 1,799,970 | (438,274) |
| Investment Earnings | 75,117 | 75,117 | (628,249) | (703,366) |
| System Impact/Development Fees | 2,361,358 | 2,361,358 | 4,314,651 | 1,953,293 |
| Raw Water Development Fees | 747,896 | 747,896 | 1,662,479 | 914,583 |
| Transfers In | 493,722 | 52,993,722 | 452 | (52,993,270) |
| Bond Proceeds | 105,270 | 61,130,000 | - | (61,130,000) |
| Aid to Construction | - | 2,616,667 | 566,814 | (2,049,853) |
| Capital Grant Contributions | 5 | 5 | 25,147 | 25,142 |
| Total Revenues | 25,813,348 | 142,685,053 | 29,500,945 | (113,184,108) |
| Expenditures: | | | | |
| Personal Services | 5,860,085 | 5,860,085 | 5,743,946 | 116,139 |
| Supplies | 1,561,193 | 3,082,868 | 1,484,909 | 1,597,959 |
| Purchased Services | 6,378,944 | 6,448,577 | 5,213,123 | 1,235,454 |
| Payment for Services | 1,401,200 | 1,401,200 | 1,325,254 | 75,946 |
| Transfers (Out) | 1,323,387 | 54,269,221 | 346,017 | 53,923,204 |
| Capital Acquisitions | 10,896,212 | 87,055,140 | - | 87,055,140 |
| Bond Expenses | 1,414,617 | 10,044,617 | 1,077,600 | 8,967,017 |
| Total Expenditures | 28,835,638 | 168,161,708 | 15,190,849 | 152,970,859 |
| Net Change in Fund Balance | (3,022,290) | (25,476,655) | 14,310,096 | 39,786,751 |

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

| | |
|-------------------------------|----------------------|
| Gain on Sale of Capital Asset | 40,899 |
| Contributed Assets | 1,082,210 |
| Depreciation | (4,084,882) |
| Loss on Sale of Capital Asset | (4,952) |
| Statement Total | <u>\$ 11,343,371</u> |

See accompanying independent auditors' report.

City of Loveland, Colorado
Waste Water
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|-----------------------------------|---------------------------------|--------------------|-------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$ 16,114,592 | \$ 16,114,592 | \$ 16,186,955 | \$ 72,363 |
| Miscellaneous | 53,872 | 1,391,372 | 148,223 | (1,243,149) |
| Investment Earnings | 16,594 | 16,594 | (30,694) | (47,288) |
| System Impact/Development Fees | 1,443,033 | 1,443,033 | 2,593,470 | 1,150,437 |
| Aid to Construction | 300,000 | 300,000 | - | (300,000) |
| Total Revenues | 17,928,091 | 19,265,591 | 18,897,954 | (367,637) |
| Expenditures: | | | | |
| Personal Services | 4,383,927 | 4,383,927 | 4,151,857 | 232,070 |
| Supplies | 945,050 | 1,003,418 | 722,927 | 280,491 |
| Purchased Services | 4,622,762 | 4,845,230 | 3,442,218 | 1,403,012 |
| Payment for Services | 1,127,380 | 1,127,380 | 1,049,794 | 77,586 |
| Transfers (Out) | 64,265 | 562,126 | 309,636 | 252,490 |
| Capital Acquisitions | 4,020,780 | 9,098,073 | - | 9,098,073 |
| Bond Expenses | 936,541 | 936,541 | 935,292 | 1,249 |
| Total Expenditures | 16,100,705 | 21,956,695 | 10,611,724 | 11,344,971 |
| Net Change in Fund Balance | 1,827,386 | (2,691,104) | 8,286,230 | 10,977,334 |

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

| | |
|-------------------------------|--------------|
| Gain on Sale of Capital Asset | 15,500 |
| Contributed Assets | 653,067 |
| Depreciation | (3,712,890) |
| Statement Total | \$ 5,241,907 |

See accompanying independent auditors' report.

City of Loveland, Colorado
Stormwater
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|-----------------------------------|---------------------------------|--------------------|------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$ 8,059,310 | \$ 8,059,310 | \$ 8,249,402 | \$ 190,092 |
| Miscellaneous | - | 2,500 | 77,439 | 74,939 |
| Investment Earnings | 134,740 | 134,740 | (240,226) | (374,966) |
| System Impact/Development Fees | 400,730 | 400,730 | 417,904 | 17,174 |
| Transfers In | - | - | 400 | 400 |
| Capital Grant Contributions | - | 300,000 | - | (300,000) |
| Total Revenues | 8,594,780 | 8,897,280 | 8,504,919 | (392,361) |
| Expenditures: | | | | |
| Personal Services | 1,896,000 | 1,896,000 | 1,628,709 | 267,291 |
| Supplies | 66,936 | 66,936 | 42,221 | 24,715 |
| Purchased Services | 1,692,052 | 2,228,367 | 858,844 | 1,369,523 |
| Payment for Services | 564,150 | 564,150 | 539,680 | 24,470 |
| Transfers (Out) | 27,610 | 239,466 | 158,762 | 80,704 |
| Capital Acquisitions | 3,722,000 | 11,157,774 | - | 11,157,774 |
| Total Expenditures | 7,968,748 | 16,152,693 | 3,228,216 | 12,924,477 |
| Net Change in Fund Balance | 626,032 | (7,255,413) | 5,276,703 | 12,532,116 |

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

| | |
|-------------------------------|---------------------|
| Gain on Sale of Capital Asset | 84,600 |
| Contributed Assets | 1,933,391 |
| Depreciation | (1,424,651) |
| Loss on Sale of Capital Asset | (2,036,649) |
| Statement Total | <u>\$ 3,833,394</u> |

See accompanying independent auditors' report.

City of Loveland, Colorado
Electric & Communications
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|-----------------------------------|---------------------------------|---------------------|-------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$ 74,926,683 | \$ 74,926,683 | \$ 76,806,313 | \$ 1,879,630 |
| Miscellaneous | 1,238,300 | 1,238,300 | 986,810 | (251,490) |
| Investment Earnings | 402,093 | 443,343 | (220,065) | (663,408) |
| System Impact/Development Fees | 2,810,720 | 2,810,720 | 3,732,854 | 922,134 |
| Transfers In | 802,500 | 59,675,645 | - | (59,675,645) |
| Aid to Construction | 2,020,000 | 3,520,000 | 1,868,048 | (1,651,952) |
| Total Revenues | 82,200,296 | 142,614,691 | 83,173,960 | (59,440,731) |
| Expenditures: | | | | |
| Personal Services | 8,406,372 | 8,181,372 | 6,703,642 | 1,477,730 |
| Supplies | 633,315 | 840,262 | 561,419 | 278,843 |
| Purchased Services | 8,047,874 | 9,490,723 | 6,985,897 | 2,504,826 |
| Purchased Power | 44,089,628 | 46,289,628 | 46,414,524 | (124,896) |
| Payment for Services | 5,244,866 | 5,244,866 | 5,265,409 | (20,543) |
| Transfers (Out) | 822,210 | 60,832,329 | 1,338,764 | 59,493,565 |
| Capital Acquisitions | 16,836,899 | 66,050,693 | - | 66,050,693 |
| Bond Expenses | 3,817,752 | 4,144,002 | 3,674,405 | 469,597 |
| Total Expenditures | 87,898,916 | 201,073,875 | 70,944,060 | 130,129,815 |
| Net Change in Fund Balance | (5,698,620) | (58,459,184) | 12,229,900 | 70,689,084 |

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

| | |
|-------------------------------|---------------------|
| Gain on Sale of Capital Asset | 78,850 |
| Contributed Assets | 220,769 |
| Depreciation | (7,253,844) |
| Loss on Sale of Capital Asset | (26,569) |
| Statement Total | <u>\$ 5,249,106</u> |

See accompanying independent auditors' report.

City of Loveland, Colorado
Solid Waste
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|-----------------------------------|---------------------------------|--------------------|------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$ 8,751,993 | \$ 8,751,993 | \$ 9,603,233 | \$ 851,240 |
| Miscellaneous | (7,450) | 7,550 | - | (7,550) |
| Investment Earnings | 60,390 | 60,390 | (102,468) | (162,858) |
| Transfers In | - | 240,000 | 240,000 | - |
| Capital Grant Contributions | - | - | 23,718 | 23,718 |
| Total Revenues | 8,804,933 | 9,059,933 | 9,764,483 | 704,550 |
| Expenditures: | | | | |
| Personal Services | 2,831,619 | 2,831,619 | 2,860,286 | (28,667) |
| Supplies | 305,650 | 289,554 | 281,736 | 7,818 |
| Purchased Services | 4,805,231 | 4,836,327 | 3,749,472 | 1,086,855 |
| Payment for Services | 602,859 | 602,859 | 609,964 | (7,105) |
| Transfers (Out) | - | 360,199 | 288,598 | 71,601 |
| Capital Acquisitions | - | 2,106,043 | - | 2,106,043 |
| Bond Expenses | 16,849 | 16,849 | 17,876 | (1,027) |
| Total Expenditures | 8,562,208 | 11,043,450 | 7,807,932 | 3,235,518 |
| Net Change in Fund Balance | 242,725 | (1,983,517) | 1,956,551 | 3,940,068 |

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

| | |
|-------------------------------|---------------------|
| Gain on Sale of Capital Asset | 34,000 |
| Depreciation | (970,931) |
| Statement Total | <u>\$ 1,019,620</u> |

See accompanying independent auditors' report.

City of Loveland, Colorado
Golf
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|-----------------------------------|---------------------------------|--------------------|------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$ 4,123,244 | \$ 4,123,244 | \$ 5,293,592 | \$ 1,170,348 |
| Miscellaneous | - | - | 546 | 546 |
| Investment Earnings | 70,876 | 70,876 | (88,510) | (159,386) |
| Capital Grant Contributions | - | - | 2,973 | 2,973 |
| Total Revenues | 4,194,120 | 4,194,120 | 5,208,601 | 1,014,481 |
| Expenditures: | | | | |
| Personal Services | 2,388,962 | 2,432,642 | 2,337,218 | 95,424 |
| Supplies | 622,712 | 619,712 | 554,628 | 65,084 |
| Purchased Services | 688,393 | 696,393 | 698,714 | (2,321) |
| Transfers (Out) | 10,150 | 10,150 | - | 10,150 |
| Capital Acquisitions | 1,015,000 | 2,340,086 | - | 2,340,086 |
| Total Expenditures | 4,725,217 | 6,098,983 | 3,590,560 | 2,508,423 |
| Net Change in Fund Balance | (531,097) | (1,904,863) | 1,618,041 | 3,522,904 |

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

| | |
|-------------------------------|---------------------|
| Gain on Sale of Capital Asset | 1,000 |
| Depreciation | (330,680) |
| Statement Total | <u>\$ 1,288,361</u> |

See accompanying independent auditors' report.

City of Loveland, Colorado
Combining Statement of Net Position
Internal Service
December 31, 2021

| | Fleet Replacement | Fleet Management | Risk & Insurance | Employee Benefits | Totals |
|--|----------------------|---------------------|---------------------|----------------------|----------------------|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Equity in Pooled Cash | \$ 1,601,648 | \$ 821,906 | \$ 1,199,810 | \$ 5,246,238 | \$ 8,869,602 |
| Equity in Pooled Investments | 4,561,522 | 1,142,606 | 4,235,627 | 8,997,935 | 18,937,690 |
| Receivables, Net | 18,602 | 104,040 | 28,995 | 73,567 | 225,204 |
| Accrued Interest | 10,696 | 3,396 | 9,043 | 24,795 | 47,930 |
| Inventory, at Cost | - | 592,376 | - | - | 592,376 |
| Total Current Assets | 6,192,468 | 2,664,324 | 5,473,475 | 14,342,535 | 28,672,802 |
| Noncurrent Assets: | | | | | |
| Interfund Loan Receivable | 222,270 | - | - | - | 222,270 |
| Restricted Assets: | | | | | |
| Equity in Pooled Restricted Cash | - | - | - | 320,180 | 320,180 |
| Total Restricted Assets | - | - | - | 320,180 | 320,180 |
| Property, Plant & Equipment: | | | | | |
| Land | 209,516 | - | - | - | 209,516 |
| Buildings | 1,976,509 | - | - | - | 1,976,509 |
| Equipment | 19,503,571 | 163,404 | - | - | 19,666,975 |
| Construction in Progress | 218,223 | - | - | - | 218,223 |
| Total Property, Plant & Equipment | 21,907,819 | 163,404 | - | - | 22,071,223 |
| Accumulated Depreciation | (11,991,836) | (109,781) | - | - | (12,101,617) |
| Net Property, Plant & Equipment | 9,915,983 | 53,623 | - | - | 9,969,606 |
| Total Non-Current Assets | 10,138,253 | 53,623 | - | 320,180 | 10,512,056 |
| Total Assets | 16,330,721 | 2,717,947 | 5,473,475 | 14,662,715 | 39,184,858 |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | 2,805 | 189,814 | 993,274 | 363,602 | 1,549,495 |
| Accrued Liabilities | - | 68,962 | 17,340 | 921,586 | 1,007,888 |
| Total Current Liabilities | 2,805 | 258,776 | 1,010,614 | 1,285,188 | 2,557,383 |
| Compensated Absences | - | 140,557 | 43,745 | - | 184,302 |
| Total Liabilities | 2,805 | 399,333 | 1,054,359 | 1,285,188 | 2,741,685 |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | 9,915,983 | 53,623 | - | - | 9,969,606 |
| Restricted | - | - | - | 320,180 | 320,180 |
| Unrestricted | 6,411,933 | 2,264,991 | 4,419,116 | 13,057,347 | 26,153,387 |
| Total Net Position | \$ 16,327,916 | \$ 2,318,614 | \$ 4,419,116 | \$ 13,377,527 | \$ 36,443,173 |

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

City of Loveland, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Net Position
Internal Service
For the Year Ended December 31, 2021

| | Fleet Replacement | Fleet Management | Risk & Insurance | Employee Benefits | Totals |
|---|----------------------|---------------------|---------------------|----------------------|----------------------|
| Operating Revenues: | | | | | |
| Charges for Services | \$ 3,150,396 | \$ 5,406,223 | \$ 3,273,072 | \$ 14,126,910 | \$ 25,956,601 |
| Miscellaneous | - | 22,636 | 233,095 | 59,362 | 315,093 |
| Total Operating Revenues | 3,150,396 | 5,428,859 | 3,506,167 | 14,186,272 | 26,271,694 |
| Operating Expenses: | | | | | |
| Personal Services | - | 1,699,142 | 557,465 | 996 | 2,257,603 |
| Supplies | 2,345 | 2,745,567 | 5,202 | 53,878 | 2,806,992 |
| Purchased Services | - | 533,624 | 4,048,025 | 14,170,286 | 18,751,935 |
| Depreciation | 1,768,256 | 15,543 | - | - | 1,783,799 |
| Total Operating Expenses | 1,770,601 | 4,993,876 | 4,610,692 | 14,225,160 | 25,600,329 |
| Net Operating Income (loss) | 1,379,795 | 434,983 | (1,104,525) | (38,888) | 671,365 |
| Nonoperating Revenues (Expenses): | | | | | |
| Investment Loss | (134,606) | (4,024) | (114,845) | (210,961) | (464,436) |
| Interest and debt service costs | 8,160 | - | - | - | 8,160 |
| Gain (Loss) on Sale of Capital Assets | 139,962 | - | - | - | 139,962 |
| Total Nonoperating Revenues (Expenses) | 13,516 | (4,024) | (114,845) | (210,961) | (316,314) |
| Net Income (Loss) Before Transfers | 1,393,311 | 430,959 | (1,219,370) | (249,849) | 355,051 |
| Capital Grant Contributions | 18,602 | - | - | - | 18,602 |
| Transfers In | 725,030 | - | - | - | 725,030 |
| Transfers (Out) | (517,403) | - | - | (652,782) | (1,170,185) |
| Change in Net Position | 1,619,540 | 430,959 | (1,219,370) | (902,631) | (71,502) |
| Total Net Position - Beginning | 14,708,376 | 1,887,655 | 5,638,486 | 14,280,158 | 36,514,675 |
| Total Net Position - Ending | \$ 16,327,916 | \$ 2,318,614 | \$ 4,419,116 | \$ 13,377,527 | \$ 36,443,173 |

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

City of Loveland, Colorado
Statement of Cash Flows
Internal Service
For the Year Ended December 31, 2021

| | Fleet Replacement | Fleet Management | Risk & Insurance | Employee Benefits | Totals |
|--|----------------------|---------------------|---------------------|----------------------|---------------------|
| Cash Flows from Operating Activities: | | | | | |
| Cash Received from Interfund Services | \$ 3,150,396 | \$ 5,312,570 | \$ 3,297,353 | \$ 14,285,545 | \$ 26,045,864 |
| Cash Payments for Goods and Services | (404,665) | (3,258,263) | (3,539,155) | (14,264,427) | (21,466,510) |
| Cash Payments to Employees | - | (1,707,490) | (561,866) | - | (2,269,356) |
| Cash Received from Employees | | | | 633,568 | 633,568 |
| Miscellaneous | - | 22,953 | 233,093 | 59,362 | 315,408 |
| Net Cash Provided (Used) by Operating Activities | 2,745,731 | 369,770 | (570,575) | 714,048 | 3,258,974 |
| Cash Flows from Non-Capital Financing Activities: | | | | | |
| Transfers In | 725,030 | | | | 725,030 |
| Transfers Out | (517,403) | - | - | (652,782) | (1,170,185) |
| Net Cash Provided (Used) by Non-capital Financing Activities | 207,627 | - | - | (652,782) | (445,155) |
| Cash Flows from Capital and Related Financing Activities: | | | | | |
| Proceeds on Sale of Capital Assets | 139,962 | - | - | - | 139,962 |
| Payments for Capital Acquisition | (2,614,472) | - | - | - | (2,614,472) |
| Intergovernmental Revenue | | 53 | 53 | | 106 |
| Repayments received on Interfund Loan receivables | 57,936 | - | - | - | 57,936 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (2,416,574) | 53 | 53 | - | (2,416,468) |
| Cash Flows from Investing Activities: | | | | | |
| Purchase of Investments | (1,182,944) | (902,781) | (471,824) | (4,263,226) | (6,820,775) |
| Proceeds from Sale of Investments | 2,182,395 | 401,798 | 2,176,206 | 3,802,927 | 8,563,326 |
| Investment Earnings | 52,596 | 15,607 | 45,457 | 108,909 | 222,569 |
| Net Cash Flows Provided (Used) by Investing Activities | 1,052,047 | (485,376) | 1,749,839 | (351,390) | 1,965,120 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,588,831 | (115,553) | 1,179,317 | (290,124) | 2,362,471 |
| Cash and Cash Equivalents - Jan. 1 | 12,817 | 937,459 | 20,493 | 5,856,542 | 6,827,311 |
| Cash and Cash Equivalents--Dec. 31 | \$ 1,601,648 | \$ 821,906 | \$ 1,199,810 | \$ 5,566,418 | \$ 9,189,782 |
| Reconciliation of Operating Income (Loss) to Net Operating Income (Loss) | | | | | |
| Operating Income (Loss) | \$ 1,379,794 | \$ 434,988 | \$ (1,104,525) | \$ (38,890) | \$ 671,367 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Depreciation | 1,768,256 | 15,543 | - | - | 1,783,799 |
| (Increase) Decrease in Accounts Receivable | | (93,356) | 24,281 | 158,635 | 89,560 |
| Increase in Inventory | - | (73,508) | - | - | (73,508) |
| Increase (Decrease) in Current Liabilities | (402,319) | 86,103 | 509,669 | 594,303 | 787,756 |
| Total Adjustments | 1,365,937 | (65,218) | 533,950 | 752,938 | 2,587,607 |
| Net Cash Provided (Used) by Operating Activities | \$ 2,745,731 | \$ 369,770 | \$ (570,575) | \$ 714,048 | \$ 3,258,974 |
| Noncash Investing, Capital and Financing Activities: | | | | | |
| Unrealized Loss on Investments | (178,206) | (18,259) | (151,411) | (293,609) | (641,485) |
| Reconciliation of cash and cash equivalents to statement of net position: | | | | | |
| Cash and cash equivalents | 1,601,648 | 821,906 | 1,199,810 | 5,246,238 | 8,869,602 |
| Restricted Assets - cash and cash equivalents | - | - | - | 320,180 | 320,180 |
| | \$ 1,601,648 | \$ 821,906 | \$ 1,199,810 | \$ 5,566,418 | \$ 9,189,782 |

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

City of Loveland, Colorado
Fleet Replacement
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--|---------------------------------|--------------------|------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$ 3,176,664 | \$ 3,176,664 | \$ 3,150,396 | \$ (26,268) |
| Miscellaneous | - | - | 8,160 | 8,160 |
| Investment Earnings | - | - | (134,606) | (134,606) |
| Transfers In | 60,000 | 60,000 | 725,030 | 665,030 |
| Capital Grant Contributions | 329,000 | 828,000 | 18,602 | (809,398) |
| Total Revenues | 3,565,664 | 4,064,664 | 3,767,582 | (297,082) |
| Expenditures: | | | | |
| Supplies | - | - | 2,345 | (2,345) |
| Transfers (Out) | - | 893,792 | 517,403 | 376,389 |
| Capital Acquisitions | 4,770,391 | 6,792,535 | - | 6,792,535 |
| Total Expenditures | 4,770,391 | 7,686,327 | 519,748 | 7,166,579 |
| Net Change in Fund Balance | (1,204,727) | (3,621,663) | 3,247,834 | 6,869,497 |
| Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Net Position: | | | | |
| Gain on Sale of Capital Asset | | | 139,962 | |
| Depreciation | | | (1,768,256) | |
| Statement Total | | | \$ 1,619,540 | |

See accompanying independent auditors' report.

City of Loveland, Colorado
Fleet Management
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|-----------------------------------|---------------------------------|------------------|------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$ 5,712,899 | \$ 5,712,899 | \$ 5,405,908 | \$ (306,991) |
| Miscellaneous | - | - | 22,951 | 22,951 |
| Investment Earnings | - | - | (4,024) | (4,024) |
| Total Revenues | 5,712,899 | 5,712,899 | 5,424,835 | (288,064) |
| Expenditures: | | | | |
| Personal Services | 1,915,792 | 1,915,792 | 1,699,142 | 216,650 |
| Supplies | 2,703,958 | 2,872,458 | 2,745,567 | 126,891 |
| Purchased Services | 610,826 | 623,266 | 533,624 | 89,642 |
| Capital Acquisitions | - | 49,500 | - | 49,500 |
| Bond Expenses | 5,112 | 5,112 | - | 5,112 |
| Total Expenditures | 5,235,688 | 5,466,128 | 4,978,333 | 487,795 |
| Net Change in Fund Balance | 477,211 | 246,771 | 446,502 | 199,731 |

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

| | |
|-----------------|-------------------|
| Depreciation | (15,543) |
| Statement Total | <u>\$ 430,959</u> |

See accompanying independent auditors' report.

City of Loveland, Colorado
Risk & Insurance
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|-----------------------------------|---------------------------------|------------------|--------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$ 3,225,780 | \$ 3,273,072 | \$ 3,273,072 | \$ - |
| Miscellaneous | 88,500 | 88,500 | 233,095 | 144,595 |
| Investment Earnings | 55,667 | 55,667 | (114,845) | (170,512) |
| Total Revenues | 3,369,947 | 3,417,239 | 3,391,322 | (25,917) |
| Expenditures: | | | | |
| Personal Services | 580,300 | 580,300 | 557,465 | 22,835 |
| Supplies | 18,696 | 15,696 | 5,202 | 10,494 |
| Purchased Services | 3,208,871 | 3,712,533 | 4,048,025 | (335,492) |
| Total Expenditures | 3,807,867 | 4,308,529 | 4,610,692 | (302,163) |
| Net Change in Fund Balance | (437,920) | (891,290) | (1,219,370) | (328,080) |

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

\$ (1,219,370)

See accompanying independent auditors' report.

City of Loveland, Colorado
Employee Benefits
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|-----------------------------------|---------------------------------|-------------------|-------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$ 15,907,389 | \$ 15,907,389 | \$ 14,126,910 | \$ (1,780,479) |
| Miscellaneous | 118,000 | 118,000 | 59,362 | (58,638) |
| Investment Earnings | 104,021 | 104,021 | (210,961) | (314,982) |
| Total Revenues | 16,129,410 | 16,129,410 | 13,975,311 | (2,154,099) |
| Expenditures: | | | | |
| Personal Services | 8,750 | 8,750 | 996 | 7,754 |
| Supplies | 119,800 | 119,800 | 53,878 | 65,922 |
| Purchased Services | 15,896,839 | 15,896,839 | 14,170,286 | 1,726,553 |
| Transfers (Out) | 652,782 | 652,782 | 652,782 | - |
| Total Expenditures | 16,678,171 | 16,678,171 | 14,877,942 | 1,800,229 |
| Net Change in Fund Balance | (548,761) | (548,761) | (902,631) | (353,870) |

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

Statement Total \$ (902,631)

See accompanying independent auditors' report.

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, 2021

| | Budgeted Amounts (unaudited) | | Actual | Difference with Final Budget |
|--------------------------------|---------------------------------|-------------------|-------------------|------------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Special Assessments | \$ 635,000 | \$ 635,000 | \$ 461,954 | \$ (173,046) |
| Interest | 5,000 | 5,000 | (1,372) | (6,372) |
| Miscellaneous | - | - | 2,001 | 2,001 |
| Total Revenues | 640,000 | 640,000 | 462,583 | (177,417) |
| Expenditures: | | | | |
| General Administration | 10,051 | 10,051 | 5,417 | 4,634 |
| Bond Principal | 500,000 | 500,000 | 430,000 | 70,000 |
| Bond Interest | 108,900 | 108,900 | 109,200 | (300) |
| Trustee Fees | 1,500 | 1,500 | 300 | 1,200 |
| Total Expenditures | 620,451 | 620,451 | 544,917 | 75,534 |
| Net Change in Fund Balance | 19,549 | 19,549 | (82,334) | (101,883) |
| Fund Balance--Beginning | 491,345 | 491,345 | 491,345 | - |
| Fund Balance--Ending | \$ 510,894 | \$ 510,894 | \$ 409,011 | \$ (101,883) |

Statistical

This section contains comprehensive statistical data for the City.

It is intended to provide a broader and more complete understanding of the City and its financial affairs than is provided by the Basic Financial Statements.

City of Loveland, Colorado
Statistical Section Descriptions

| | |
|--|-----|
| Financial Trends | 130 |
| 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 | 140 |
| 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 | 143 |
| 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 | 147 |
| 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 | 150 |
| 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 Annual Comprehensive Financial Reports for the relevant year.

Schedule 1
City of Loveland, Colorado
Net Position by Component
(accrual basis of accounting)

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| Governmental Activities | | | | | |
| Net Investment in Capital Assets | \$ 301,942,160 | \$ 301,651,481 | \$ 327,486,198 | \$ 334,471,486 | \$ 349,269,785 |
| Restricted | 29,777,379 | 27,990,603 | 25,425,762 | 23,991,063 | 19,889,376 |
| Unrestricted | 83,391,502 | 95,320,222 | 88,271,751 | 89,140,975 | 109,138,773 |
| Total Governmental Activities Net Position | 415,111,041 | 424,962,306 | 441,183,711 | 447,603,524 | 478,297,934 |
| Business-Type Activities | | | | | |
| Net Investment in Capital Assets | 372,589,212 | 380,761,746 | 398,830,123 | 412,250,813 | 439,794,339 |
| Future Capital Improvements | 44,869,255 | 41,854,010 | 43,987,341 | 38,346,067 | 38,620,559 |
| Unrestricted | 44,177,057 | 44,941,194 | 39,181,529 | 50,999,539 | 50,990,044 |
| Total Business-Type Activities Net Position | 461,635,524 | 467,556,950 | 481,998,993 | 501,596,419 | 529,404,942 |
| Primary government | | | | | |
| Net Investment In Capital Assets | 674,531,372 | 682,413,227 | 726,316,321 | 746,722,299 | 789,064,124 |
| Restricted | 74,646,634 | 69,844,613 | 69,413,103 | 62,337,130 | 58,509,935 |
| Unrestricted | 127,568,559 | 140,261,416 | 127,453,280 | 140,140,514 | 160,128,817 |
| Total Primary Government Net Position | \$ 876,746,565 | \$ 892,519,256 | \$ 923,182,704 | \$ 949,199,943 | \$ 1,007,702,876 |

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|----|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ | 370,968,085 | \$ 375,178,255 | \$ 407,352,447 | \$ 442,641,192 | \$ 461,306,590 |
| | 42,204,301 | 40,657,508 | 35,401,193 | 37,872,003 | 47,053,799 |
| | 85,659,674 | 92,826,599 | 93,934,510 | 93,096,876 | 117,255,519 |
| | 498,832,060 | 508,662,362 | 536,688,150 | 573,610,071 | 625,615,908 |
| | 463,351,560 | 487,093,974 | 512,801,745 | 540,618,535 | 568,110,085 |
| | 44,650,171 | 53,143,019 | 49,882,904 | 55,601,577 | 49,936,494 |
| | 48,112,329 | 44,467,491 | 53,747,205 | 55,842,929 | 61,992,221 |
| | 556,114,060 | 584,704,484 | 616,431,854 | 652,063,041 | 680,038,800 |
| | 834,319,645 | 862,272,229 | 920,154,192 | 983,259,727 | 1,029,416,675 |
| | 86,854,472 | 93,800,527 | 85,284,097 | 93,473,580 | 96,990,293 |
| | 133,772,003 | 137,294,090 | 147,681,715 | 148,939,805 | 179,247,740 |
| \$ | 1,054,946,120 | \$ 1,093,366,846 | \$ 1,153,120,004 | \$ 1,225,673,112 | \$ 1,305,654,708 |

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

| | 2012 | 2013 | 2014 | 2015 |
|--|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| Legislative | \$ 97,103 | \$ 118,263 | \$ 162,625 | \$ 157,812 |
| Executive | 2,298,957 | 2,040,641 | 1,944,875 | 2,134,424 |
| City Manager | - | - | - | - |
| City Attorney | - | - | - | - |
| City Clerk | - | - | - | - |
| Municipal Court | - | - | - | - |
| Finance | 3,685,096 | 1,495,077 | 1,736,626 | 1,731,226 |
| Human Resources | 929,651 | 312,209 | 156,840 | 249,177 |
| Information Technology | 3,101,836 | 2,951,995 | 656,388 | 925,018 |
| Economic Development | 1,764,192 | 2,509,865 | 3,922,742 | 5,416,693 |
| Development Services | 5,656,043 | 6,120,833 | 7,085,388 | 7,303,464 |
| Public Works | 18,940,024 | 19,132,121 | 29,259,394 | 19,659,340 |
| Police | 16,806,697 | 17,753,905 | 19,092,543 | 20,122,411 |
| Fire and Rescue | 10,481,974 | 10,110,872 | 11,267,310 | 13,127,952 |
| Parks & Recreation | 10,206,841 | 12,989,173 | 13,139,972 | 13,433,473 |
| Library | 2,701,016 | 3,267,977 | 3,465,978 | 3,513,276 |
| Cultural Services | 1,845,305 | 3,083,926 | 2,269,629 | 2,375,343 |
| General Government | 18,234,265 | 20,233,243 | 21,610,982 | 24,936,240 |
| Interest on Long-Term Debt | - | - | - | - |
| Total Governmental Activities Expense | 96,749,000 | 102,120,100 | 115,771,292 | 115,085,849 |
| Business-Type Activities: | | | | |
| Water | 10,506,013 | 13,219,134 | 14,421,083 | 14,993,052 |
| Wastewater | 7,142,390 | 8,514,371 | 8,152,372 | 9,004,724 |
| Stormwater | 3,315,186 | 3,837,057 | 4,142,323 | 4,218,805 |
| Electric & Communications | 47,438,660 | 53,828,287 | 56,745,572 | 56,935,935 |
| Solid Waste | 5,143,011 | 5,768,080 | 5,772,448 | 5,956,930 |
| Golf | 3,262,626 | 3,466,487 | 3,649,645 | 3,757,673 |
| Total Business-Type Activities Expenses | 76,807,886 | 88,633,416 | 92,883,443 | 94,867,119 |
| Total Primary Government Expenses | 173,556,886 | 190,753,516 | 208,654,735 | 209,952,968 |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for services: | | | | |
| Executive | 936,190 | 874,554 | 960,705 | 1,093,954 |
| City Manager | - | - | - | - |
| City Attorney | - | - | - | - |
| City Clerk | - | - | - | - |
| Municipal Court | - | - | - | - |
| Finance | 171,616 | 194,586 | 220,807 | 213,550 |
| Human Resources | 23 | - | 26 | - |
| Information Technology | - | - | - | - |
| Economic Development | 35,872 | 56,049 | 75,718 | 80,205 |
| Development Services | 1,662,823 | 1,648,640 | 2,405,098 | 2,742,511 |
| Public Works | 2,128,714 | 3,156,866 | 3,317,741 | 5,272,211 |
| Police | 906,400 | 1,126,139 | 1,249,248 | 1,124,858 |
| Fire | 286,551 | 318,997 | 416,909 | 365,378 |
| Parks & Recreation | 4,039,590 | 5,705,461 | 5,273,998 | 4,326,854 |
| Library | 98,541 | 85,239 | 90,717 | 93,226 |
| Cultural Services | 279,291 | 290,673 | 366,835 | 366,894 |
| General Government | 5,537,449 | 5,738,507 | 5,938,830 | 6,430,198 |
| Operating grants and contributions | 14,626,446 | 15,501,176 | 15,144,081 | 18,170,851 |
| Capital grants and contributions | 9,488,471 | 11,321,276 | 24,080,916 | 12,390,432 |
| Total Governmental Activities Revenues | \$ 40,197,977 | \$ 46,018,163 | \$ 59,541,629 | \$ 52,671,122 |

Source: City of Loveland Financial Statements

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----|--------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| \$ | 151,146 | \$ 159,913 | \$ 187,723 | \$ 144,975 | \$ 142,847 | \$ 150,963 |
| | 2,199,258 | 4,216,699 | 3,376,411 | 5,380,650 | - | - |
| | - | - | - | - | 5,027,941 | 3,121,875 |
| | - | - | - | - | 1,282,582 | 1,283,365 |
| | - | - | - | - | 737,749 | 592,360 |
| | - | - | - | - | 680,160 | 700,112 |
| | 1,846,402 | 1,295,259 | 1,256,557 | 5,388,175 | 5,822,026 | 6,075,509 |
| | 358,285 | 420,729 | 424,206 | 1,638,690 | 1,432,526 | 1,462,259 |
| | 983,766 | 556,131 | 1,831,164 | 6,401,536 | 6,892,385 | 5,953,913 |
| | 4,046,522 | 3,090,713 | 2,551,997 | 2,597,640 | 2,914,656 | 2,065,899 |
| | 7,391,751 | 6,509,167 | 6,737,725 | 3,981,403 | 5,701,230 | 5,590,896 |
| | 22,454,121 | 23,931,894 | 31,567,513 | 27,180,708 | 30,043,177 | 31,960,206 |
| | 21,508,676 | 24,783,280 | 27,082,050 | 25,312,191 | 25,999,756 | 34,907,689 |
| | 13,968,518 | 16,365,941 | 22,272,980 | 18,193,823 | 19,287,233 | 33,800,088 |
| | 14,149,386 | 14,103,788 | 16,364,686 | 12,040,970 | 13,456,687 | 12,691,587 |
| | 3,598,465 | 4,123,625 | 4,272,659 | 3,385,385 | 2,920,546 | 3,504,378 |
| | 2,522,341 | 2,600,450 | 2,942,481 | 2,089,675 | 3,731,823 | 2,363,832 |
| | 24,003,139 | 24,815,615 | 23,571,072 | 16,784,988 | 19,008,838 | 30,301,034 |
| | - | - | - | - | 781,283 | 971,660 |
| | 119,181,776 | 126,973,204 | 144,439,224 | 130,520,809 | 145,863,445 | 177,497,625 |
| | 15,666,363 | 16,075,296 | 16,308,692 | 15,666,095 | 17,668,199 | 18,914,717 |
| | 9,078,498 | 9,679,668 | 11,304,051 | 13,085,842 | 13,747,570 | 14,014,978 |
| | 4,342,427 | 5,850,696 | 4,927,823 | 5,055,877 | 5,689,635 | 6,530,754 |
| | 58,211,434 | 64,494,714 | 64,180,716 | - | 71,180,474 | 76,955,901 |
| | 6,453,721 | 6,714,450 | 7,243,803 | 7,743,425 | 7,774,032 | 8,490,265 |
| | 4,558,219 | 3,872,895 | 3,669,380 | 3,557,875 | 3,526,340 | 3,921,240 |
| | 98,310,662 | 106,687,719 | 107,634,465 | 45,109,114 | 119,586,250 | 128,827,855 |
| | 217,492,438 | 233,660,923 | 252,073,689 | 175,629,923 | 265,449,695 | 306,325,480 |
| | 944,041 | 1,041,189 | 1,665,482 | 1,816,728 | - | - |
| | - | - | - | - | 90,971 | 213,974 |
| | - | - | - | - | 54,551 | 26,982 |
| | - | - | - | - | 65,840 | 87,566 |
| | - | - | - | - | 1,054,434 | 831,211 |
| | 206,081 | 264,016 | 243,877 | 226,958 | 208,229 | 251,738 |
| | - | - | - | - | 1,465 | 695 |
| | - | - | - | - | 258,325 | 179,946 |
| | 94,072 | 611,278 | 156,092 | 233,795 | 1,343,115 | - |
| | 3,058,494 | 2,567,529 | 2,768,763 | 2,141,143 | 3,273,085 | 4,882,160 |
| | 5,803,971 | 6,506,628 | 19,218,892 | 18,093,078 | 22,514,463 | 19,368,504 |
| | 1,263,912 | 1,444,770 | 696,939 | 2,967,706 | 6,538,486 | 1,898,764 |
| | 582,014 | 4,839,718 | 7,418,801 | 3,769,092 | 2,896,385 | 15,628,034 |
| | 5,131,937 | 4,757,024 | 4,834,484 | 5,504,094 | 3,294,031 | 4,367,279 |
| | 92,278 | 72,431 | 95,501 | 50,342 | 139,437 | 90,818 |
| | 418,057 | 431,274 | 470,431 | 616,260 | 230,858 | 362,960 |
| | 7,054,713 | 7,934,902 | 77,655 | 49,046 | 3,843,246 | 4,731,782 |
| | 18,282,481 | 22,130,784 | 21,457,236 | 23,138,462 | 23,365,634 | 23,816,808 |
| | 21,755,995 | 5,405,297 | 7,045,733 | 4,214,800 | 17,076,354 | 46,194,664 |
| \$ | 64,688,046 | \$ 58,006,840 | \$ 66,149,886 | \$ 62,821,504 | \$ 86,248,909 | \$ 122,933,885 |

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

| | 2012 | 2013 | 2014 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|
| Business-type Activities | | | | |
| Charges for services | | | | |
| Water | \$ 10,119,971 | \$ 10,100,125 | \$ 11,637,020 | \$ 13,252,667 |
| Wastewater | 7,259,071 | 8,122,896 | 8,658,044 | 9,523,580 |
| Stormwater | 4,032,801 | 4,124,910 | 4,539,285 | 5,113,905 |
| Electric & Communications | 50,842,438 | 54,541,358 | 56,131,726 | 57,513,426 |
| Solid Waste | 6,003,233 | 6,040,794 | 6,242,999 | 6,506,747 |
| Golf | 3,729,636 | 3,256,450 | 3,497,796 | 3,734,006 |
| Capital grants and contributions | 6,785,850 | 11,615,334 | 17,332,613 | 16,712,187 |
| Operating grants and contributions | - | - | 89,863 | 288,683 |
| Total Business-Type Activities Revenues | 88,773,000 | 97,801,867 | 108,129,346 | 112,645,201 |
| Total Primary-Government Revenues | 128,970,977 | 143,820,030 | 167,670,975 | 165,316,323 |
| Net (Expense) Revenue | | | | |
| Governmental Activities | (56,551,023) | (56,101,937) | (56,229,663) | (62,414,727) |
| Business-Type Activities | 11,965,114 | 9,168,451 | 15,245,903 | 17,778,082 |
| Total Primary Government Net (Expense)/Revenues | (44,585,909) | (46,933,486) | (40,983,760) | (44,636,645) |
| General Revenues & Other Changes in Net Position | | | | |
| Governmental Activities | | | | |
| Taxes | | | | |
| Property Taxes | 18,727,569 | 18,708,893 | 18,706,275 | 18,546,909 |
| Sales and Use Taxes | 39,849,259 | 42,342,445 | 46,954,355 | 48,751,148 |
| Franchise Taxes | 1,728,289 | 1,772,839 | 1,886,816 | 1,864,925 |
| Other Taxes | 998,390 | 1,175,053 | 1,390,290 | 1,415,285 |
| Investment Earnings | 1,124,663 | (941,945) | 1,917,038 | 1,265,529 |
| Gain on Sale of Assets | 23,083 | 208,383 | 298,520 | 569,139 |
| Transfers | 4,057,361 | 2,687,534 | 1,297,774 | (824,365) |
| Total Governmental Activities | 66,508,614 | 65,953,202 | 72,451,068 | 71,588,570 |
| Business-Type Activities | | | | |
| Investment Earnings | 958,828 | (581,995) | 1,500,081 | 994,979 |
| Gain on Sale of Assets | 144,865 | 22,504 | (1,006,167) | - |
| Transfers | (4,057,361) | (2,687,534) | (1,297,774) | 824,365 |
| Total Business-Type Activities | (2,953,668) | (3,247,025) | (803,860) | 1,819,344 |
| Total Primary Government | 63,554,946 | 62,706,177 | 71,647,208 | 73,407,914 |
| Change in Net Position | | | | |
| Governmental Activities | 9,957,591 | 9,851,265 | 16,221,405 | 9,173,843 |
| Business-Type Activities | 9,011,446 | 5,921,426 | 14,442,043 | 19,597,426 |
| Total Primary Government | \$ 18,969,037 | \$ 15,772,691 | \$ 30,663,448 | \$ 28,771,269 |

Source: City of Loveland Financial Statements

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 15,298,606 | \$ 16,756,753 | \$ 18,689,859 | \$ 18,643,554 | \$ 22,127,504 | \$ 23,539,395 |
| | 10,812,210 | 11,937,729 | 13,053,629 | 13,699,495 | 14,929,933 | 16,221,277 |
| | 5,785,926 | 6,483,986 | 7,000,162 | 7,625,979 | 8,099,803 | 8,326,803 |
| | 60,070,432 | 63,851,915 | 66,770,401 | 68,929,460 | 70,863,380 | 77,780,985 |
| | 6,823,296 | 7,053,445 | 8,074,466 | 8,620,148 | (1) | 9,626,951 |
| | 3,796,133 | 3,825,009 | 3,821,240 | 3,860,141 | 4,387,011 | 5,297,111 |
| | 22,466,304 | 17,720,613 | 18,763,653 | 25,349,844 | 24,821,451 | 19,014,070 |
| | 211,522 | 275,738 | 333,552 | 352,474 | 319,345 | 273,259 |
| | 125,264,429 | 127,905,188 | 136,506,962 | 147,081,095 | 145,548,426 | 160,079,851 |
| | 189,952,475 | 185,912,028 | 194,513,802 | 213,230,981 | 208,369,930 | 222,901,355 |
| | (54,493,730) | (60,691,596) | (78,289,338) | (67,699,305) | (59,614,536) | (54,563,740) |
| | 26,953,767 | 21,217,468 | 28,872,497 | 33,220,851 | 34,745,728 | 31,251,996 |
| | (27,539,963) | (39,474,128) | (49,416,841) | (34,478,454) | (24,868,808) | (23,311,744) |
| | 20,904,830 | 21,680,942 | 23,899,977 | 26,678,420 | 29,121,824 | 30,849,766 |
| | 50,527,501 | 54,481,516 | 57,372,198 | 59,077,014 | 59,647,002 | 68,632,108 |
| | 1,800,051 | 2,018,640 | 1,860,176 | 1,837,808 | 1,669,956 | 1,720,272 |
| | 1,210,092 | 2,198,110 | 1,940,748 | 2,170,466 | 1,746,201 | 1,824,083 |
| | 589,669 | 1,373,292 | 1,599,707 | 3,193,518 | 1,343,775 | 226,628 |
| | 170,947 | 31,522 | 102,157 | 153,803 | 221,161 | 1,115,795 |
| | (308,505) | (558,300) | 1,344,677 | 2,614,064 | 2,786,538 | 2,200,925 |
| | 74,894,585 | 81,225,722 | 88,119,640 | 95,725,093 | 96,536,457 | 106,569,577 |
| | 546,251 | 1,005,237 | 1,359,120 | 5,273,004 | 3,431,421 | (1,310,212) |
| | - | - | (296,516) | (1,652,421) | 240,576 | 234,900 |
| | 308,505 | 558,300 | (1,344,677) | (2,614,064) | (2,786,538) | (2,200,925) |
| | 854,756 | 1,563,537 | (282,073) | 1,006,519 | 885,459 | (3,276,237) |
| | 75,749,341 | 82,789,259 | 87,837,567 | 96,731,612 | 97,421,916 | 103,293,340 |
| | 20,400,855 | 20,534,126 | 9,830,302 | 28,025,788 | 36,921,921 | 52,005,837 |
| | 27,808,523 | 22,781,005 | 28,590,424 | 34,227,370 | 35,631,187 | 27,975,759 |
| \$ | 48,209,378 | \$ 43,315,131 | \$ 38,420,726 | \$ 62,253,158 | \$ 72,553,108 | \$ 79,981,596 |

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

| | 2012 | 2013 | 2014 | 2015 |
|---|-----------------------|-----------------------|----------------------|-----------------------|
| General Fund | | | | |
| Nonspendable | \$ 321,720 | \$ 16,701 | \$ 199,045 | \$ 55,603 |
| Restricted | 1,861,860 | 1,851,741 | 2,439,462 | 2,317,041 |
| Committed | 13,272,193 | 11,941,797 | 18,219,015 | 24,784,252 |
| Assigned | 1,065,056 | 1,412,714 | 1,344,179 | 1,385,845 |
| Unassigned | 16,560,028 | 25,621,810 | 22,996,438 | 17,902,106 |
| Total General Fund | \$ 33,080,857 | \$ 40,844,763 | \$ 45,198,139 | \$ 46,444,847 |
| All Other Governmental Funds | | | | |
| Nonspendable | | | | |
| Capital Expansion Fees | 4,850,000 | 4,485,000 | 2,130,012 | - |
| Transportation | - | - | - | - |
| Other Governmental Funds | 850,368 | 900,768 | 957,172 | 997,132 |
| Restricted | | | | |
| Loveland Urban Renewal Authority | 293,037 | 264,893 | 516,443 | 735,192 |
| Loveland Fire Rescue Authority | 290,339 | 17,397 | 17,397 | 17,397 |
| Capital Projects | - | - | - | - |
| Other Governmental Funds | 21,310,055 | 20,454,105 | 19,166,231 | 17,545,105 |
| Committed | | | | |
| Capital Expansion Fees | 34,915,356 | 33,436,499 | 25,948,944 | 33,331,085 |
| Other Governmental Funds | 327,551 | 380,202 | 389,879 | 485,775 |
| Assigned | | | | |
| Capital Projects | 202,257 | 862,472 | 872,472 | 1,058,324 |
| Transportation | - | - | - | - |
| Other Governmental Funds | 3,964,896 | 3,949,823 | 4,155,436 | 3,934,819 |
| Unassigned | | | | |
| Transportation | - | - | - | - |
| Capital Project Fund | - | - | - | - |
| Total All Other Governmental Funds | 67,003,859 | 64,751,159 | 54,153,986 | 58,104,829 |
| Total Governmental Funds | \$ 100,084,716 | \$ 105,595,922 | \$ 99,352,125 | \$ 104,549,676 |

Source: City of Loveland Financial Statements

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------|--------------------|-----------------------|-----------------------|----------------------|----------------------|-----------------------|
| \$ | 51,685 | \$ 47,650 | \$ 43,493 | \$ 39,212 | \$ 34,802 | \$ 30,261 |
| | 2,906,882 | 25,715,544 | 11,988,505 | 8,185,477 | 4,883,384 | 6,395,429 |
| | 19,097,578 | 2,494,422 | 5,597,274 | 566,558 | 812,088 | 825,050 |
| | 1,155,031 | - | - | - | - | - |
| | 21,741,419 | 10,591,362 | 14,720,142 | 19,268,245 | 27,750,485 | 40,621,338 |
| \$ | 44,952,595 | \$ 38,848,978 | \$ 32,349,414 | \$ 28,059,492 | \$ 33,480,759 | \$ 47,872,078 |
| | - | - | - | - | - | - |
| | - | - | 512,180 | 350,670 | 532,779 | 442,351 |
| | 1,033,093 | 1,114,935 | 1,157,959 | 3,306,565 | 3,503,234 | 3,579,557 |
| | 972,722 | 1,018,896 | 296,164 | 647,652 | 1,454,625 | 3,489,306 |
| | 101,176 | 2,090,853 | 8,457,297 | 6,825,362 | 7,406,621 | 14,780,713 |
| | - | - | 993,921 | - | - | - |
| | 14,823,817 | 12,216,423 | 14,561,785 | 15,822,662 | 18,061,112 | 18,376,703 |
| | 37,127,980 | 41,159,739 | 36,822,062 | 33,033,106 | 32,110,116 | 42,163,277 |
| | 515,297 | 717,238 | 1,369,078 | 1,535,910 | 1,157,210 | 1,686,667 |
| | 2,331,869 | 9,801,816 | 1,250,612 | 1,514,211 | - | - |
| | - | - | - | - | - | - |
| | 3,796,447 | 3,981,477 | 4,110,607 | 1,983,210 | 1,456,914 | 1,320,861 |
| | - | - | (512,180) | (350,670) | (532,779) | (442,351) |
| | - | - | - | - | (1,439,858) | (1,150,884) |
| | 60,702,401 | 72,101,377 | 69,019,485 | 64,668,678 | 63,709,974 | 84,246,200 |
| \$ | 105,654,996 | \$ 110,950,355 | \$ 101,368,899 | \$ 92,728,170 | \$ 97,190,733 | \$ 132,118,278 |

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

| | 2012 | 2013 | 2014 | 2015 |
|--|---------------------|---------------------|-----------------------|---------------------|
| Revenues | | | | |
| Taxes | \$ 61,102,185 | \$ 63,791,664 | \$ 68,523,097 | \$ 70,117,336 |
| Licenses and Permits | 2,013,353 | 1,951,145 | 3,073,136 | 3,076,189 |
| Fines and Penalties | 956,357 | 871,879 | 966,619 | 1,123,670 |
| Intergovernmental | 19,529,719 | 18,535,293 | 21,238,565 | 22,760,809 |
| Charges for Services | 10,443,932 | 11,413,048 | 12,175,143 | 15,535,481 |
| Investment Earnings | 1,124,663 | (941,945) | 1,917,038 | 1,265,530 |
| Payment in Lieu of Taxes | - | - | - | - |
| Contributions | - | - | - | - |
| Miscellaneous | 7,341,636 | 7,795,014 | 7,635,519 | 8,219,150 |
| Total Revenues | 102,511,845 | 103,416,098 | 115,529,117 | 122,098,165 |
| Expenditures | | | | |
| Current | | | | |
| Legislative | 97,103 | 118,263 | 162,625 | 157,812 |
| Executive | 2,239,590 | 2,042,214 | 1,962,771 | 2,122,554 |
| City Manager | - | - | - | - |
| City Attorney | - | - | - | - |
| City Clerk | - | - | - | - |
| Municipal Court | - | - | - | - |
| Finance | 3,720,738 | 1,451,102 | 1,717,652 | 1,683,036 |
| Human Resources | 896,637 | 184,742 | 277,384 | 240,311 |
| Information Technology | 2,954,763 | 2,759,834 | 433,181 | 639,513 |
| Economic Development | 1,770,654 | 2,502,289 | 3,910,697 | 5,413,443 |
| Development Services | 2,757,555 | 3,245,205 | 4,197,908 | 4,516,499 |
| Public Works | 13,436,298 | 12,902,846 | 13,604,425 | 13,202,521 |
| Public Safety | 26,377,802 | 26,924,617 | 29,145,238 | 31,531,587 |
| Parks & Recreation | 8,096,184 | 11,061,496 | 11,388,857 | 11,181,335 |
| Library | 2,467,633 | 2,807,092 | 3,045,902 | 3,165,964 |
| Cultural Services | 1,511,896 | 1,911,961 | 2,012,556 | 2,086,915 |
| General Government | 18,697,093 | 19,328,503 | 19,635,681 | 21,035,844 |
| Capital Outlay | 12,018,499 | 15,077,462 | 32,589,133 | 18,489,108 |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total Expenditures | 97,042,445 | 102,317,626 | 124,084,010 | 115,466,442 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 5,469,400 | 1,098,472 | (8,554,893) | 6,631,723 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 11,408,533 | 14,620,366 | 24,435,810 | 14,559,142 |
| Transfers (Out) | (7,351,173) | (11,932,830) | (23,124,647) | (15,993,509) |
| Debt Issued | - | - | - | - |
| Insurance Recoveries | - | - | 999,933 | 195 |
| Total Other Financing Sources (Uses) | 4,057,360 | 2,687,536 | 2,311,096 | (1,434,172) |
| Net Change in Fund Balance | \$ 9,526,760 | \$ 3,786,008 | \$ (6,243,797) | \$ 5,197,551 |
| Debt service as a percentage of noncapital expenditures | 0.00% | 0.00% | 0.00% | 0.00% |

Source: City of Loveland Financial Statements

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----|--------------------|---------------------|-----------------------|-----------------------|---------------------|----------------------|
| \$ | 74,220,077 | \$ 80,233,216 | \$ 83,406,784 | \$ 88,501,636 | \$ 91,338,747 | \$ 102,493,932 |
| | 3,310,912 | 3,126,113 | 3,341,235 | 2,567,487 | 3,902,767 | 6,846,962 |
| | 929,370 | 972,875 | 1,263,732 | 1,203,527 | 1,003,433 | 837,820 |
| | 24,233,341 | 25,242,347 | 27,533,890 | 28,535,074 | 32,886,093 | 36,801,684 |
| | 16,607,925 | 15,222,965 | 16,914,492 | 15,759,460 | 18,360,470 | 21,488,758 |
| | 589,670 | 1,373,293 | 1,599,707 | 3,193,518 | 1,343,775 | 226,628 |
| | - | - | - | - | 8,132,827 | 8,790,101 |
| | - | - | - | - | 5,865,552 | 23,748 |
| | 9,494,166 | 12,057,019 | 12,193,909 | 15,005,029 | 6,216,566 | 5,852,654 |
| | 129,385,461 | 138,227,828 | 146,253,749 | 154,765,731 | 169,050,230 | 183,362,287 |
| | 151,146 | 159,913 | 187,723 | 144,975 | 142,847 | 150,963 |
| | 2,211,243 | 4,036,220 | 3,322,807 | 5,456,462 | - | - |
| | - | - | - | - | 4,990,757 | 3,101,095 |
| | - | - | - | - | 1,243,257 | 1,295,583 |
| | - | - | - | - | 740,762 | 584,936 |
| | - | - | - | - | 676,200 | 700,449 |
| | 1,819,888 | 1,282,258 | 1,221,190 | 5,470,110 | 5,704,161 | 6,128,394 |
| | 355,772 | 445,725 | 385,130 | 1,701,545 | 1,430,180 | 1,458,268 |
| | 689,898 | 316,523 | 1,536,654 | 6,288,049 | 6,554,490 | 5,643,385 |
| | 3,387,769 | 3,017,795 | 2,500,959 | 2,573,507 | 2,900,642 | 1,998,527 |
| | 4,412,253 | 3,623,655 | 3,811,987 | 2,886,029 | 2,802,537 | 2,771,733 |
| | 15,141,677 | 17,706,619 | 24,291,235 | 26,385,684 | 21,196,097 | 22,309,515 |
| | 34,010,680 | 39,579,009 | 42,909,097 | 43,310,762 | 43,598,221 | 45,701,585 |
| | 11,121,873 | 11,563,778 | 13,223,723 | 11,183,651 | 10,303,173 | 10,658,793 |
| | 3,271,662 | 3,762,506 | 3,918,838 | 3,252,119 | 2,855,153 | 2,947,392 |
| | 2,230,327 | 2,540,385 | 2,727,844 | 2,160,288 | 1,848,099 | 2,112,693 |
| | 22,972,699 | 26,689,261 | 28,239,484 | 23,454,914 | 25,399,372 | 30,133,182 |
| | 21,079,771 | 33,036,628 | 31,906,516 | 33,060,864 | 39,644,903 | 21,927,005 |
| | - | - | 274,903 | 232,449 | 901,476 | 4,031,054 |
| | - | 468,894 | 823,992 | 805,920 | 784,283 | 971,210 |
| | 122,856,658 | 148,229,169 | 161,282,082 | 168,367,328 | 173,716,610 | 164,625,762 |
| | 6,528,803 | (10,001,341) | (15,028,333) | (13,601,597) | (4,666,380) | 18,736,525 |
| | 15,877,819 | 36,008,350 | 28,794,567 | 31,368,083 | 35,839,740 | 19,160,932 |
| | (21,301,301) | (36,611,649) | (27,756,890) | (26,407,215) | (26,710,797) | (16,514,849) |
| | - | 15,900,000 | 4,409,200 | - | - | 13,544,937 |
| | - | - | - | - | - | - |
| | (5,423,482) | 15,296,701 | 5,446,877 | 4,960,868 | 9,128,943 | 16,191,020 |
| \$ | 1,105,321 | \$ 5,295,360 | \$ (9,581,456) | \$ (8,640,729) | \$ 4,462,563 | \$ 34,927,545 |
| | 0.00% | 0.04% | 0.86% | 0.77% | 1.27% | 3.63% |

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

| | 2012 | 2013 | 2014 | 2015 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Department Stores & General Merchandise | \$ 262,471,702 | \$ 274,109,685 | \$ 276,744,986 | \$ 270,693,274 |
| Restaurants & Bars | 166,523,116 | 178,533,598 | 190,187,912 | 206,674,358 |
| Grocery Stores & Specialty Foods | 112,714,020 | 121,256,853 | 129,506,120 | 142,555,626 |
| Motor Vehicle Dealers, Auto Parts & Leasing | 83,463,383 | 95,764,794 | 109,598,817 | 116,334,884 |
| Building Materials, Lawn & Garden Supplies | 77,228,038 | 82,711,176 | 99,082,447 | 110,932,445 |
| Electronic Shopping & Mail-Order Houses | 16,165,845 | 15,503,366 | 22,418,225 | 19,914,730 |
| Clothing & Clothing Accessories Stores | 116,991,988 | 126,009,320 | 134,717,972 | 136,790,016 |
| Utilities | 57,002,293 | 60,644,714 | 64,182,261 | 64,709,874 |
| Used Merchandise Stores | 39,947,402 | 43,151,166 | 51,771,880 | 55,602,910 |
| Sporting Goods, Hobby, Book & Music Stores | 68,359,328 | 75,542,646 | 69,872,200 | 69,652,955 |
| Consumer Goods & Commercial Equipment Rental | 20,210,525 | 25,124,144 | 26,001,035 | 32,627,335 |
| Electronics & Appliance Stores | 26,948,009 | 24,348,964 | 27,081,081 | 29,156,779 |
| Beer, Wine & Liquor Stores | 27,996,287 | 30,591,921 | 32,771,682 | 35,144,018 |
| Health & Personal Care Stores | 21,144,770 | 22,679,821 | 24,184,828 | 25,738,812 |
| Hotels, Motels & Other Accommodations | 26,954,073 | 29,259,981 | 34,803,569 | 34,947,731 |
| Broadcasting & Telecommunications | 45,531,642 | 44,470,340 | 49,318,711 | 45,335,493 |
| Furniture & Home Furnishing Stores | 17,707,647 | 19,203,399 | 20,615,891 | 23,029,403 |
| Gasoline Stations with Convenience Stores | 9,207,252 | 10,591,355 | 13,230,004 | 14,872,703 |
| Office Supplies, Stationery & Gift Stores | 11,890,821 | 12,390,228 | 12,985,091 | 12,061,466 |
| All Other Categories | 38,034,238 | 41,053,877 | 44,780,482 | 45,911,423 |
| | \$ 1,246,492,379 | \$ 1,332,941,348 | \$ 1,433,855,194 | \$ 1,492,686,235 |

Note: As a Home Rule City, the City of Loveland started collecting sales tax in 1999. Beginning in 2006 the City began collecting Sales Tax based on a mixed rate: 3.0% for most businesses in Loveland and 1.75% for businesses in the Centerra Metro District. The other 1.25% is retained in the district for public improvements in the district that benefits Loveland. Calculations prior to 2010 were based upon the standard Summary by Industry Code (SIC) reports multiplied by the tax rate of 3.0% and do not reflect the mixed rate differential.

Source: City of Loveland Revenue Division

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ | 264,384,639 | \$ 265,609,205 | \$ 280,312,063 | \$ 286,929,211 | \$ 294,881,782 | \$ 317,428,259 |
| | 211,408,110 | 220,605,183 | 232,407,146 | 238,987,880 | 202,326,833 | 238,074,845 |
| | 155,842,903 | 167,949,122 | 158,424,696 | 198,525,897 | 197,191,418 | 196,410,035 |
| | 123,159,183 | 135,160,541 | 140,963,620 | 151,870,172 | 153,298,019 | 183,983,823 |
| | 120,164,180 | 126,548,513 | 130,413,298 | 139,493,874 | 164,591,606 | 165,939,676 |
| | 21,210,574 | 40,735,145 | 50,647,172 | 62,055,246 | 79,564,095 | 89,749,812 |
| | 128,678,615 | 123,988,123 | 119,278,467 | 101,732,469 | 69,251,659 | 87,690,040 |
| | 64,911,876 | 68,015,461 | 72,404,726 | 76,500,623 | 74,685,815 | 83,380,551 |
| | 55,576,353 | 60,689,744 | 61,665,848 | 64,653,055 | 61,865,587 | 75,311,160 |
| | 70,118,603 | 67,073,041 | 59,177,505 | 55,521,130 | 52,813,645 | 64,700,621 |
| | 35,674,860 | 39,782,395 | 44,573,117 | 46,715,288 | 43,062,942 | 49,112,779 |
| | 32,363,432 | 34,357,053 | 35,936,636 | 40,876,629 | 37,934,351 | 44,458,171 |
| | 37,378,773 | 39,021,329 | 38,449,194 | 33,937,477 | 37,270,346 | 35,780,673 |
| | 25,362,219 | 24,950,613 | 24,642,318 | 26,693,289 | 28,979,368 | 34,072,346 |
| | 35,576,429 | 35,964,857 | 37,776,265 | 41,025,271 | 21,580,216 | 31,598,031 |
| | 39,859,130 | 37,607,236 | 34,838,716 | 30,987,036 | 28,766,053 | 26,173,040 |
| | 23,765,980 | 24,961,249 | 22,090,985 | 22,833,594 | 13,110,769 | 24,260,464 |
| | 15,149,542 | 15,435,763 | 16,466,845 | 19,198,877 | 20,833,909 | 24,155,019 |
| | 9,599,761 | 8,016,689 | 10,376,476 | 8,333,256 | 9,424,348 | 7,586,446 |
| | 53,390,700 | 58,821,431 | 59,624,192 | 92,211,871 | 95,991,984 | 108,395,289 |
| | \$ 1,523,575,862 | \$ 1,595,292,693 | \$ 1,630,469,285 | \$ 1,739,082,145 | \$ 1,687,424,745 | \$ 1,888,261,080 |

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

| | State | County | City | Centerra Metro District |
|------|-------|--------|-------|-------------------------------|
| 2012 | 2.90% | 0.60% | 3.00% | 1.75% |
| 2013 | 2.90% | 0.60% | 3.00% | 1.75% |
| 2014 | 2.90% | 0.60% | 3.00% | 1.75% |
| 2015 | 2.90% | 0.65% | 3.00% | 1.75% |
| 2016 | 2.90% | 0.65% | 3.00% | 1.75% |
| 2017 | 2.90% | 0.65% | 3.00% | 1.75% |
| 2018 | 2.90% | 0.55% | 3.00% | 1.75% |
| 2019 | 2.90% | 0.80% | 3.00% | 1.75% |
| 2020 | 2.90% | 0.80% | 3.00% | 1.75% |
| 2021 | 2.90% | 0.80% | 3.00% | 1.75% |

Source: City of Loveland Revenue Division

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

| Tax Remitter by Category | Fiscal Year 2012 | | | Fiscal Year 2021 | | |
|---|----------------------|------|---|----------------------|------|---|
| | Tax Liability | Rank | Percentage of Total Tax Collected | Tax Liability | Rank | Percentage of Total Tax Collected |
| Department Stores & General Merchandise | \$ 7,731,895 | 1 | 22.62% | \$ 9,291,980 | 1 | 17.39% |
| Restaurants & Bars | 4,375,426 | 2 | 12.80% | 6,663,399 | 2 | 12.47% |
| Grocery Stores & Specialty Foods | 3,369,335 | 3 | 9.86% | 5,859,969 | 3 | 10.97% |
| Building Material & Lawn & Garden Supplies | 2,298,628 | 5 | 6.72% | 5,440,977 | 4 | 10.18% |
| Motor Vehicle Dealers, Auto Parts & Leasing | 2,271,768 | 6 | 6.64% | 4,500,328 | 5 | 8.42% |
| Electronic Shopping & Mail-Order Houses | | | | 2,695,006 | 6 | 5.04% |
| Utilities | 1,705,517 | 7 | 4.99% | 2,502,227 | 7 | 4.68% |
| Used Merchandise Stores | 1,068,684 | 10 | 3.13% | 2,126,411 | 8 | 3.98% |
| Clothing & Clothing Accessories Stores | 2,524,479 | 4 | 7.38% | 1,662,541 | 9 | 3.11% |
| Sporting Goods, Hobby, Book & Music Stores | 1,726,444 | 8 | 5.05% | 1,653,400 | 10 | 3.09% |
| Beer, Wine & Liquor Stores | | | | | | |
| Broadcasting & Telecommunications | 1,334,116 | 9 | 3.90% | | | |
| Total (Top Ten Principal Remitters only) | \$ 28,406,292 | | 83.09% | \$ 42,396,238 | | 74.29% |
| Total Sales Tax Collected | \$ 34,187,877 | | | \$ 53,425,181 | | |

Note: As a Home Rule City, the City of Loveland started collecting sales tax in 1999.

Source: City of Loveland Sales Tax

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

| Fiscal Year | Governmental Activities | | | | | |
|-------------|-------------------------|-------------------------------|-----------------------|-------------------|-----------------|----------------|
| | Capital Leases | Certificates of Participation | Oversizing Agreements | IGA for Apparatus | Lease Purchases | Loan Agreement |
| 2012 | \$ - | \$ - | \$ 4,552,404 | \$ - | \$ - | \$ - |
| 2013 | 53,132 | - | 4,452,404 | - | - | - |
| 2014 | - | - | 4,095,285 | - | - | - |
| 2015 | - | - | 3,727,893 | - | - | - |
| 2016 | - | - | 3,584,914 | - | - | - |
| 2017 | - | 15,900,000 | 2,808,389 | - | - | - |
| 2018 | 4,134,297 | 15,900,000 | 2,161,206 | - | - | - |
| 2019 | 3,901,848 | 15,900,000 | 1,554,023 | 961,811 | - | - |
| 2020 | 3,661,054 | 15,540,000 | 1,180,149 | 811,811 | - | - |
| 2021 | - | 15,170,000 | 911,443 | - | 12,544,937 | 1,000,000 |

| Fiscal Year | Business-Type Activities | | | Total Primary Government | Percentage of Personal Income | Per Capita |
|-------------|--------------------------|------------------------------|-------------------------------|--------------------------|-------------------------------|------------|
| | Oversizing Agreements | Water/Waste-water Board Loan | Electric & Communication Loan | | | |
| 2012 | \$ - | \$ - | \$ - | \$ 4,552,404 | 0.17% | 66.1 |
| 2013 | - | 100,000 | - | 4,605,536 | 0.15% | 63.2 |
| 2014 | - | 100,000 | - | 4,195,285 | 0.14% | 58.3 |
| 2015 | 10,678 | 10,206,594 | - | 13,945,165 | 0.43% | 187.6 |
| 2016 | 10,678 | 13,200,000 | - | 16,795,592 | 0.50% | 225.7 |
| 2017 | - | 13,150,000 | - | 31,858,389 | 0.89% | 421.1 |
| 2018 | 48,652 | 36,880,000 | - | 59,124,155 | 1.54% | 779.6 |
| 2019 | 109,591 | 35,575,000 | 85,015,000 | 143,017,273 | 3.42% | 1,851.8 |
| 2020 | 118,274 | 34,225,000 | 85,015,000 | 140,551,288 | 3.27% | 1,826.0 |
| 2021 | 143,691 | 77,575,000 | 85,015,000 | 192,360,071 | 4.43% | 2,518.5 |

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

- A loan of \$1,500,000 from the CEF Fund to the Loveland Urban Renewal Authority (LURA) to help fund a mixed use building in the downtown area. The entire \$1,500,000 was moved over to LURA in 2013.
- A loan of \$63,100 from General Fund to LURA for waived material use tax, phase II environmental study, and a blight study and plan amendment.
- A loan of \$900,000 from the Museum CEF to LURA for land purchased for the downtown project.
- A loan of \$2,200,000 from Fleet and CEF funds to Economic Incentive fund for an incentive agreement with Evergreen Development Company (Sprouts).
- A loan of \$366,000 from General Government CEF to LURA for the purchase of the former Larimer County building in downtown Loveland.

Source:

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

City of Loveland, Colorado
Schedule 9
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021

| | Debt Outstanding | Percentage Applicable to Loveland¹ | Loveland's Share of Debt |
|--|-------------------------|--|-------------------------------------|
| <u>Governmental Unit</u> | | | |
| City of Loveland - Debt Applicable to Debt Limit | \$ 29,626,380 | 100.0% | \$ 29,626,380 |
| Thompson R2-J School District | 227,799,166 | 60.0% | <u>136,679,500</u> |
| Total | | | <u>\$ 166,305,880</u> |

Source:

¹ Determined by ratio of assessed valuation of taxable property within the City to assessed valuation of the overlapping unit.

² Information provided by the Thompson R2-J School District as of 6/30/2021

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

| | 2012 | 2013 | 2014 |
|---|-----------------------|-----------------------|-----------------------|
| Debt Limit | 207,323,789 | 212,505,288 | 215,026,668 |
| Total net debt applicable to limit | - | - | - |
| | | | |
| Legal debt margin | <u>\$ 207,323,789</u> | <u>\$ 212,505,288</u> | <u>\$ 215,026,668</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 2021

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

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 252,345,735 | 258,781,268 | 315,872,211 | 322,651,905 | 378,228,794 | 383,115,598 | 415,758,875 |
| - | - | 15,900,000 | 15,900,000 | 15,900,000 | 15,540,000 | 16,170,000 |
| <hr/> | | | | | | |
| \$ 252,345,735 | \$ 258,781,268 | \$ 299,972,211 | \$ 306,751,905 | \$ 362,328,794 | \$ 367,575,598 | \$ 399,588,875 |
| <hr/> | | | | | | |

0.00% 0.00% 5.03% 4.93% 4.20% 4.06% 3.89%

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 | |
| 2012 | 3,792,017 | 2,647,869 | 1,144,148 | - | - | - | - |
| 2013 | 9,297,087 | 8,938,200 | 358,887 | - | - | - | - |
| 2014 | 10,667,855 | 10,070,110 | 597,745 | - | 3,296 | 3,296 | 181.35 |
| 2015 | 11,944,794 | 10,449,268 | 1,495,526 | - | 28,251 | 28,251 | 52.94 |
| 2016 | 13,763,155 | 10,644,392 | 3,118,763 | - | 315,865 | 315,865 | 9.87 |
| 2017 | 27,854,645 | 21,040,959 | 6,813,686 | 600,000 | 413,835 | 1,013,835 | 6.72 |
| 2018 | 31,132,049 | 20,367,429 | 10,764,620 | 620,000 | 533,760 | 1,153,760 | 9.33 |
| 2019 | 101,007,770 | 83,980,901 | 17,026,869 | 1,305,000 | 3,662,902 | 4,967,902 | 3.43 |
| 2020 | 106,855,751 | 83,669,093 | 23,186,658 | 1,350,000 | 5,132,881 | 6,482,881 | 3.58 |
| 2021 | 116,057,060 | 104,116,535 | 11,940,525 | 880,000 | 4,828,905 | 5,708,905 | 2.09 |

Note: There is long term debt as disclosed in the Long-Term Debt footnote for the Water enterprise fund. Interest is paid semi-annually starting in 2015 and principal payments on this debt started in 2017. There is long term debt as disclosed in the Long-Term Debt footnote for the Waste Water enterprise fund. Interest is paid semi-annually starting in 2017 and principal payments on this debt started in 2019. There is long term debt as disclosed in the Long-Term Debt footnote for the Electric and Communications enterprise fund. Interest is paid semi-annually starting in 2019 and principal payments on this debt will start in 2023. There is long term debt as disclosed in the Long-Term Debt footnote for the Water enterprise fund. Interest is paid semi-annually starting in 2022 and principal payments on this debt will start in 2022.

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

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

| Fiscal Year | Population | Personal Income | County Per Capita Income ² | Median Age | Unemployment Percentage ¹ |
|-------------|------------|------------------|---------------------------------------|------------|--------------------------------------|
| 2012 | 68,789 | \$ 2,735,532,163 | \$ 39,767 | 38.7 | 7.7 |
| 2013 | 69,405 | \$ 2,867,189,955 | \$ 41,311 | 38.1 | 6.5 |
| 2014 | 70,210 | \$ 3,009,621,860 | \$ 42,866 | 37.7 | 4.8 |
| 2015 | 72,155 | \$ 3,144,803,520 | \$ 43,584 | 38.4 | 3.8 |
| 2016 | 73,349 | \$ 3,324,029,982 | \$ 45,318 | 39.1 | 3.2 |
| 2017 | 73,987 | \$ 3,486,045,479 | \$ 47,117 | 40.1 | 2.5 |
| 2018 | 74,719 | \$ 3,776,223,541 | \$ 50,539 | 40.2 | 2.9 |
| 2019 | 75,441 | \$ 4,087,996,908 | \$ 54,188 | 40.2 | 2.3 |
| 2020 | 75,600 | \$ 4,224,830,400 | \$ 55,884 | 39.9 | 7.4 |
| 2021 | 83,118 | \$ 4,724,094,648 | \$ 56,836 | 40.0 | 6.4 |

Source:

¹Separate City statistics were not previously available, but are available as of 2016 retroactively to 2007

²Larimer County, separate City statistics not available

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

| Employer | 2011 | | | 2021 | | |
|--|---------------|------|----------------------------|---------------|------|--------------------------------|
| | Employees | Rank | % of Total City Employment | Employees | Rank | % of Total City Employment (A) |
| Thompson School District R2-J | 2,087 | 1 | 5.93% | 2,113 | 1 | 4.15% |
| Medical Center of the Rockies | | | | 1,700 | 2 | 3.34% |
| Wal-Mart Distribution Center | 989 | 2 | 2.81% | 1,273 | 3 | 2.50% |
| City of Loveland | 688 | 4 | 1.95% | 915 | 4 | 1.80% |
| Hach Company | | | | 841 | 5 | 1.65% |
| McKee Medical Center | 851 | 3 | 2.42% | 525 | 6 | 1.03% |
| Nutrein/Crop Production Services | 350 | 5 | 0.99% | 500 | 7 | 0.98% |
| LPR Construction | - | | | 447 | 8 | 0.88% |
| Good Samaritan Society-Loveland | | | | 235 | 9 | 0.46% |
| The Eye Laser Center of Northern CO | | | | 200 | 10 | 0.39% |
| Pinnacle Agriculture Holdings LLC | | | | | | |
| Columbine Health Systems | 285 | 8 | 0.81% | | | |
| Banner Health-Big Thompson Medical Group | 278 | 10 | 0.79% | | | |
| Agilent Technologies | 280 | 9 | 0.80% | | | |
| Kroll Factual Data | 299 | 7 | 0.85% | | | |
| About Solar | 350 | 6 | 0.99% | | | |
| Total (Top Ten Principal Employers) | 6,457 | | 18.33% | 8,749 | | 17.19% |
| Total City Employment | 35,220 | | | 50,902 | | |

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

^A Numbers prior to 2016 reflect full employment, 2016 forward will reflect full time equivalents (FTEs).

Schedule 14
City of Loveland, Colorado
Full-Time-Equivalent City Government Employees By Function/Program
Last Ten Fiscal Years

| Function/Program | 2012 | 2013 | 2014 | 2015 | 2016¹ | 2017 | 2018 | 2019 | 2020² | 2021 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------------------|-------------|-------------|-------------|-------------------------|-------------|
| Executive & Legal | 14 | 18 | 12 | 12 | 18 | 21 | 24 | 24 | - | - |
| City Manager | - | - | - | - | - | - | - | - | 9 | 9 |
| City Attorney | - | - | - | - | - | - | - | - | 9 | 8 |
| City Clerk | - | - | 7 | 7 | 4 | 4 | 5 | 5 | 5 | 5 |
| Community & Business Relations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Economic Development | 5 | 6 | 8 | 8 | 7 | 8 | 8 | 8 | 8 | 8 |
| Finance | 47 | 45 | 45 | 45 | 45 | 48 | 51 | 51 | 51 | 56 |
| Development Services | 24 | 24 | 25 | 28 | 30 | 28 | 29 | 29 | 27 | 27 |
| Municipal Court | - | - | - | - | - | - | - | - | 5 | 7 |
| Public Works | 89 | 92 | 93 | 95 | 96 | 103 | 105 | 105 | 106 | 106 |
| Police | 134 | 136 | 140 | 144 | 151 | 159 | 161 | 161 | 171 | 171 |
| Fire | 66 | 73 | 81 | 83 | 84 | 92 | 92 | 92 | 108 | 108 |
| Parks & Recreation | 64 | 66 | 65 | 66 | 67 | 68 | 70 | 69 | 72 | 73 |
| Library | 30 | 31 | 31 | 32 | 32 | 32 | 32 | 33 | 32 | 32 |
| Cultural Services | 12 | 13 | 13 | 13 | 13 | 13 | 14 | 14 | 15 | 15 |
| Human Resources | 13 | 13 | 13 | 14 | 13 | 13 | 14 | 14 | 14 | 15 |
| Information Technology | 21 | 21 | 21 | 23 | 23 | 23 | 23 | 23 | 22 | 24 |
| Golf - Parks & Recreation | 14 | 13 | 13 | 13 | 14 | 14 | 14 | 14 | 14 | 14 |
| Water & Power | 115 | 115 | 121 | 129 | 132 | 136 | 143 | 145 | 179 | 181 |
| Solid Waste - Public Works | 28 | 28 | 28 | 28 | 28 | 29 | 30 | 30 | 31 | 31 |
| Stormwater - Public Works | 15 | 15 | 15 | 15 | 14 | 15 | 17 | 17 | 17 | 16 |
| Total | 692 | 710 | 732 | 756 | 772 | 807 | 833 | 835 | 896 | 907 |

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

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

Source: City Budget Office

¹ Court Administration was included with City Clerk prior to 2016 and was moved to Executive and Legal subsequent to 2016.

² In 2020 the Executive and Legal Function was broken out into three functions, City Manager, City Attorney and Municipal Court.

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

| <u>Function/Program</u> | 2012 | 2013 | 2014 | 2015 |
|--|-------------|-------------|------------------|-----------------|
| <i>General Government</i> | | | | |
| Building Permits Issued | 2,161 | 1,932 | 2,324 | 2,762 |
| Building Inspections Conducted | 19,027 | 18,709 | 22,080 | 31,889 |
| <i>Police</i> | | | | |
| Physical Arrests (Adults) | 2,981 | 2,750 | 2,616 | 2,604 |
| Physical Arrests (Juveniles) | 776 | 592 | 597 ⁵ | 708 |
| Parking Violations | 1,452 | 1,393 | 1,379 | 1,784 |
| Traffic Violations | 9,581 | 9,754 | 10,811 | 10,363 |
| <i>Fire</i> | | | | |
| Emergency Responses | 6,283 | 6,436 | 7,005 | 7,501 |
| Fires Extinguished | 107 | 82 | 58 | 64 ³ |
| Business Inspections | 144 | 266 | 300 | 348 |
| <i>Solid Waste Collection</i> | | | | |
| Solid Waste Collected (tons per day) | 96 | 93 | 97 | 99 |
| Recyclables Collected (tons per day) | 35 | 33 | 27 | 27 |
| Yard Waste Collected (tons per day) | 115 | 159 | 33 ¹ | 33 |
| <i>Other Public Works</i> | | | | |
| Street Resurfacing (miles) | 13 | 21 | 15 | 16 |
| Potholes Repaired | 1,251 | 1,402 | 3,810 | 3,911 |
| <i>Parks and Recreation</i> | | | | |
| Athletic Field & Court Reservations | 6,610 | 10,548 | 12,513 | 10,698 |
| Chilson Center Admissions | 432,458 | 468,124 | 468,015 | 464,561 |
| Rounds of Golf | 127,562 | 104,597 | 115,311 | 120,940 |
| <i>Library</i> | | | | |
| Volumes in Collection (Physical) | 155,450 | 156,242 | 150,247 | 149,613 |
| Volumes in Collection (Digital) | 9,959 | 14,093 | 25,722 | 421,596 |
| <i>Water</i> | | | | |
| New Connections | 257 | 251 | 268 | 450 |
| Water Main Breaks | 76 | 77 | 75 | 68 |
| Average Daily Consumption (thousands of gallons) | 11,513 | 9,430 | 9,546 | 10,003 |
| Peak Daily Consumption (thousands of gallons) | 26,800 | 26,600 | 25,300 | 27,400 |
| <i>Wastewater</i> | | | | |
| Average Daily Sewage Treatment (thousands of gallons) | 5,900 | 6,410 | 6,500 | 6,500 |
| <i>Power</i> | | | | |
| Megawatt hours (purchased from PRPA) | 742,507 | 752,039 | 754,461 | 753,665 |
| <i>Transit</i> | | | | |
| Total Route Miles | 234,976 | 221,396 | 230,055 | 247,576 |
| Passengers | 142,169 | 142,573 | 139,199 | 140,235 |

¹ Beginning in 2014 total tons received by Recycling Center, including collections by City trucks, averaged by number of days the Recycling Center is open.

² Beginning in 2017 per a change in State Library standards, reporting for pay as you go services are now only reported on the unique titles borrowed, which resulted in a large decline from previous years.

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------|----------------------|---------|---------|---------------------|----------------------|
| 2,624 | 2,581 | 2,757 | 2,356 | 3,210 | 3,420 |
| 28,787 | 26,267 | 25,242 | 28,535 | 26,720 | 35,724 |
| 2,825 | 3,029 | 2,964 | 3,099 | 2,853 | 3,050 |
| 552 | 641 | 799 | 829 | 302 | 315 |
| 1,857 | 1,826 | 2,333 | 1,957 | 1,879 | 2,280 |
| 7,775 | 9,799 | 12,524 | 13,654 | 10,461 | 7,279 |
| 7,915 | 8,393 | 8,452 | 8,846 | 9,002 | 9,885 |
| 136 ³ | 167 | 164 | 164 | 179 | 157 |
| 416 | 287 | 429 | 518 | 108 ⁴ | 111 ⁴ |
| 98 | 99 | 104 | 99 | 101 | 106 |
| 28 | 27 | 27 | 26 | 26 | 25 |
| 39 | 39 | 39 | 38 | 38 | 38 |
| 17 | 10 | 25 | 27 | 29 | 32 |
| 5,653 | 3,258 | 4,015 | 5,824 | 4,308 | 5,746 |
| 16,928 | 17,564 | 14,086 | 13,030 | 8,410 | 18,238 |
| 464,059 | 445,713 | 442,679 | 464,562 | 162,218 | 224,204 |
| 118,348 | 117,494 | 109,560 | 106,016 | 123,275 | 139,321 |
| 152,993 | 134,595 ² | 127,786 | 124,000 | 124,444 | 117,194 |
| 537,219 | 49,386 | 65,885 | 85,150 | 37,359 ⁵ | 136,185 ⁵ |
| 403 | 370 | 286 | 270 | 425 | 516 |
| 88 | 48 | 56 | 45 | 39 | 47 |
| 10,613 | 10,160 | 10,707 | 9,926 | 10,777 | 10,502 |
| 27,300 | 27,426 | 27,698 | 24,813 | 26,788 | 27,027 |
| 6,530 | 6,158 | 5,970 | 5,933 | 5,934 | 6,269 |
| 731,596 | 724,614 | 741,955 | 724,032 | 711,481 | 733,085 |
| 238,217 | 236,905 | 279,970 | 305,415 | 289,701 | 319,506 |
| 116,964 | 105,917 | 104,144 | 118,236 | 74,213 | 79,827 |

See the source of data on the following page.

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

Continued from previous page

³ Fires Extinguished in 2015 and prior years included building, grass, and vehicle fires. Starting in 2016, Fires Extinguished includes structure, vehicle, and wildland.

⁴ The business inspections number is significantly down due to COVID lockdown as well as many businesses being shuttered due to the public health emergency.

⁵ Two subscription services consolidated in 2020 reducing the number of volumes by approximately 40,000. During 2021 Loveland Public Library along with others in the Front Range Downloadable district shifted a large amount of print materials to available digital material content.

Source: City of Loveland Departments

Schedule 16
City of Loveland, Colorado
Capital Asset Statistics by Function/Program
Last 10 Fiscal Years

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-----------------|-----------------|-----------------|-----------------|----------------|
| <i>Police</i> | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Divisions / Units | 12 | 12 | 12 | 12 | 12 |
| <i>Fire Stations</i> | 6 | 6 | 6 | 6 | 6 |
| <i>Solid Waste Collection</i> | | | | | |
| Collection Trucks | 23 ⁵ | 24 ⁵ | 22 ⁵ | 24 ⁵ | 24 |
| <i>Other Public Works</i> | | | | | |
| Highways (miles) ¹ | 25 | 25 | 24 | 24 | 24 |
| Streets (miles) ¹ | 329 | 331 | 340 | 340 | 343 |
| Traffic Signals | 94 | 94 | 94 | 94 | 94 |
| <i>Parks and Recreation</i> | | | | | |
| Acreage - Developed Park | 388 | 388 | 388 | 438 | 438 |
| Playgrounds | 27 | 27 | 27 | 28 ³ | 28 |
| Splash Parks | 2 | 2 | 2 | 2 | 2 ⁴ |
| Baseball/Softball Diamonds | 30 | 30 | 30 | 30 | 30 |
| Soccer/Football Fields | 38 | 38 | 38 | 38 | 38 |
| Community Centers/Recreation Center | 1 | 1 | 1 | 1 | 1 |
| <i>Water</i> | | | | | |
| Water Mains (miles) | 436 | 437 | 442 | 451 | 456 |
| Fire Hydrants | 2,870 | 2,899 | 2,961 | 3,017 | 3,103 |
| Storage Capacity (thousands of gallons) | 20,300 | 20,300 | 20,300 | 20,300 | 20,300 |
| <i>Wastewater</i> | | | | | |
| Sanitary Sewers (miles) | 334 | 336 | 341 | 342 | 348 |
| Treatment Capacity (thousands of gallons) | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| <i>Power</i> | | | | | |
| Overhead Conductors (miles) | 304 | 297 | 299 | 298 | 297 |
| Underground Conductors (miles) | 1,014 | 1,028 | 1,062 | 1,084 | 1,097 |
| Streetlights | 5,872 | 5,879 | 6,040 | 6,055 | 6,188 |
| <i>Transit</i> | | | | | |
| Fixed Route ² | 5 | 6 | 6 | 6 | 7 |
| Paratransit ² | 5 | 4 | 4 | 4 | 2 |

Note:

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

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

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

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

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

Source: City of Loveland Departments

| 2017 | 2018 | 2019 | 2020 | 2021 |
|--------|--------|--------|--------|--------|
| 1 | 1 | 1 | 1 | 1 |
| 12 | 12 | 12 | 12 | 12 |
| 6 | 6 | 6 | 7 | 7 |
| 22 | 22 | 22 | 22 | 22 |
| 24 | 24 | 119 | 131 | 154 |
| 343 | 313 | 229 | 239 | 273 |
| 97 | 95 | 95 | 96 | 96 |
| 438 | 453 | 453 | 453 | 453 |
| 28 | 28 | 28 | 28 | 28 |
| 2 | 2 | 2 | 2 | 2 |
| 30 | 30 | 30 | 30 | 30 |
| 38 | 38 | 39 | 39 | 39 |
| 1 | 1 | 1 | 1 | 1 |
| 459 | 463 | 483 | 469 | 473 |
| 3,134 | 3,171 | 3,295 | 3,247 | 3,289 |
| 20,300 | 20,560 | 20,560 | 20,560 | 26,060 |
| 350 | 353 | 373 | 359 | 363 |
| 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 289 | 287 | 283 | 282 | 280 |
| 1,121 | 1,122 | 1,135 | 1,137 | 1,189 |
| 6,237 | 6,435 | 6,454 | 6,716 | 6,895 |
| 6 | 9 | 9 | 9 | 8 |
| 3 | 3 | 3 | 3 | 3 |

Schedule 17
CITY OF LOVELAND, COLORADO
Schedule of Terms

A

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

ACFR - Annual Comprehensive Financial Report, the annual report for the City of Loveland, formerly known as the Comprehensive Annual Financial Report.

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

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

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

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

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

Assigned Fund Balance: Amounts constrained by the City's intent to use them for a specific purpose.

B

BPPT: Business Personal Property Tax

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

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

C

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

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

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

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

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

CDBG: Community Development Block Grant.

CDOT: Colorado Department of Transportation.

CEF: Capital Expansion Fee (see definition above).

CFAC: Citizens' Finance Advisory Commission.

Chimney Hollow Reservoir Project: A project that collects, stores, and diverts water from Windy Gap Reservoir and Lake Granby on Colorado's Western Slope to the Colorado-Big Thompson Project facilities, providing water to users on the Front Range. This project name has changed with the building storage project at Chimney Hollow Reservoir from the Windy Gap Firing Project to Chimney Hollow Reservoir Project.

CIRSA: Colorado Intergovernmental Risk Sharing Agency

ColoTrust: Colorado Government Liquid Asset Trust.

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

DBA: Doing Business As

DDA: Downtown Development Authority

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

Defease: A provision in a contract 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

Encumbrance: Obligations in the form of purchase orders or contracts which are chargeable to an appropriation and for which a part of the appropriation is reserved. Obligations cease to be encumbrances when paid or when the actual liability is set up.

Enterprise Fund: Funds that are self-supported through user fees. Examples include water, waste water, golf, solid waste, stormwater, and power & communications. Through the TABOR amendment, these funds cannot have more than 10% of their budget subsidized by taxes. This term is interchangeable with Proprietary Fund.

EPA: Environmental Protection Agency

Exempt: A classification indicating that an employee is not eligible for overtime pay, as defined by the guidelines of the Fair Labor Standards Act (FLSA).

Expenditure: Payment for goods or services, including operating expenses that require the current or future use of net current assets, debt and capital outlays. Note that an encumbrance is not an expenditure, but reserves funds to be expended.

F

FDIC: Federal Deposit Insurance Corporation.

FEMA: Federal Emergency Management Agency.

FHWA: Federal Highway Administration.

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

FIFO: First In First Out inventory valuation method.

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

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

FLSA: Fair Labor Standards Act.

FPPA: An abbreviation for Fire and Police Pension Association.

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

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

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

G

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 #1.

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

H

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

HUTF: Highway User Tax Funds.

I

IBNR: Incurred but not reported losses estimated liabilities for health claims.

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

ICMA: International City/Country Management Association

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

IT or Information Technology: IT provides innovative information technology and services that are reliable, accessible, and cost effective for the City of Loveland staff and citizens.

J-L

LFRA: Loveland Fire Rescue Authority

LLBA: Loveland/Larimer Building Authority

LLC: Limited Liability Company

LP: Limited Partnership

LURA: Loveland Urban Renewal Authority

M

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

MFA: An abbreviation for Master Financing Agreement.

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

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

N

NAV: Net Asset Value is a mutual fund's assets less its liabilities, divided by the number of shares outstanding.

NCLETC: Northern Colorado Law Enforcement Training Center.

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

NRSRO: Nationally recognized statistical rating organizations.

O-P

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

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

PDDPA: Public Deposit Protection Act

Per capita: An average per person.

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

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

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

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

Projection: Estimation of future revenues and expenditures, based on assessed valuation and the mill levy.

PRPA: Platte River Power Authority.

Q-R

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

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

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

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

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

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

RSI: An abbreviation for Required Supplemental Information.

S

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

SIC: Summary by Industry Code.

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

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

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

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

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

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

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

T-U

TABOR (Taxpayers' Bill of Rights also known as Amendment 1): Refers to an amendment to State constitution, which put in place several restrictions to state and local government. The most significant limits are the requirement for all tax rate increases to be by a vote of approval, and creating revenue limits a government must abide by, refunding all revenue over the limit unless given voter approval otherwise.

TIF: Tax Increment Finance

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

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

User Fee: Charge to the benefiting party for the direct receipt of a public service.

V-Z

Water Reclamation Facility - Provides wastewater treatment and reclamation and administers the industrial pretreatment program. Monitoring of treatment processes.

Windy Gap Firing Project: A project that collects, stores, and diverts water from Windy Gap Reservoir and Lake Granby on Colorado's Western Slope to the Colorado-Big Thompson Project facilities, providing water to users on the Front Range. This project name has changed with the building storage project at Chimney Hollow Reservoir to Chimney Hollow Reservoir Project.

WRF: Water Reclamation Facility

WWTP: Wastewater Treatment Plant

Compliance

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

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*

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Loveland, Colorado (the "City") as of and for the year ended December 31, 2021 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 3, 2022.

Report on 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) as a basis for designing 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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2021-001 and 2021-002, that we consider to be material weaknesses.

Report on 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 financial statements. 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*.

The City's Responses to the Findings

Government Auditing Standards require the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on them.

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Plante & Moran, PLLC". The signature is written in a cursive, flowing style.

June 3, 2022

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Loveland, Colorado's (the "City") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Plante & Moran, PLLC

June 3, 2022

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

| Federal Agency/Pass-through Agency/Program Title | Assistance Listing Number | Pass-through Entity Identifying Number | Total Amount Provided to Subrecipients | Federal Expenditures |
|--|---------------------------|---|--|----------------------|
| U.S. Department of Housing and Urban Development | | | | |
| Direct - CDBG - Entitlement Grants Cluster - | | | | |
| CDBG - Entitlement Grants Cluster: | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | N/A | \$ 293,504 | \$ 369,434 |
| COVID-19 - Community Development Block Grants/Entitlement Grants | 14.218 | N/A | 207,126 | 214,450 |
| Total U.S. Department of Housing and Urban Development | | | 500,630 | 583,884 |
| U.S. Department of Transportation | | | | |
| Direct: | | | | |
| Airport Improvement Program | 20.106 | N/A | - | 3,234,046 |
| COVID-19 - Airport Improvement Program | 20.106 | N/A | - | 1,006,071 |
| | | | - | 4,240,117 |
| Passed through Colorado Department of Transportation - | | | | |
| Highway Planning and Construction Cluster - Highway Planning and Construction | 20.205 | BRO M830-091 20895 STU M830-094 21998 SHO M830-062 19060 AQC M830-086 20617 18-HA4-XC-00055 SRTS M830-095 22095 20-HA4-XC-00052 87-HA4-XC-03177 19-HA4-XC-00026 | - | 1,749,607 |
| Highway Safety Cluster: | | | | |
| State and Community Highway Safety | 20.600 | 21-01-23 | - | 75,460 |
| State and Community Highway Safety | 20.600 | 411046570 | - | 6,856 |
| Total Highway Safety Cluster | | | - | 82,316 |
| Total U.S. Department of Transportation | | | - | 1,831,923 |
| U.S. Department of Homeland Security | | | | |
| Passed through Colorado Division of Criminal Justice - | | | | |
| Emergency Management Performance Grant | 97.042 | 19EM-20-70, 21EM-22-66 | - | 41,250 |
| Federal Transit Authority | | | | |
| Direct - Federal Transit Cluster: | | | | |
| Federal Transit Formula Grants | 20.507 | CO-2020-027-00 | \$ - | \$ 57,996 |
| COVID-19 - Federal Transit Formula Grants | 20.507 | CO-2020-022-00 | - | 636,327 |
| Federal Transit Formula Grants | 20.507 | CO-2768-2021-4 | - | 69,557 |
| Large Urban Formula | 20.507 | CO-2021-018-00 | - | 587,417 |
| Total Federal Transit Cluster | | | | 1,351,297 |
| U.S. Department of the Treasury | | | | |
| Passed through Colorado Department of Local Affairs - COVID-19 - Coronavirus Relief Funds | | | | |
| | 21.019 | CVRF CM-031 | 88,763 | 505,534 |
| Passed through Colorado Department of Local Affairs/Larimer County: | | | | |
| COVID-19 - Coronavirus Relief Funds | 21.019 | LIBDELIVER | - | 1,792 |
| COVID-19 - American Rescue Plan Act (ARPA) - Coronavirus State & Local Fiscal Recovery Funds | 21.027 | SLT-1797 | 63,208 | 716,105 |
| Total U.S. Department of the Treasury | | | 151,971.00 | 1,223,431 |
| U.S. Small Business Administration | | | | |
| Direct - COVID-19 - Shuttered Venue Operators Grant with Supplemental Relief | | | | |
| | 59.075 | SBAHQ21SV012498 | - | 20,487 |
| Total federal awards | | | \$ 652,601 | \$ 9,292,389 |

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of City of Loveland, Colorado (the "City") under programs of the federal government for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, except for expenditures related to ALN 21.019, Coronavirus Relief Fund (CRF). CRF does not apply the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, but rather applies the U.S. Department of the Treasury's guidance and frequently asked questions, as outlined in the 2021 Compliance Supplement Addendum. The pass-through entity identifying numbers are presented where available.

The City has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended December 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X None reported

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 weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes X No

Identification of major programs:

| Assistance Listing Number | Name of Federal Program or Cluster |
|---------------------------|---|
| 20.106 | Airport Improvement Program |
| 20.205 | Highway Planning and Construction Cluster |
| 20.507, 20.526 | Federal Transit Cluster |

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

Auditee qualified as low-risk auditee? X Yes No

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2021

Section II - Financial Statement Audit Findings

| Reference Number | Finding |
|------------------|---|
| 2021-001 | <p>Finding Type - Material weakness</p> <p>Criteria - 2 CFR 200.508(b) outlines the auditee responsibilities to prepare appropriate financial statements, including the schedule of expenditures of federal awards (SEFA), in accordance with section 200.510, <i>Financial Statements</i>.</p> <p>Condition - The City did not have sufficient controls in place to ensure that the schedule of expenditures of federal awards was prepared correctly.</p> <p>Context - The schedule of expenditures of federal awards required changes of approximately \$1,064,000 in order to remove prior year expenses and local matches of nonfederal funds. The revisions made to the SEFA did not impact major program determination.</p> <p>Cause - The City included nonfederal expenditures, such as local matching funds, in the schedule of expenditures of federal awards.</p> <p>Effect - Revisions to the schedule of expenditures of federal awards were required to ensure that reported expenditures were accurate. As a result, the City did not comply with 2 CFR 200.508(b). The revisions made to the SEFA did not impact major program determination.</p> <p>Recommendation - We recommend that the City implement sufficient processes and controls to ensure that the schedule of expenditures of federal awards agrees to the underlying records of federal expenditures incurred.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Annual review on any new or outstanding grants and ensuring proper grant matching expenditures for federal funds will be implemented.</p> |

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2021

Section II - Financial Statement Audit Findings (Continued)

| Reference Number | Finding |
|------------------|---|
| 2021-002 | <p>Finding Type - Material weakness</p> <p>Criteria - The City should have a process in place to ensure all year-end journal entries are properly recorded in accordance with generally accepted accounting principles (GAAP) prior to the commencement of the audit.</p> <p>Condition - A year-end journal entry necessary to state the financial statements in accordance with GAAP was identified as part of the audit.</p> <p>Context - An adjustment of approximately \$4.2 million to recognized federal grant revenue and expenditures related to the Northern Colorado Regional Airport (NCRA) was necessary in order to ensure the financial statements were stated in accordance with GAAP.</p> <p>Cause - The City is deemed to be a sponsor for NCRA grant activity and did not consider the financial reporting impacts of NCRA federal funding in the current year.</p> <p>Effect - If the year-end journal entry identified above had not been recorded, the financial statements would have been materially misstated.</p> <p>Recommendation - The City should develop a process to identify federal funding to outside entities for which the City is a sponsor and record such funding as revenue and expenditures in the City's financial statements.</p> <p>Views of Responsible Officials and Planned Corrective Actions - As part of the City's year-end entries recording grant expenditures, the airport current year grant activity will be recorded in the General Fund and reviewed by the accounting manager.</p> |

Section III - Federal Program Audit Findings

| Reference Number | Finding | Questioned Costs |
|---------------------|---------|------------------|
| Current Year | None | |



CORRECTIVE ACTION PLAN
For the Year Ended December 31,2021

Finding 2021-001: Material weakness, the City did not have sufficient controls in place to ensure that the schedule of expenditures of federal awards was prepared correctly.

Personnel Responsible for Corrective Action: Grant Accountant and Accounting Manager

Anticipated Completion Date: June 30, 2022

Corrective Action Plan: Annual review on any new or outstanding grants and ensuring proper grant matching expenditures for federal funds will be implemented.

Finding 2021-002: Material weakness, the City had to prepare an adjustment to record the Airport's federal grants as a sponsor for those grants.

Personnel Responsible for Corrective Action: Grant Accountant and Accounting Manager

Anticipated Completion Date: June 30, 2022

Corrective Action Plan: As part of the City's year-end entries recording grant expenditures the Airport current year grant activity will be recorded in the General Fund and reviewed by the Accounting Manager.

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, Colorado | |
| | | YEAR ENDING : December 2021 | |
| This Information From The Records Of City of Loveland, Colorado | | Prepared By: Phone: | Mona Brooks 970-962-2312 Joyce Robinson 970-962-2313 |

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|------------|---|------------|
| A. Receipts from local sources: | | A. Local highway disbursements: | |
| 1. Local highway-user taxes | | 1. Capital outlay (from page 2) | 12,124,380 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 3,970,597 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | 1,918,401 |
| 2. General fund appropriations | 0 | b. Snow and ice removal | 565,506 |
| 3. Other local imposts (from page 2) | 2,802,937 | c. Other | |
| 4. Miscellaneous local receipts (from page 2) | 4,355,010 | d. Total (a. through c.) | 2,483,907 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 1,808,813 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | 11,383,764 |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 31,771,461 |
| 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) | 7,157,947 | b. Redemption | |
| B. Private Contributions | 31,054,209 | c. Total (a. + b.) | 0 |
| C. Receipts from State government (from page 2) | 3,484,732 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 4,081,760 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 45,778,648 | b. Redemption | |
| | | c. Total (a. + b.) | 0 |
| | | 3. Total (1.c + 2.c) | 0 |
| | | C. Payments to State for highways | |
| | | D. Payments to toll facilities | |
| | | E. Total disbursements (A.6 + B.3 + C + D) | |
| | | | 31,771,461 |

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 |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | | 45,778,648 | 31,771,461 | 14,007,187 | 0 |

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2021

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 | 977 |
| b. Other local imposts: | | b. Traffic Fines & Penalties | 688,398 |
| 1. Sales Taxes | | c. Parking Garage Fees | 83,019 |
| 2. Infrastructure & Impact Fees | 1,248,504 | d. Parking Meter Fees | 0 |
| 3. Liens | | e. Sale of Surplus Property | 0 |
| 4. Licenses | 10,100 | f. Charges for Services | 3,547,565 |
| 5. Specific Ownership &/or Other | 1,544,333 | g. Other Misc. Receipts | 1,266 |
| 6. Total (1. through 5.) | 2,802,937 | h. Other | 33,785 |
| c. Total (a. + b.) | 2,802,937 | i. Total (a. through h.) | 4,355,010 |
| | (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 | 2,880,019 | 1. FHWA (from Item I.D.5.) | |
| 2. State general funds | | 2. Other Federal agencies: | |
| 3. Other State funds: | | a. Forest Service | |
| a. State bond proceeds | | b. FEMA | |
| b. Project Match | | c. HUD | |
| c. Motor Vehicle Registrations | 294,213 | d. Federal Transit Admin | 2,937,261 |
| d. Other - MMOF | 292,500 | e. U.S. Corps of Engineers | |
| e. Other - Co Energy Office | 18,000 | f. Other Federal - US DOT | 1,144,499 |
| f. Total (a. through e.) | 604,713 | g. Total (a. through f.) | 4,081,760 |
| 4. Total (1. + 2. + 3.f) | 3,484,732 | 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 | 22,405 | 5,634 | 28,039 |
| b. Engineering Costs | 84,192 | 503,419 | 587,611 |
| c. Construction: | | | |
| (1). New Facilities | 0 | 324,721 | 324,721 |
| (2). Capacity Improvements | 1,909,054 | 120,000 | 2,029,054 |
| (3). System Preservation | 0 | 8,237,202 | 8,237,202 |
| (4). System Enhancement & Operation | 2,038 | 915,715 | 917,753 |
| (5). Total Construction (1) + (2) + (3) + (4) | 1,911,092 | 9,597,638 | 11,508,730 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 2,017,689 | 10,106,691 | 12,124,380 |
| | | | (Carry forward to page 1) |

Notes and Comments: