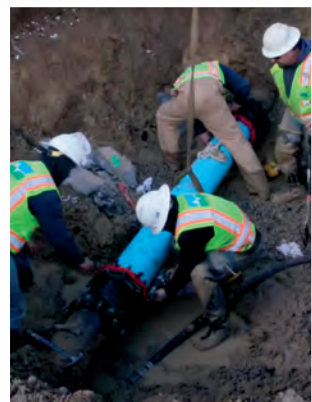


ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year
December 31, 2022

CITY OF LOVELAND, CO

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City of Loveland, Colorado

Annual Comprehensive Financial Report

For the fiscal year ended
December 31, 2022

Submitted by
City Manager - Stephen C. Adams
Chief Financial Officer
Brian Waldes

Prepared by the Finance
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Introduction

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



City of Loveland

CITY OF LOVELAND

FINANCE DEPARTMENT

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

June 1, 2023

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, 2022. 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.

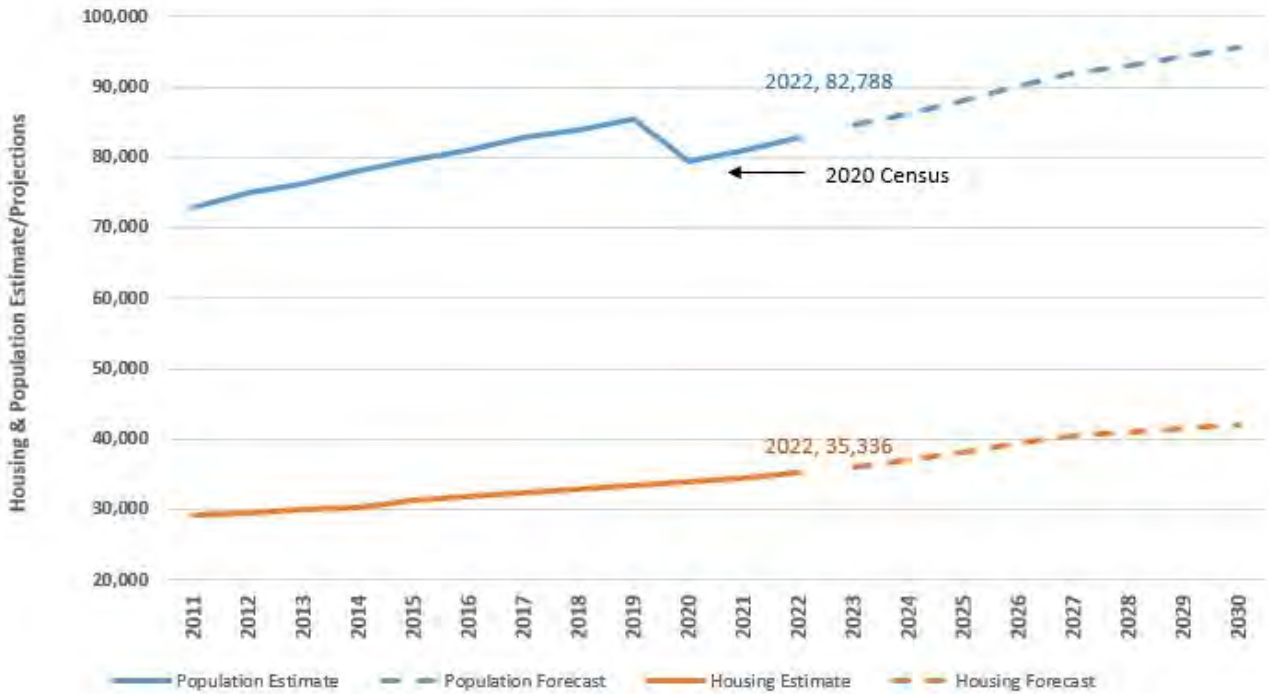
We, as the representatives of Management assume full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not 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, 2022. 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 36.52 square miles and an estimated current population of 82,788 representing approximately 35,336 households.

City of Loveland Population & Housing



Source: City of Loveland, Colorado
Data and Assumptions Report

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. City Council is comprised of nine members. The City is divided into four representation wards. There are two council members from each of those wards that serve staggered four-year terms and a Mayor elected at large that serves a two-year term. The Mayor 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, 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, City 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. A separate report is issued for the operation which includes federal grant requirement compliance and passenger facility charge reporting. All governing and reporting relationships are disclosed in the footnotes to the financial statements.

The budget is required to be submitted to City Council by the first Tuesday of October each year, 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 City Council present with at least a quorum in attendance and on second reading a majority of the nine members of 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 City Council.

Local Economy

Major employers in the City include advanced manufacturing, construction, agricultural, distribution centers including a 3.9 million square foot Amazon fulfillment 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 region will continue to expand.

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 2022 was 5%, 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 the 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. The Draper project will add retail and housing along with a parking garage to downtown Loveland. City Council is using this recovery period to position Loveland as the front runner in Northern Colorado to attract new businesses to the City. The City is also in advanced negotiations for a potential new 'gateway' development near the I-25 and Highway 34 intersection that could bring major grocery and retail entities to Loveland.

Recovery from the flood event of September 2013 continued into 2022. Total recovery expenditures as of December 31, 2022 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 \$30,599,694 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 2023 Financial Master Plan included updated revenue projections including the one-time substantial commercial development in 2022. This one-time revenue enabled the General Fund to return to conservative growth in expenditures. Small growth in key revenues is anticipated for 2023. However, the City is proceeding cautiously forecasting beyond 2023 due to a potential recession. Expenditures are anticipated to grow modestly over the next three years with the recent completion of the Citywide Compensation Study. Public Safety continues to be a high priority for City Council and majority of the increase in expenditures can be attributed to this area.

Major Initiatives

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

projects in 2022. 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 2022: Waterline replacement at Sherri Mar for \$3.3 million, Water Reclamation Facility Administration Building for \$1.0 million, and the Irrigation system at Cattail Creek Golf Course for \$1.3 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, 2021. This was the 42nd 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, 2021. This was the eighth 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.

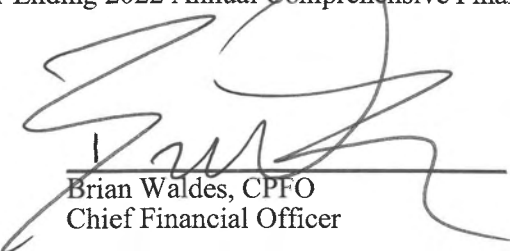
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 2023. It is the fortieth consecutive year that the City will have received the budget presentation award. In order to qualify for the Distinguished Budget Presentation Award, the 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 an 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 Fiscal Year Ending 2022 Annual Comprehensive Financial Report.

Respectfully Submitted,



Stephen C. Adams
City Manager



Brian Waldes, CPFO
Chief Financial Officer

CITIZENS OF LOVELAND



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, 2021

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 the City of Loveland, Colorado (the "City") as of and for the year ended December 31, 2022 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, 2022 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 Matters

As discussed in Note 17 to the financial statements, the 2021 basic financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, during the year ended December 31, 2022, the City adopted the new accounting guidance under Governmental Accounting Standards Board Statement No. 87, *Leases*, which establishes criteria for accounting for leases, and Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which establishes criteria for accounting for SBITAs. Our opinion is not modified with respect to these matters.

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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary 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

Supplementary 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 supplementary 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 supplementary 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 introduction 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 1, 2023 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.



June 1, 2023

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, 2022. 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 COVID-19 Pandemic, 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 2022 by \$1,381,646,877 (net position). This amount is comprised of \$661,454,370 in Governmental Activities and \$720,192,507 in Business-type Activities. Of the net position amount, \$197,321,216 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 \$78,258,427 from the prior year, of which \$38,104,720 is attributable to governmental activities and \$40,153,707 to business-type activities.
- At the close of 2022, the City's governmental activities reported a combined ending fund balance of \$150,517,013, which is an increase of \$18,398,735 from prior year; \$48,439,579 of the balance is unassigned.
- At the close of 2022, the General Fund unassigned fund balance was \$50,036,129 or 52% of total General Fund operating expenditures. This is \$9,414,791 higher than at the close of 2021.
- The City's outstanding debt of \$185,853,396 at the end of 2022 decreased by \$6,506,675. this decrease is due to the debt payments in 2022.

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 2022, a one-time only large building permit payment of \$6.9 million and the receipt of ARPA funds over two years of \$9.4 million.

The City's General Fund Balance was \$47,872,078 at the close of 2021, and \$63,163,203 at the close of 2022. This is a total increase of \$15,291,125. This increase shows a strong recovery for 2022 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 in 2021 and received the second payment of \$4.7 million in June 2022.

The first quarter of Fiscal Year 2022 started off strong both on the sales and use tax fronts but, because of shortfalls in the prior years, 2022 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 2022, which was a strong year for revenue, the General Fund increased in operating revenue from \$109,777,331 in 2021 to \$121,658,483 in 2022.

The increase in revenue and fund balance for 2022 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 was presented to City Council. This new approach was well received last year and will be repeated in 2023. The major focal points being addressed in the forthcoming budget cycle are:

- **Capital Projects:** HIP Street Modernization Project, Draper Parking Garage, the Pulliam Community Building and a COP debt package to finance Fire Station No. 3 Remodel.
- **Operating Impacts:** Increased expenditures resulting from increased public safety service levels as well as the Encampment Response program and the Citywide Compensation Project to be completed in 2023.

The City had a strong 2022, revenues were buoyed by a large one-time development as well as strong consumer spending combined with inflated prices. Due to the timing of delivery of several large capital items, expenditures were relatively modest compared to prior years. Staffing levels have begun to recover from the pandemic exodus, thus personnel expenses are anticipated to increase significantly in 2023.

2022 saw the completion and/or continuation of five major capital projects:

1. Municipal Fiber: Branded as Pulse, Municipal Fiber is a City owned utility connecting the Loveland community and surrounding areas by offering affordable, reliable and fast internet, Wi-Fi, voice and TV service through a 100% fiber-optic network. Pulse will be available to all residents and businesses within the City of Loveland by the end of 2023 when construction is completed. Pulse provides additional choice in the market for broadband services needs of Loveland and surrounding community. Budget - \$85.5 million; 2022 cost-to-date- \$70.7 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; 2022 cost-to-date- \$75.6 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. Waterline Replacement at Sherri Mar: This waterline project was to replace aging water infrastructure along Sherri Mar street. After decades of use water pipes reach the end of their service life and require increasing maintenance and rehabilitation costs. In this case, these costs can become unacceptably high and the water utility is best served by replacing this infrastructure. Budget \$4.7 million, 2022 cost-to-date \$3.3 million.
4. Water Reclamation Facility Administration Building: The existing water reclamation facility administration area was in need of updating and the old and no longer in service annunciator (SCADA) panel and associated wiring needed removal. Lab testing appliances were replaced. Budget \$1.2 million, 2022 cost-to-date \$1.0 million.
5. Irrigation at Cattail Creek: The irrigation system at Cattail Creek golf course had constant leaks costing operating and maintenance dollars. The old system also caused holes and piles of dirt during repair of the irrigation system on the golf course. The new irrigation system is state of the art with a system that puts the water exactly where it is needed and requires less power to run the system, reducing power costs. Budget \$1.5 million, 2022 cost-to-date \$1.3 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, 2022, 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	\$ 18,010,551
Insurance	\$ 7,304,825
Other	\$ 5,284,318

Softening Growth in Sales Tax:

The City had been experiencing a softening sales tax revenue stream in recent years. Prior to 2022, 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 2022, sales tax comprised 49.2% 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. Looking ahead, the City is cautiously optimistic for the remainder of 2023 with a potential mild recession forecasted in 2024.

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
2013	67,638,678	36,872,201	54.5%	0.0%
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	109,777,331	53,004,011	48.3%	10.6%
2022	121,658,483	59,908,287	49.2%	13.0%

*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 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, stormwater, solid waste collection, and golf operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage 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 Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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 plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$1,381,646,877 as of December 31, 2022.

Net Position

Combined net position of the City of Loveland at December 31, 2022 were as follows:

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

	Governmental Activities		Business-Type Activities		Total		Total % of Change
	2022	2021	2022	2021	2022	2021	
Current and other assets	\$ 260,927,021	\$ 227,376,930	\$ 167,561,628	\$ 177,288,347	\$ 428,488,649	\$ 404,665,277	5.9%
Capital assets	507,571,332	490,932,970	762,981,907	712,030,079	1,270,553,239	1,202,963,049	5.6%
Total Assets	768,498,353	718,309,900	930,543,535	889,318,426	1,699,041,888	1,607,628,326	5.7%
Deferred Outflows of Resources	101,700	101,700	241,843	259,757	343,543	361,457	(5.0)%
Total Assets and Deferred Outflows of Resources	768,600,053	718,411,600	930,785,378	889,578,183	1,699,385,431	1,607,989,783	5.7%
Long-term liabilities	37,409,963	37,415,247	176,003,965	181,824,334	213,413,928	219,239,581	(2.7)%
Other liabilities	33,890,762	21,984,402	34,588,906	27,236,847	68,479,668	49,221,249	39.1%
Total Liabilities	71,300,725	59,399,649	210,592,871	209,061,181	281,893,596	268,460,830	5.0%
Deferred Inflows of Resources	35,844,958	33,396,043	-	478,202	35,844,958	33,874,245	5.8%
Total Liabilities and Deferred Inflows of Resources	107,145,683	92,795,692	210,592,871	209,539,383	317,738,554	302,335,075	5.1%
Net Position:							
Net investment in capital assets	477,176,229	461,306,590	592,286,050	568,110,085	1,069,462,279	1,029,416,675	3.9%
Restricted-Nonspendable	3,478,213	3,557,076	-	-	3,478,213	3,557,076	(2.2)%
Restricted	50,807,500	43,496,723	60,577,669	49,936,494	111,385,169	93,433,217	19.2%
Unrestricted	129,992,428	117,255,519	67,328,788	61,992,221	197,321,216	179,247,740	10.1%
Total Net Position	\$ 661,454,370	\$ 625,615,908	\$ 720,192,507	\$ 680,038,800	\$ 1,381,646,877	\$ 1,305,654,708	5.8%

As of December 31, 2022, 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 \$428,488,649 current and other assets include \$337,178,325 in general and restricted cash and investments. The restricted balance of cash and investments is \$95,302,879 for acquisition or construction of future capital assets or the payment of debt.

The largest portion of the City’s total net position (77.4%) 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 liabilities reported in the Governmental Activities at the end of 2022 includes Certificates of Participation of \$14,790,000, compensated absences of \$6,219,998, oversizing agreements of \$759,475, lease purchase agreements of \$11,910,376, pollution remediation of \$1,030,000, 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 \$51,035,000 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 \$1,911,624, oversizing agreements of \$328,545, ARO liability for Hydro, \$965,086, ARO liability for Solar, \$313,500 and water and wastewater bonds of \$2,235,000 and \$18,780,000 respectively.

Changes in Net Position

Revenues and transfers in 2022 of \$391,156,321 exceeded program expenses of \$312,897,894 for an increase in net position of \$78,258,427. This increase includes \$26,086,330 from contributed assets and revenue restricted for capital spending. The remaining \$52,172,097 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

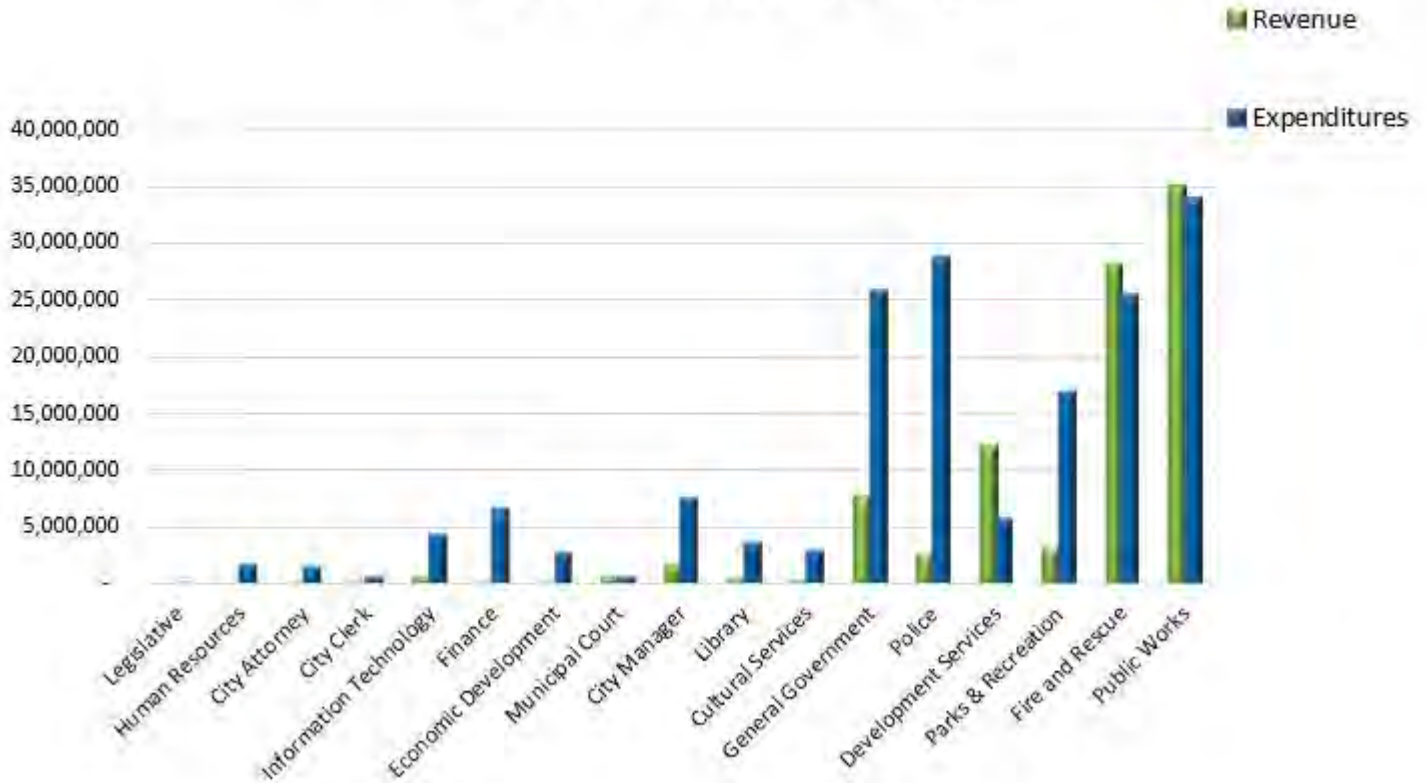
	Governmental Activities		Business-Type Activities		Total		% Change
	2022	2021	2022	2021	2022	2021	
Program Revenue							
Charges for service	\$ 45,152,272	\$ 52,922,413	\$ 152,349,480	\$ 140,792,522	\$ 197,501,752	\$ 193,714,935	2.0%
Operating grants/contributions	25,771,719	23,816,808	222,226	273,259	25,993,945	24,090,067	7.9%
Capital grants/contributions	24,216,319	46,194,664	33,106,233	19,014,070	57,322,552	65,208,734	(12.1)%
General Revenues:							
Property Taxes	32,611,983	30,849,766	-	-	32,611,983	30,849,766	5.7%
Sales and Use Taxes	84,226,885	68,632,108	-	-	84,226,885	68,632,108	22.7%
Franchise and Other Taxes	4,363,130	3,544,355	-	-	4,363,130	3,544,355	23.1%
Investment Earnings (Loss)	(5,710,647)	226,628	(5,465,459)	(1,310,212)	(11,176,106)	(1,083,584)	931.4%
Other	102,157	1,115,795	210,023	234,900	312,180	1,350,695	(76.9)%
Total Revenues	210,733,818	227,302,537	180,422,503	159,004,539	391,156,321	386,307,076	1.3%
Program Expenses:							
City Manager	4,647,058	3,121,875	-	-	4,647,058	3,121,875	48.9%
Legislative	204,159	150,963	-	-	204,159	150,963	35.2%
City Attorney	1,576,442	1,283,365	-	-	1,576,442	1,283,365	22.8%
City Clerk	722,062	592,360	-	-	722,062	592,360	21.9%
Municipal Court	770,627	700,112	-	-	770,627	700,112	10.1%
Finance	6,836,546	6,075,509	-	-	6,836,546	6,075,509	12.5%
Human Resources	1,842,468	1,462,259	-	-	1,842,468	1,462,259	26.0%
Information Technology	7,478,684	5,953,913	-	-	7,478,684	5,953,913	25.6%
Economic Development	2,809,222	2,065,899	-	-	2,809,222	2,065,899	36.0%
Development Services	5,886,993	5,590,896	-	-	5,886,993	5,590,896	5.3%
Public Works	34,186,621	31,960,206	-	-	34,186,621	31,960,206	7.0%
Police	28,705,018	34,907,689	-	-	28,705,018	34,907,689	(17.8)%
Fire & Rescue	25,025,382	33,800,088	-	-	25,025,382	33,800,088	(26.0)%
Parks & Recreation	16,953,694	12,691,587	-	-	16,953,694	12,691,587	33.6%
Library	3,767,653	3,504,378	-	-	3,767,653	3,504,378	7.5%
Cultural Services	2,969,843	2,363,832	-	-	2,969,843	2,363,832	25.6%
General Government	27,756,133	30,301,034	-	-	27,756,133	30,301,034	(8.4)%
Interest on Long Term Debt	943,227	971,660	-	-	943,227	971,660	(2.9)%
Water	-	-	22,850,592	18,914,717	22,850,592	18,914,717	20.8%
Wastewater	-	-	14,949,490	14,014,978	14,949,490	14,014,978	6.7%
Stormwater	-	-	5,219,200	6,530,754	5,219,200	6,530,754	(20.1)%
Electric & Communications	-	-	83,313,318	76,955,901	83,313,318	76,955,901	8.3%
Solid Waste	-	-	9,289,271	8,490,265	9,289,271	8,490,265	9.4%
Golf	-	-	4,194,191	3,921,240	4,194,191	3,921,240	7.0%
Total Expenses	173,081,832	177,497,625	139,816,062	128,827,855	312,897,894	306,325,480	2.1%
Increase in net position before transfers	37,651,986	49,804,912	40,606,441	30,176,684	78,258,427	79,981,596	(2.2)%
Transfers	452,734	2,200,925	(452,734)	(2,200,925)	-	-	-%
Increase in net position	38,104,720	52,005,837	40,153,707	27,975,759	78,258,427	79,981,596	(2.2)%
Net Position - Beginning	625,615,908	573,610,071	680,038,800	652,063,041	1,305,654,708	1,225,673,112	6.5%
Prior Period Adjustment	\$ (2,266,258)	\$ -	\$ -	\$ -	(2,266,258)	-	-%
Net Position-Beginning, as restated	\$ 623,349,650	\$ 573,610,071	\$ 680,038,800	\$ 652,063,041	\$ 1,303,388,450	\$ 1,225,673,112	6.3%
Net Position - Ending	\$ 661,454,370	\$ 625,615,908	\$ 720,192,507	\$ 680,038,800	\$ 1,381,646,877	\$ 1,305,654,708	5.8%

Governmental Activities

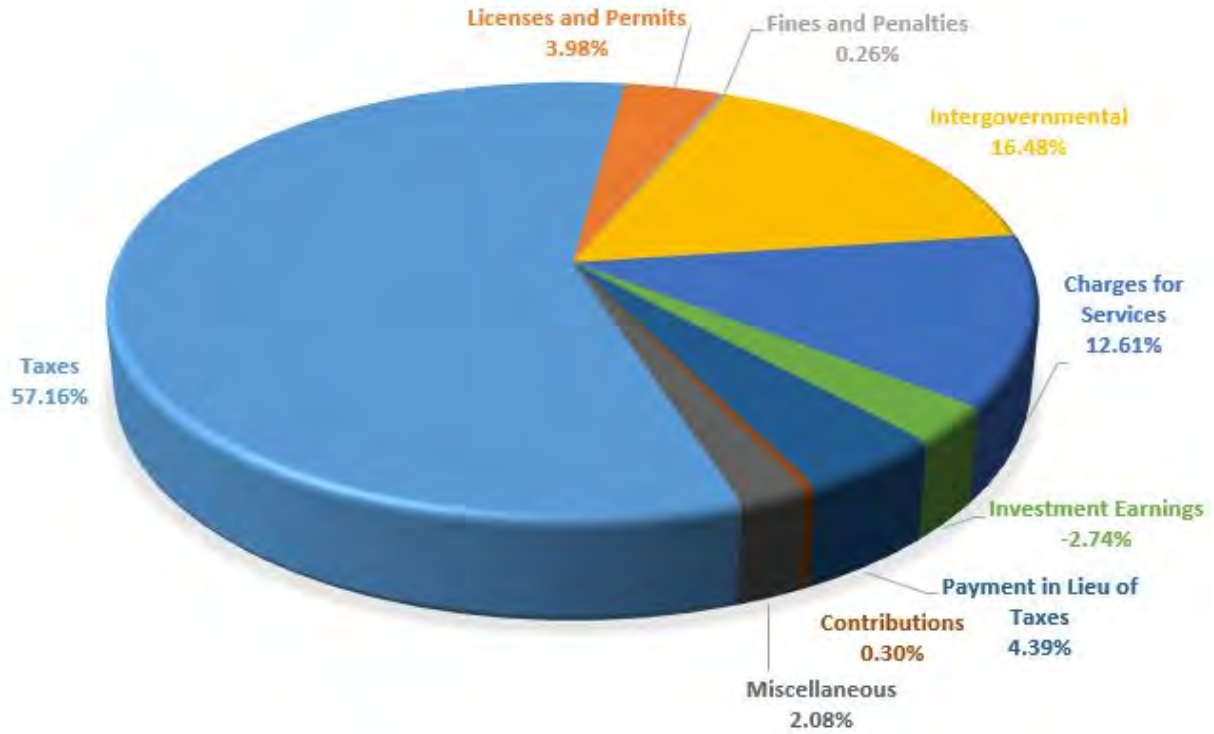
Governmental Activities increased the City’s net position by \$38,104,720. Earnings on investments decreased in 2022 by 2620% from \$226,628 in 2021 to \$(5,710,647) in 2022. This decrease is due to the sale of certain investments as part of a managed portfolio, market interest rates, and accounting adjustments for the unrealized losses. The investment losses will only arise if the investments are sold prior to their maturity date. The City has not in the past sold investments prior to their maturity date and these losses would not be realized. Property tax revenue also increased in 2022 by \$1,762,217.

The following graph compares program revenues and expenditures of Governmental Activities in 2022, illustrating the majority of expenditures are related to public services and safety. The City Manager expenses increased due to ARPA grant funding and encampment expenses.

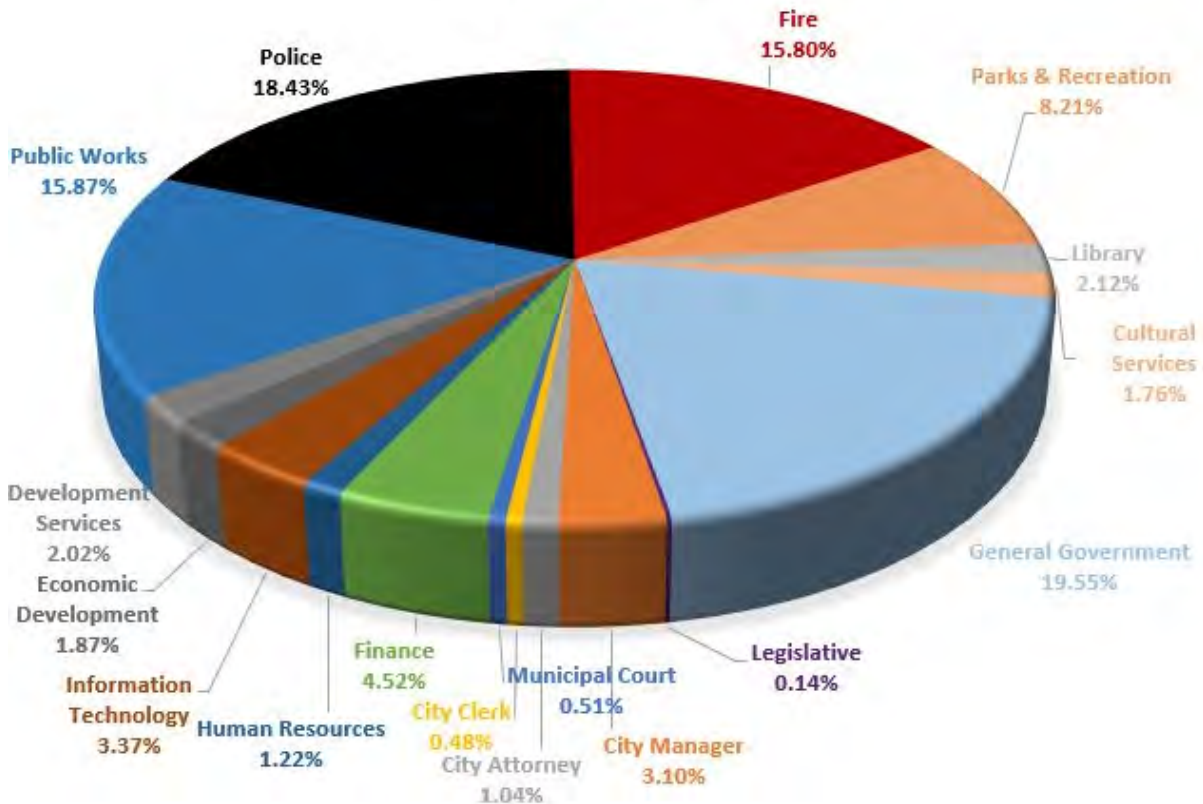
2022 Program Revenue & Expenditures Governmental Activities



Revenue by Source Governmental Funds



Expenditure by Source Governmental Funds



Business-Type Activities

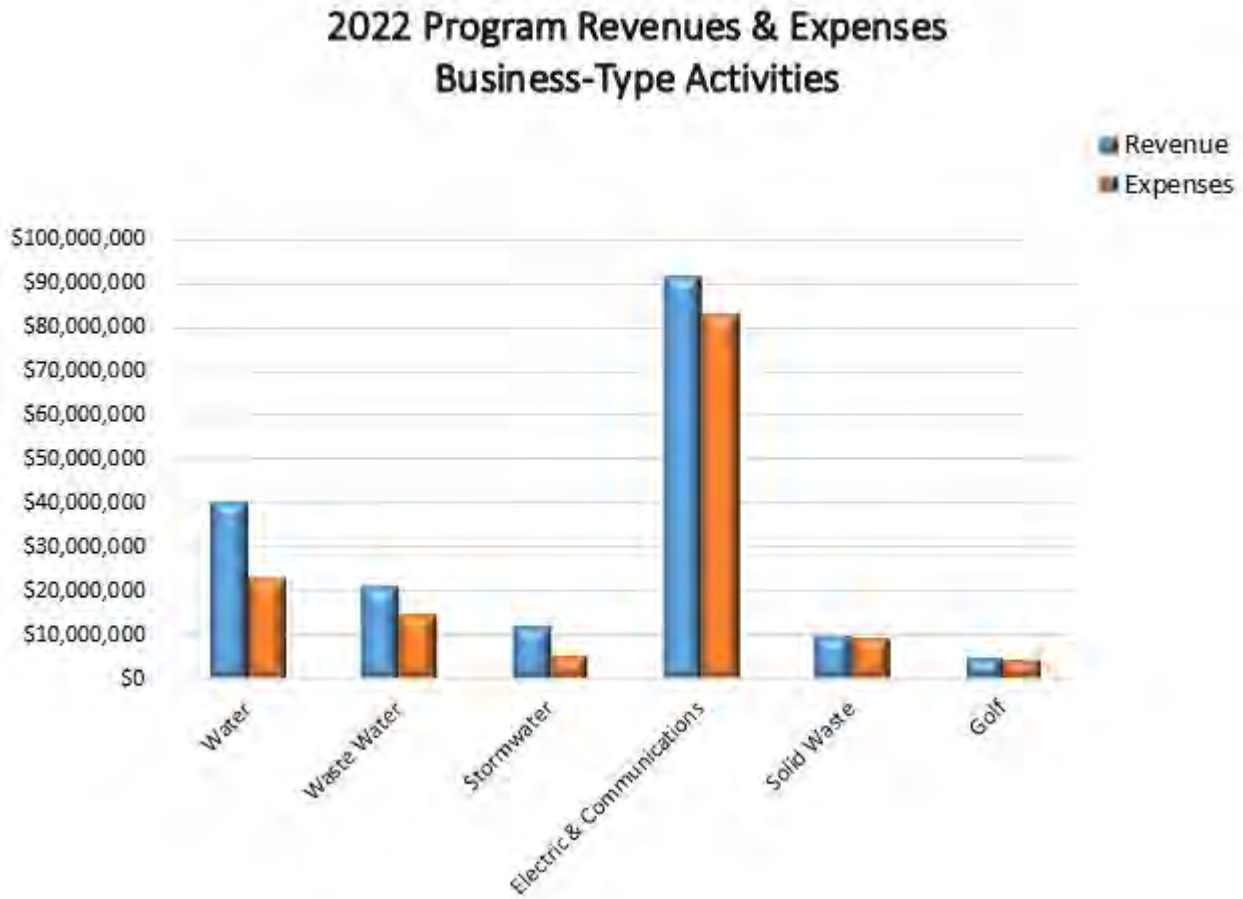
Business-Type Activities include the city-owned utilities: Water, Electric & Communications, Wastewater, Stormwater, Solid Waste collection, recycling services, and three municipal golf courses. All of these activities charge user fees designed to fully cover operating expenses. In addition, system impact 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 2022, net position for the Business-Type Activities increased by \$40,153,707. Earnings on investments decreased from \$(1,310,212) in 2021 to \$(5,465,459) in 2022 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. The investment losses will only arise if the investments are sold prior to their maturity date. The City has not in the past sold investments prior to their maturity date and these losses would not be realized.

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



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 \$20,664,993, and the City ended the year with a combined fund balance of \$150,517,013.

The City's Governmental Funds collected revenue over the constitutional limits (TABOR) by \$5,957,899 in 2022. 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 \$3,478,213.
- Restricted balance of \$46,315,559 includes \$6,872,297 reserve for excess TABOR, \$3,689,774 reserve for emergencies; \$11,192,761 for Fire and Rescue; \$11,776,972 for Open Space Acquisitions; \$4,847,547 for Parks & Recreation; \$4,925,822 for Urban Revitalization; as well as funds for Convention & Tourism, Library and Law Enforcement.
- Committed balances include \$46,094,691 for future capital improvements; Art in Public Places; public education; and affordable housing.
- Assigned balances of \$1,142,652 are for items such as Parks Improvements, and Fiber Network.
- Unassigned General Fund is \$50,036,129, 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 \$3,432,768. 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 \$3,416,735, the current fund balance is \$14,815,493.

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 \$121,658,483 increased by 11% for the year. Tax revenue of \$94,342,737, (78)% of the total General Fund revenue increased by 19% in 2022. There were no changes made to the City's mill levy or sales tax rate in 2022. The General Fund balance increased by \$17,557,383, 37%, primarily due to an increase in property and sales taxes, \$14,815,930 or 18.6% due to the economic recovery and net of an increase in expenditures of \$11,859,725 or 14.5%.

The Loveland Urban Renewal Authority (LURA) Fund revenues increased in 2022 to \$20,177,293. Tax revenues of \$20,088,170 (100% of total revenues) increased by \$1,283,169 or 7% from 2021. Total 2022 expenditures of \$19,730,259 include the distribution of tax increment financing \$15,935,211, school district fund \$2,512,316, and other services \$1,021,188.

Total revenues in the Capital Expansion Fees (CEF) Fund decreased by \$(1,390,864), (12)% from 2021, due to lower fees paid in 2022 and the investment loss adjustment. This decrease is due to the sale of certain investments as part of a managed portfolio, market interest rates, and accounting adjustments for the unrealized losses. The investment losses will only arise if the investments are sold prior to their maturity date. The City has not in the past sold investments prior to their maturity date and these losses would not be realized. The fund balance in the CEF Fund increased by \$5,806,905 or 14%, versus an increase in 2021 of \$9,821,907. This decrease is due to smaller transfers to the Transportation Fund of \$2,880,387 and transfers to the Capital Project Fund of \$140,438.

Excluding transfers, the total revenue for the Loveland Fire Rescue Authority Fund was \$27,545,259 and total expenditures were \$31,020,285. The revenue includes the contribution from the City for \$16,783,499. Fund balance decreased by \$(3,587,952), primarily due to the construction of Fire Station 10.

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 \$720,192,507, an increase of \$40,153,707. Each of the Proprietary Funds had net position increases, the most significant in the Water Fund which increased \$17,543,014 from 2021.

General Fund Budgetary Highlights

The General Fund has been operating with a structural deficit for the Fiscal Year's 2016, 2017, 2018 and 2019. In 2021 and 2022, the General Fund generated \$14.4 million and \$17.6 respectively more in revenue than it incurred in expenditures.

In 2022, General Fund expenditures increased by \$11,859,725 from 2021. The City employees received a 2.5% cost of living increase and up to 3.5% merit increase accounting for \$4.6 million of this increase. Additionally, Public Safety increased by \$5.3 million, and the City established an Encampment Response division for \$1.25 million. The City received \$4.7 million in the American Rescue Plan Act of 2021 (ARPA) and the City received an additional \$4.7 million from ARPA in 2022.

Revenue was expected to remain flat in 2022 and property and sales taxes exceeded expectations with an increase over 2021 by 5.7% and 13.8% respectively. Building and use taxes also increased over 2021 by 62.5% due to a strong housing market in Loveland and a large one time only building permit payment.

Proprietary Fund Budgetary Highlights

The Water, Stormwater, Wastewater and Electric & Communications utilities' increased their fund balances by \$17.5 million, \$6.7 million, \$6.4 million and \$8.2 million respectively. 2022 was again a strong year for development driven revenues.

Capital Assets and Debt Administration

Capital Assets

At the end of 2022, the City had \$1,270,553,239 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 3% and construction in process increased by 24% 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 2022:

Chimney Hollow Reservoir	\$ 75,655,036
Muni-Fiber Outside Plant	60,445,190
Muni-Fiber Service Drops	7,026,678
Pulliam Building	3,580,010
Water Pump Station and Discharge Piping	553,033

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
	2022	2021	2022	2021	2022	2021	
Land	\$ 69,970,574	\$ 68,287,865	\$ 14,918,962	\$ 14,949,962	\$ 84,889,536	\$ 83,237,827	2.0%
Art Collection	8,538,606	8,028,854	-	-	8,538,606	8,028,854	6.3%
Buildings	72,201,336	74,707,182	30,424,145	29,198,017	102,625,481	103,905,199	(1.2)%
Leased Buildings	268,739	352,459	1,313,355	1,578,063	1,582,094	1,930,522	(18.0)%
Improvements	42,539,557	43,822,231	121,677,800	124,654,415	164,217,357	168,476,646	(2.5)%
Equipment	24,852,338	23,750,824	10,474,440	10,875,155	35,326,778	34,625,979	2.0%
Leased Equipment	184,848	261,859	-	-	184,848	261,859	(29.4)%
Software	1,460,919	71,704	-	-	1,460,919	71,704	1937.4%
Water rights	2,747,520	2,747,520	78,021,050	77,790,650	80,768,570	80,538,170	0.3%
Infrastructure	235,847,508	235,415,640	331,708,433	307,777,237	567,555,941	543,192,877	4.5%
Easements	9,358,872	6,809,486	38,506,607	33,025,667	47,865,479	39,835,153	20.2%
Construction in Process	39,600,515	27,363,370	135,937,115	113,758,976	175,537,630	141,122,346	24.4%
Total	\$ 507,571,332	\$ 491,618,994	\$ 762,981,907	\$ 713,608,142	\$ 1,270,553,239	\$ 1,205,227,136	5.4%

Major additions in 2022 included the following assets:

2022 Street Rehabilitation	\$ 3,587,611	Cattail Creek Golf Course irrigation system	\$ 1,345,225
Sherri Mar Waterline Replacement	\$ 3,340,315	Water Reclamation Facility Administration Remodel	\$ 1,048,839

Debt

At year-end, the City had a number of oversizing agreements related to Streets totaling \$759,475. There were no contract amendments in 2022. 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 \$1,475,000 of the 2021 Water bond debt in 2022. Additionally, between 2017 and 2018, the City secured \$24,900,000 for improvements to the Wastewater Treatment Plant; the City paid down \$4,050,000 of this debt in 2022.

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 base revenue performance coupled with one-time revenue associated with a significant commercial property development. The City was able to recover from the prior three years of budget reductions and return to growth in 2022. Growth is being tampered in 2023 and 2024 planning years due to the potential for a recession at the end of 2023.

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 2023 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 3.5% in 2023, 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 5.14% in 2023 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>.

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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, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 9,534	\$ 8,650	\$ 18,184
Equity in Pooled Cash	23,059,874	14,574,276	37,634,150
Equity in Pooled Investments	143,263,119	60,959,993	204,223,112
Receivables (Net):			
Taxes	42,455,795	-	42,455,795
Accounts	4,000,943	15,843,991	19,844,934
Grants	4,224,033	801,302	5,025,335
Lease Receivable	1,014,535	-	1,014,535
Accrued Interest	407,678	276,455	684,133
Internal Balances	575,282	(575,282)	-
Inventory of Supplies	1,003,240	10,663,612	11,666,852
Equity in Northern Colorado Regional Airport	10,618,740	-	10,618,740
Restricted Assets:			
Equity in Pooled Restricted Cash	30,294,248	18,750,673	49,044,921
Equity in Pooled Restricted Investments	-	46,257,958	46,257,958
Capital Assets:			
Land, Water Rights and Other Assets not Being Depreciated	90,615,572	131,446,619	222,062,191
Building, Improvements and Equipment, Net of Depreciation	377,355,245	495,598,173	872,953,418
Construction in Progress	39,600,515	135,937,115	175,537,630
Total Assets	768,498,353	930,543,535	1,699,041,888
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Items	101,700	-	101,700
Asset Retirement Obligation	-	241,843	241,843
Total Deferred Outflows of Resources	101,700	241,843	343,543
LIABILITIES			
Accounts Payable	18,919,717	17,442,319	36,362,036
Leases & Subscription Based IT Agreements Payable	434,902	243,444	678,346
Accrued Liabilities	3,974,030	2,559,308	6,533,338
Deposits	2,460,284	12,273,215	14,733,499
Noncurrent Liabilities:			
Unearned Revenue	7,071,829	-	7,071,829
Due Within One Year	4,417,482	5,449,806	9,867,288
ARO Liability - Hydro - Short Term	-	965,086	965,086
Pollution Remediation-Short Term	1,030,000	-	1,030,000
Due in More Than One Year	30,262,367	170,240,659	200,503,026
ARO Liability - Solar - Long Term	-	313,500	313,500
Leases & Subscription Based IT Agreements - Due in More Than One Year	1,500,352	1,105,534	2,605,886
Pension Liability - Due in More Than One Year	1,229,762	-	1,229,762
Total Liabilities	71,300,725	210,592,871	281,893,596
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Items	254,969	-	254,969
Deferred Property Taxes	34,605,217	-	34,605,217
Lease Revenue	984,772	-	984,772
Total Deferred Inflows of Resources	35,844,958	-	35,844,958
NET POSITION			
Net Investment in Capital Assets	477,176,229	592,286,050	1,069,462,279
Restricted - Nonspendable	3,478,213	-	3,478,213
Restricted:			
Future Capital Improvements	-	60,577,669	60,577,669
Tabor 3% Emergency Reserve	3,689,774	-	3,689,774
Conservation Trust Fund	4,834,344	-	4,834,344
Open Space Acquisitions	11,776,972	-	11,776,972
Reserve for Excess Tabor	6,872,297	-	6,872,297
Fire and Rescue	11,192,761	-	11,192,761
Urban Revitalization	4,925,822	-	4,925,822
Capital and Operating Grants	3,986,039	-	3,986,039
Other	3,529,491	-	3,529,491
Unrestricted	129,992,428	67,328,788	197,321,216
Total Net Position	\$ 661,454,370	\$ 720,192,507	\$ 1,381,646,877

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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities:				
City Manager	\$ 4,647,058	\$ 655,385	\$ -	\$ -
Legislative	204,159	-	-	-
City Attorney	1,576,442	28,038	-	-
City Clerk	722,062	88,426	-	-
Municipal Court	770,627	539,417	90	-
Finance	6,836,546	281,394	5,817	-
Human Resources	1,842,468	-	-	-
Information Technology	7,478,684	238,850	-	-
Economic Development	2,809,222	333,019	8,364	-
Development Services	5,886,993	7,719,754	-	-
Public Works	34,186,621	21,543,621	4,398,840	10,975,343
Police	28,705,018	1,717,568	53,769	1,352,487
Fire and Rescue	25,025,382	3,483,085	20,817,181	3,675,208
Parks & Recreation	16,953,694	6,025,762	3,177	6,108,378
Library	3,767,653	139,074	25,500	511,206
Cultural Services	2,969,843	934,660	458,981	427,582
General Government	27,756,133	1,424,219	-	1,166,115
Interest on long term debt	943,227	-	-	-
Total Governmental Activities	173,081,832	45,152,272	25,771,719	24,216,319
Business-Type Activities				
Water	22,850,592	25,979,178	58,585	16,278,400
Wastewater	14,949,490	17,280,370	27,811	4,585,257
Stormwater	5,219,200	9,367,948	-	2,852,699
Electric & Communications	83,313,318	84,254,109	127,735	9,389,877
Solid Waste	9,289,271	10,216,241	8,095	-
Golf	4,194,191	5,251,634	-	-
Total Business-Type Activities	139,816,062	152,349,480	222,226	33,106,233
City Total	\$ 312,897,894	\$ 197,501,752	\$ 25,993,945	\$ 57,322,552
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				
Prior Period Adjustment				
Net Position - Beginning, as restated				
Net Position - Ending				

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

Net (Expenses) Revenue and
Change in Net Position

Governmental Activities		Business-Type Activities		Totals
\$	(3,991,673)	\$	-	\$ (3,991,673)
	(204,159)		-	(204,159)
	(1,548,404)		-	(1,548,404)
	(633,636)		-	(633,636)
	(231,120)		-	(231,120)
	(6,549,335)		-	(6,549,335)
	(1,842,468)		-	(1,842,468)
	(7,239,834)		-	(7,239,834)
	(2,467,839)		-	(2,467,839)
	1,832,761		-	1,832,761
	2,731,183		-	2,731,183
	(25,581,194)		-	(25,581,194)
	2,950,092		-	2,950,092
	(4,816,377)		-	(4,816,377)
	(3,091,873)		-	(3,091,873)
	(1,148,620)		-	(1,148,620)
	(25,165,799)		-	(25,165,799)
	(943,227)		-	(943,227)
	(77,941,522)		-	(77,941,522)
	-	19,465,571		19,465,571
	-	6,943,948		6,943,948
	-	7,001,447		7,001,447
	-	10,458,403		10,458,403
	-	935,065		935,065
	-	1,057,443		1,057,443
	-	45,861,877		45,861,877
\$	(77,941,522)	\$	45,861,877	\$ (32,079,645)
	32,611,983		-	32,611,983
	84,226,885		-	84,226,885
	2,180,021		-	2,180,021
	2,183,109		-	2,183,109
	(5,710,647)	(5,465,459)		(11,176,106)
	102,157	210,023		312,180
	452,734	(452,734)		-
	116,046,242	(5,708,170)		110,338,072
	38,104,720	40,153,707		78,258,427
	625,615,908	680,038,800		1,305,654,708
	(2,266,258)	-		(2,266,258)
	623,349,650	680,038,800		1,303,388,450
\$	661,454,370	\$	720,192,507	\$ 1,381,646,877

City of Loveland, Colorado
Balance Sheet
Governmental Fund Types
December 31, 2022

	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Loveland Fire Rescue Authority
ASSETS					
Cash	\$ 9,234	\$ -	\$ -	\$ -	\$ -
Equity in Pooled Cash	6,406,655	-	575,484	5,230,842	4,177
Equity in Pooled Investments	51,132,573	-	174,162	41,165,722	4,209,089
Receivables (Net):					
Taxes	20,269,213	21,665,838	-	-	-
Accounts	1,144,209	807,850	440,293	-	310,292
Grants	1,092,052	-	1,707,666	3,471	-
Lease Receivable	-	-	-	171,883	-
Accrued Interest	130,896	23,653	29	96,169	38,138
Interfund Loan Receivables	655,864	-	-	1,875,491	-
Inventory	158	-	322,397	-	-
Equity in Pooled Restricted Cash	8,685,338	10,506,433	-	-	8,443,882
Total Assets	89,526,192	33,003,774	3,220,031	48,543,578	13,005,578
LIABILITIES					
Accounts Payable	2,567,639	6,081,929	1,015,086	397,730	1,042,811
Accrued Liabilities	1,836,094	-	257,309	2,732	770,006
Unearned Revenue	7,071,829	-	-	-	-
Interfund Loan Payable	752,408	1,319,667	-	-	-
Total Liabilities	12,227,970	7,401,596	1,272,395	400,462	1,812,817
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Taxes	12,775,872	21,665,838	-	-	-
Unavailable Grant Revenue	1,034,137	-	1,707,666	-	-
Deferred Inflow from Leases	-	-	-	169,463	-
Unavailable Other Revenue	325,010	-	239,970	3,471	-
Total Deferred Inflows of Resources	14,135,019	21,665,838	1,947,636	172,934	-
Total Liabilities and Deferred Inflows of Resources	26,362,989	29,067,434	3,220,031	573,396	1,812,817
Fund Balances:					
Nonspendable	80,740	-	322,397	-	-
Restricted	11,894,582	3,936,340	-	-	11,192,761
Committed	1,151,752	-	-	47,970,182	-
Assigned	-	-	-	-	-
Unassigned	50,036,129	-	(322,397)	-	-
Total Fund Balances	63,163,203	3,936,340	-	47,970,182	11,192,761
Total Liabilities and Fund Balances	\$ 89,526,192	\$ 33,003,774	\$ 3,220,031	\$ 48,543,578	\$ 13,005,578

City of Loveland, Colorado
Balance Sheet
Governmental Fund Types
December 31, 2022

	Capital Project Funds	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ -	\$ 300	\$ 9,534
Equity in Pooled Cash	2,463,040	3,974,375	18,654,573
Equity in Pooled Investments	2,430,748	19,230,215	118,342,509
Receivables (Net):			
Taxes	-	520,744	42,455,795
Accounts	594,803	52,474	3,349,921
Grants	1,240,765	180,079	4,224,033
Lease Receivable	-	842,652	1,014,535
Accrued Interest	9,507	49,937	348,329
Interfund Loan Receivables	-	-	2,531,355
Inventory	-	28,633	351,188
Equity in Pooled Restricted Cash	-	2,152,693	29,788,346
Total Assets	6,738,863	27,032,102	221,070,118
LIABILITIES			
Accounts Payable	6,772,251	275,420	18,152,866
Accrued Liabilities	-	80,251	2,946,392
Unearned Revenue	-	-	7,071,829
Interfund Loan Payable	-	55,000	2,127,075
Total Liabilities	6,772,251	410,671	30,298,162
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	-	163,507	34,605,217
Unavailable Grant Revenue	1,240,765	-	3,982,568
Deferred Inflow from Leases	-	815,309	984,772
Unavailable Other Revenue	-	113,935	682,386
Total Deferred Inflows of Resources	1,240,765	1,092,751	40,254,943
Total Liabilities and Deferred Inflows of Resources	8,013,016	1,503,422	70,553,105
Fund Balances:			
Nonspendable	-	3,506,846	3,909,983
Restricted	-	19,291,876	46,315,559
Committed	-	1,587,306	50,709,240
Assigned	-	1,142,652	1,142,652
Unassigned	(1,274,153)	-	48,439,579
Total Fund Balances	(1,274,153)	25,528,680	150,517,013
Total Liabilities and Fund Balances	\$ 6,738,863	\$ 27,032,102	\$ 221,070,118

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

Capital assets and lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	496,438,921
City's joint venture equity interest in Northern Colorado Regional Airport	10,618,740
City's Net Pension Liability	(1,229,762)
Certain deferred inflows of resources represent unavailable revenue which revenue does not represent current available resources. These revenues are eliminated at the activity level.	4,664,955
Certain deferred outflows/inflows of resources represent deferred expenses relating to pension expenses	(153,269)
Pollution Remediation	(1,030,000)
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.	37,761,838
Lease Payable	(1,651,329)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
(Accrued Leave \$6,022,886, Certificates of Participation \$14,790,000, Lease Purchase Agreement, \$10,920,000, Equipment Lease Purchase Agreement, \$990,376, Bank Loan, \$1,000,000, and developer oversizing agreements \$759,475)	(34,482,737)
Net Position of Governmental Activities	\$ 661,454,370

City of Loveland, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund Types
For the Year Ended December 31, 2022

	General	Loveland Urban Renewal Authority	Transportation	Capital Expansion Fees	Loveland Fire Rescue Authority
Revenues:					
Taxes	\$ 94,342,737	\$ 20,088,170	\$ 95,380	\$ -	\$ -
Licenses and Permits	7,592,568	-	342,994	-	363,198
Fines and Penalties	538,242	-	-	-	-
Intergovernmental	5,676,327	-	4,734,053	164,043	20,899,762
Charges for Services	5,058,354	-	3,858,138	12,434,023	4,700,316
Investment Earnings (Loss)	(2,018,504)	88,736	(1,831)	(2,186,967)	(446,737)
Payment in Lieu of Taxes	9,160,116	-	-	-	-
Contributions	23,895	-	-	-	-
Miscellaneous	1,284,748	387	205,062	115,513	2,028,720
Total Revenues	121,658,483	20,177,293	9,233,796	10,526,612	27,545,259
Expenditures:					
Current:					
Legislative	204,159	-	-	-	-
City Manager	3,604,207	-	-	-	-
City Attorney	1,557,165	-	-	-	-
City Clerk	715,187	-	-	-	-
Municipal Court	766,259	-	-	-	-
Finance	6,796,023	-	-	-	-
Human Resources	1,839,490	-	-	-	-
Information Technology	6,688,198	-	-	-	-
Economic Development	1,707,507	-	-	-	-
Development Services	3,035,377	-	-	-	-
Public Works	9,003,588	-	14,153,288	-	-
Police	27,272,868	-	-	-	-
Fire	-	-	-	-	23,742,541
Parks & Recreation	10,286,461	-	-	108,377	-
Library	3,184,078	-	-	-	-
Cultural Services	2,638,208	-	-	-	-
General Government	9,884,788	19,468,715	-	-	-
Capital Outlay	5,070,836	181,390	7,303,236	1,575,925	6,391,460
Debt service					
Principal	752,680	-	-	-	607,733
Interest and debt service costs	584,522	80,154	31,124	-	278,551
Total Expenditures	95,591,601	19,730,259	21,487,648	1,684,302	31,020,285
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	26,066,882	447,034	(12,253,852)	8,842,310	(3,475,026)
Other Financing Sources (Uses):					
Transfers In	981,426	-	12,340,946	-	-
Transfers (Out)	(11,176,557)	-	(87,094)	(3,035,405)	(112,926)
SBITA agreement entered into	1,685,632	-	-	-	-
Total Other Financing Sources (Uses)	(8,509,499)	-	12,253,852	(3,035,405)	(112,926)
Net Change in Fund Balance					
	17,557,383	447,034	-	5,806,905	(3,587,952)
Fund Balances--Beginning					
Prior period adjustment	47,872,078	3,489,306	-	42,163,277	14,780,713
Fund Balances--Beginning, as restated	(2,266,258)	-	-	-	-
	45,605,820	3,489,306	-	42,163,277	14,780,713
Fund Balances--Ending	\$ 63,163,203	\$ 3,936,340	\$ -	\$ 47,970,182	\$ 11,192,761

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

Capital Project Funds	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 4,725,739	\$ 119,252,026
-	-	8,298,760
-	-	538,242
159,038	2,758,151	34,391,374
-	260,569	26,311,400
(123,270)	(1,022,074)	(5,710,647)
-	-	9,160,116
594,803	-	618,698
-	712,273	4,346,703
<u>630,571</u>	<u>7,434,658</u>	<u>197,206,672</u>
-	-	204,159
-	1,048,669	4,652,876
-	-	1,557,165
-	-	715,187
-	-	766,259
-	-	6,796,023
-	-	1,839,490
22,560	40,926	6,751,684
-	1,094,656	2,802,163
-	-	3,035,377
237,212	448,127	23,842,215
45,108	376,631	27,694,607
-	-	23,742,541
143,650	1,802,715	12,341,203
-	-	3,184,078
-	-	2,638,208
-	13,848	29,367,351
1,531,728	2,707,103	24,761,678
-	-	1,360,413
-	-	974,351
<u>1,980,258</u>	<u>7,532,675</u>	<u>179,027,028</u>
<u>(1,349,687)</u>	<u>(98,017)</u>	<u>18,179,644</u>
1,239,103	718,066	15,279,541
(12,685)	(55,157)	(14,479,824)
-	-	1,685,632
<u>1,226,418</u>	<u>662,909</u>	<u>2,485,349</u>
(123,269)	564,892	20,664,993
(1,150,884)	24,963,788	132,118,278
-	-	(2,266,258)
<u>(1,150,884)</u>	<u>24,963,788</u>	<u>129,852,020</u>
\$ (1,274,153)	\$ 25,528,680	\$ 150,517,013

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, 2022

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

Net change in fund balances - total governmental funds	\$ 20,664,993
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 \$24,761,678 exceeded depreciation \$20,534,153 in the current period.	4,227,525
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.	9,224,020
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This includes accounts receivable not collected in 60 days.	925,060
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 \$383,173; a decrease in developer oversizing agreements, net of accrued interest \$151,968; an decrease in the Net Pension Liability \$215,418, and an increase in Pollution Remediation \$313,525.	(329,312)
Revenues that are recorded for the Airport joint venture in the statement of activities that are not reported as revenues in the funds.	686,528
Principal payments on long term debt	1,014,561
Leased Assets Transactions	372,680
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.	1,318,665
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Change in net position of governmental activities	<hr/> \$ 38,104,720 <hr/>

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

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City of Loveland, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Electric & Communications
ASSETS				
Current Assets:				
Cash	\$ -	\$ -	\$ -	\$ 2,850
Equity in Pooled Cash	1,783,434	2,304,619	344,506	9,071,918
Equity in Pooled Investments	9,095,274	8,056,830	7,527,332	25,906,354
Receivables, Net	2,225,855	1,978,131	1,255,186	9,990,455
Accrued Interest	89,720	27,850	27,486	107,126
Inventory, at Cost	414,459	9,260	-	10,011,273
Total Current Assets	13,608,742	12,376,690	9,154,510	55,089,976
Non-current Assets:				
Interfund Loan Receivable	-	-	-	-
Restricted Assets:				
Future Raw Water Projects Restricted Cash	4,733	-	-	-
Future Easement Improvements Restricted Cash	-	-	-	-
Equity in Pooled Restricted Cash	4,703,596	1,343,331	432,749	6,187,649
Reservoir Improvements Restricted Cash	-	-	-	-
System Impact Fees	-	-	5,659,074	-
Equity in Pooled Restricted Investments	26,940,719	2,323,642	45,422	16,748,848
Total Restricted Assets	31,649,048	3,666,973	6,137,245	22,936,497
Capital Assets:				
Land	4,046,605	1,124,497	6,181,999	2,510,359
Intangible Assets/Easements	8,900,638	9,043,874	9,130,746	11,431,349
Buildings	4,183,138	25,563,537	94,184	5,179,139
Leased Buildings	415,358	-	-	1,162,705
Equipment	3,838,312	3,889,142	3,641,033	7,909,145
Leased Equipment	-	-	-	-
Improvements Other Than Buildings	207,157,018	120,120,171	57,547,891	269,705,961
Water Rights	77,926,550	-	-	-
Construction in Progress	84,031,891	3,351,673	18,721,754	26,968,634
Total Capital Assets	390,499,510	163,092,894	95,317,607	324,867,292
Accumulated Depreciation	(70,758,824)	(44,548,546)	(20,676,966)	(86,406,831)
Net Capital Assets	319,740,686	118,544,348	74,640,641	238,460,461
Total Non-Current Assets	351,389,734	122,211,321	80,777,886	261,396,958
Total Assets	\$ 364,998,476	\$ 134,588,011	\$ 89,932,396	\$ 316,486,934
Deferred Outflows of Resources:				
Asset Retirement Obligation	-	-	-	241,843

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, 2022
(Continued)

Business-Type Activities - Enterprise Funds			Governmental
Solid Waste	Golf	Totals	Activities Internal Service
\$ 1,600	\$ 4,200	\$ 8,650	\$ -
1,040,710	29,089	14,574,276	4,405,301
6,405,557	3,968,646	60,959,993	24,920,610
990,445	205,221	16,645,293	650,988
15,487	8,786	276,455	59,349
153,953	74,667	10,663,612	652,052
8,607,752	4,290,609	103,128,279	30,688,300
-	-	-	171,002
-	-	4,733	-
-	95,400	95,400	-
139,771	-	12,807,096	505,902
-	184,370	184,370	-
-	-	5,659,074	-
199,327	-	46,257,958	-
339,098	279,770	65,008,631	505,902
-	1,055,502	14,918,962	209,516
-	-	38,506,607	-
378,098	4,554,614	39,952,710	1,976,509
-	-	1,578,063	148,662
10,840,979	2,900,886	33,019,497	20,394,549
-	-	-	198,983
232,356	9,731,162	664,494,559	-
-	94,500	78,021,050	-
140,738	2,722,425	135,937,115	1,825,973
11,592,171	21,059,089	1,006,428,563	24,754,192
(8,123,201)	(12,932,288)	(243,446,656)	(13,621,781)
3,468,970	8,126,801	762,981,907	11,132,411
3,808,068	8,406,571	827,990,538	11,809,315
\$ 12,415,820	\$ 12,697,180	\$ 931,118,817	\$ 42,497,615
-	-	241,843	-

City of Loveland, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2022
(Continued)

	Business-Type Activities - Enterprise Funds			
	Water	Waste Water	Stormwater	Electric & Communications
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,339,963	1,576,846	3,998,819	9,777,500
Lease Payable	379,126	-	-	969,852
Accrued Liabilities	1,014,237	521,958	84,933	725,642
Due to Other Funds	-	-	-	575,282
Deposits	-	-	-	12,273,215
ARO Liability - Hydro	-	-	-	965,086
Compensated Absences	241,569	164,113	86,446	368,385
Bond Payable - Current	1,863,298	880,000	-	1,655,115
Total Current Liabilities	4,838,193	3,142,917	4,170,198	27,310,077
Long-Term Liabilities:				
Compensated Absences	197,647	134,274	70,728	301,407
Bond Payable	58,913,219	17,900,000	-	92,238,664
ARO Liability - Solar	-	-	-	313,500
Total Long-Term Liabilities	59,110,866	18,034,274	70,728	92,853,571
Total Liabilities	63,949,059	21,177,191	4,240,926	120,163,648
NET POSITION				
Net Investment in Capital Assets	258,257,499	99,764,348	74,640,641	148,027,791
Restricted for Future Capital Improvements	31,649,048	3,666,973	6,137,245	18,505,535
Restricted - Health Claims & Admin	-	-	-	-
Unrestricted	11,142,870	9,979,499	4,913,584	30,031,803
Total Net Position	\$ 301,049,417	\$ 113,410,820	\$ 85,691,470	\$ 196,565,129

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, 2022
(Continued)

Business-Type Activities - Enterprise Funds			Governmental
Solid Waste	Golf	Totals	Activities Internal Service
278,351	799,385	17,770,864	3,227,102
-	-	1,348,978	283,925
140,946	71,592	2,559,308	1,027,638
-	-	575,282	-
-	-	12,273,215	-
-	-	965,086	-
99,911	90,969	1,051,393	108,412
-	-	4,398,413	-
519,208	961,946	40,942,539	4,647,077
81,745	74,430	860,231	88,700
-	-	169,051,883	-
-	-	313,500	-
81,745	74,430	170,225,614	88,700
600,953	1,036,376	211,168,153	4,735,777
3,468,970	8,126,801	592,286,050	11,008,526
339,098	279,770	60,577,669	-
-	-	-	505,902
8,006,799	3,254,233	67,328,788	26,247,410
\$ 11,814,867	\$ 11,660,804	\$ 720,192,507	\$ 37,761,838

City of Loveland, Colorado
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds				
	Water	Waste Water	Stormwater	Electric & Communications	Solid Waste
Operating Revenues:					
Charges for Services	\$ 22,194,119	\$ 17,219,653	\$ 9,212,108	\$ 82,887,562	\$ 10,188,427
Miscellaneous	1,959,913	88,528	108,912	1,494,282	34,687
Total Operating Revenues	24,154,032	17,308,181	9,321,020	84,381,844	10,223,114
Operating Expenses:					
Personal Services	6,107,148	4,431,889	1,684,797	7,658,391	3,088,510
Supplies	1,506,103	708,855	60,179	806,639	375,679
Purchased Services	7,975,884	3,904,542	1,463,980	7,501,917	4,209,297
Purchased Power	-	-	-	49,969,493	-
Payment for Services	1,451,773	1,122,023	555,483	5,370,783	660,054
Depreciation	4,305,159	3,925,355	1,454,761	8,534,318	937,513
Total Operating Expenses	21,346,067	14,092,664	5,219,200	79,841,541	9,271,053
Net Operating Income (loss)	2,807,965	3,215,517	4,101,820	4,540,303	952,061
Nonoperating Revenues (Expenses):					
Investment Loss	(1,940,498)	(532,503)	(354,258)	(1,996,839)	(351,105)
Bond Expenses	(2,000)	(750)	-	(1,000)	-
Interest and debt service costs	(1,502,525)	(856,076)	-	(3,470,777)	(18,218)
Gain (Loss) on Sale of Capital Assets	69,182	17,500	79,168	1,073	35,100
Total Nonoperating Revenues (Expense)	(3,375,841)	(1,371,829)	(275,090)	(5,467,543)	(334,223)
Net Income (Loss) Before Contributions and Transfers	(567,876)	1,843,688	3,826,730	(927,240)	617,838
Capital Contributions:					
System Impact/Development Fees	4,205,732	2,159,698	1,000,630	3,714,335	-
Contributed Assets	3,485,921	2,425,559	1,852,069	2,115,772	-
Aid to Construction	4,541,545	-	-	3,559,770	-
Raw Water Development Fees	1,862,625	-	-	-	-
Cash in Lieu of Water Rights	3,926,570	-	-	-	-
Capital Grant Contributions	139,738	-	46,928	-	1,222
Transfers In	-	-	750	-	-
Transfers (Out)	(51,241)	(38,862)	(60,615)	(259,578)	(4,026)
Change in Net Position	17,543,014	6,390,083	6,666,492	8,203,059	615,034
Total Net Position - Beginning	283,506,403	107,020,737	79,024,978	188,362,070	11,199,833
Total Net Position - Ending	\$ 301,049,417	\$ 113,410,820	\$ 85,691,470	\$ 196,565,129	\$ 11,814,867

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

Business-Type Activities - Enterprise Funds		Governmental Activities
Golf	Totals	Internal Service
\$ 5,250,341	\$ 146,952,210	\$ 28,780,212
1,293	3,687,615	344,439
5,251,634	150,639,825	29,124,651
2,613,075	25,583,810	2,394,780
589,758	4,047,213	3,636,564
678,886	25,734,506	18,282,031
-	49,969,493	-
-	9,160,116	-
312,472	19,469,578	1,932,312
4,194,191	133,964,716	26,245,687
1,057,443	16,675,109	2,878,964
(290,256)	(5,465,459)	(1,316,947)
-	(3,750)	-
-	(5,847,596)	(9,570)
8,000	210,023	113,200
(282,256)	(11,106,782)	(1,213,317)
775,187	5,568,327	1,665,647
-	11,080,395	-
-	9,879,321	-
-	8,101,315	-
-	1,862,625	-
-	3,926,570	-
-	187,888	-
-	750	50,000
(39,162)	(453,484)	(396,982)
736,025	40,153,707	1,318,665
10,924,779	680,038,800	36,443,173
\$ 11,660,804	\$ 720,192,507	\$ 37,761,838

City of Loveland, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds		
	Water	Waste Water	Stormwater
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 22,485,966	\$ 17,447,791	\$ 9,110,479
Cash Received from Interfund Services	-	-	-
Cash Payments for Goods and Services	(11,737,083)	(4,841,118)	(1,340,851)
Cash Payments to Employees	(5,936,321)	(4,370,416)	(1,661,241)
Other Receipts	1,733,962	91,762	108,908
Net Cash Provided by Operating Activities	6,546,524	8,328,019	6,217,295
Cash Flows from Non-Capital Financing Activities:			
Repayments received on Interfund Loans receivable	-	-	-
Transfers In	-	-	750
Transfers Out	(51,241)	(38,862)	(60,615)
Net Cash Used by Non-Capital Financing Activities	(51,241)	(38,862)	(59,865)
Cash Flows from Capital and Related Financing Activities			
System Impact/Development Fees	4,205,731	2,159,840	1,000,630
Proceeds on Sale of Capital Assets	71,200	17,500	110,168
Payments for Capital Acquisition	(7,523,505)	(4,016,972)	(6,300,806)
Payments for Finance Leases	(48,200)	-	-
Intergovernmental Revenue	-	-	-
Raw Water Development Fees	1,862,625	-	-
Capital Grant Contributions	139,737	-	-
Cash in Lieu of Water Rights	3,926,570	-	-
Aid to Construction	4,541,545	-	-
Debt Principal payments	(1,793,298)	(4,050,000)	-
Bond Expenses	(2,000)	(1,081)	-
Interest Paid	(1,526,914)	(915,665)	-
Net Cash Used by Capital and Related Financing Activities	3,853,491	(6,806,378)	(5,190,008)
Cash Flows from Investing Activities:			
Purchase of Investments	(14,033,878)	(4,213,531)	(1,958,638)
Proceeds from Sale of Investments	3,610,940	885,215	727,604
Investment Earnings	309,590	107,938	103,844
Net Cash Flows Provided by Investing Activities	(10,113,348)	(3,220,378)	(1,127,190)
Net Increase (Decrease) in Cash and Cash Equivalents	235,426	(1,737,599)	(159,768)
Cash and Cash Equivalents - Jan. 1	6,256,337	5,385,549	6,596,097
Cash and Cash Equivalents - Dec. 31	\$ 6,491,763	\$ 3,647,950	\$ 6,436,329
Reconciliation of Operating Income to Net			
Operating Income	\$ 2,807,965	\$ 3,215,517	\$ 4,101,820
Adjustments to Reconcile Operating Income to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation	4,305,159	3,925,355	1,454,761
(Increase) Decrease in Accounts Receivable	65,898	231,364	(101,629)
Increase in Inventory	(78,560)	(3,388)	-
Increase (Decrease) in Current Liabilities	(553,938)	959,171	762,343
Decrease in Long Term Liabilities	-	-	-
Total Adjustments	3,738,559	5,112,502	2,115,475
Net Cash Provided by Operating Activities	\$ 6,546,524	\$ 8,328,019	\$ 6,217,295
Noncash Investing, Capital and Financing Activities:			
Contributed Assets from Subdividers	\$ 3,485,921	\$ 2,425,559	\$ 1,852,069
Unrealized Loss on Investments	(2,264,405)	(646,444)	(463,295)
Reconciliation of cash and cash equivalents to statement of net position:			
Cash and cash equivalents	1,783,434	2,304,619	344,506
Restricted Assets - cash and cash equivalents	4,708,329	1,343,331	6,091,823
	\$ 6,491,763	\$ 3,647,950	\$ 6,436,329

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	
\$ 83,573,666	\$ 10,371,045	\$ 5,258,340	\$ 148,247,287	\$ -	-
-	-	-	-	28,335,826	-
(64,798,143)	(5,218,533)	(967,834)	(88,903,562)	(20,618,668)	-
(7,463,548)	(3,039,911)	(2,613,378)	(25,084,815)	(2,368,820)	-
1,475,645	34,687	1,288	3,446,252	687,636	-
12,787,620	2,147,288	1,678,416	37,705,162	6,035,974	-
-	-	-	-	51,268	-
-	-	-	750	50,000	-
(259,578)	(4,026)	(39,162)	(453,484)	(396,982)	-
(259,578)	(4,026)	(39,162)	(452,734)	(295,714)	-
3,714,335	-	-	11,080,536	-	-
33,500	35,100	-	267,468	158,746	-
(35,333,058)	(1,715,125)	(4,132,432)	(59,021,898)	(2,793,015)	-
(225,115)	-	-	(273,315)	(69,076)	-
-	1,222	-	1,222	-	-
-	-	-	1,862,625	-	-
-	-	-	139,737	-	-
-	-	-	3,926,570	-	-
6,014,905	-	-	10,556,450	-	-
(405,115)	-	-	(6,248,413)	-	-
-	-	-	(3,081)	-	-
(3,439,515)	-	-	(5,882,094)	(4,209)	-
(29,640,063)	(1,678,803)	(4,132,432)	(43,594,193)	(2,707,554)	-
(23,062,775)	(3,287,326)	(1,888,832)	(48,444,980)	(9,701,574)	-
3,191,885	784,453	1,886,155	11,086,252	2,169,912	-
545,003	59,740	44,822	1,170,937	220,377	-
(19,325,887)	(2,443,133)	42,145	(36,187,791)	(7,311,285)	-
(36,437,908)	(1,978,674)	(2,451,033)	(42,529,556)	(4,278,579)	-
51,700,325	3,160,755	2,764,092	75,863,155	9,189,782	-
\$ 15,262,417	\$ 1,182,081	\$ 313,059	\$ 33,333,599	\$ 4,911,203	-
\$ 4,540,303	\$ 952,061	\$ 1,057,443	\$ 16,675,109	\$ 2,878,964	-
8,534,318	937,513	312,472	19,469,578	1,932,312	-
685,398	159,160	8,000	1,048,191	(425,784)	-
(3,188,497)	(675)	(16,274)	(3,287,394)	(59,677)	-
2,298,929	99,229	316,775	3,882,509	1,710,159	-
(82,831)	-	-	(82,831)	-	-
8,247,317	1,195,227	620,973	21,030,053	3,157,010	-
\$ 12,787,620	\$ 2,147,288	\$ 1,678,416	\$ 37,705,162	\$ 6,035,974	-
\$ 2,115,772	\$ -	\$ -	\$ 9,879,321	\$ -	-
(2,577,319)	(400,534)	(332,113)	(6,684,110)	(1,548,742)	-
9,074,768	1,042,310	33,289	14,582,926	4,405,301	-
6,187,649	139,771	279,770	18,750,673	505,902	-
\$ 15,262,417	\$ 1,182,081	\$ 313,059	\$ 33,333,599	\$ 4,911,203	-

City of Loveland, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022

	Special Improvement District No. 1 Custodial Fund
<hr/>	
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 16,610
Equity in Pooled Investments	137,028
Accrued Interest	722
Equity in Pooled Restricted Cash	219,274
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Total Assets	\$ 373,634
<hr/>	
Net Position:	
Restricted For:	
Improvement District	\$ 373,634
<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, 2022

Additions:	
Special Assessments	\$ 454,307
Interest	(4,611)
Miscellaneous	6,180
Total Additions	455,876
Deductions:	
General Administration	2,840
Bond Principal	395,000
Bond Interest	93,113
Trustee Fees	300
Total Deductions	491,253
Net increase (decrease) in fiduciary net position	(35,377)
Net position-beginning	409,011
Net position-ending	\$ 373,634

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

City of Loveland, Colorado
Notes to Financial Statements
December 31, 2022

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 a 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, 2022, 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, 2022	
Total Current Assets	\$ 6,262,466
Total Capital Assets (net of accumulated depreciation)	15,440,026
Total Assets	<u>21,702,492</u>
Total Current Liabilities	(465,012)
Total Net Position	<u>\$ 21,237,480</u>

For the Year Ended December 31, 2022	
Total operating revenue	\$ 1,994,651
Total operating expenses	(2,991,590)
Interest income & Federal/State Grants	1,287,446
Capital contributions	1,082,549
Change in Net Position	<u>\$ 1,373,056</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.

As of December 31, 2022	
Total Current Assets	\$ 478,415
Total Assets	<u>478,415</u>
Total Current Liabilities	(34,405)
Total Net Position	<u>\$ 444,010</u>

For the Year Ended December 31, 2022	
Total operating revenue	\$ 90,842
Total operating expenses	(376,630)
Interest income (loss)	(8,647)
Contributions	526,132
Change in Net Position	<u>\$ 231,697</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, 82% and the Loveland Rural Fire District, 18%.
6. Capital Projects Fund: This Fund accounts for the major capital improvements of the City. Most of the revenues are transfers from other funds (66.2%) and grant revenue (8.5%) .

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.
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.

Note 1: Summary of Significant Accounting Policies (continued)

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

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 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 2022 has been recorded in 2022. 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, 2022, the allowance for uncollectable accounts was \$370,617. 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. Leases

The City is a lessor for noncancelable leases of office space and parcels of land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for the lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City is a lessee for noncancelable leases of vehicles, equipment and office space. The City recognizes a lease liability and an intangible right-to-use lease asset in the applicable governmental or business-type activities column in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The right-to-use asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Right-to-use lease assets useful lives are determined by the length of the lease period and are amortized using the straight-line method. The City has elected to use the same capitalization thresholds for leased assets that it uses for those assets purchased. See further discussion under the "Capital Assets" section below.

Key estimates and judgments include how the City determines the discount rate and lease term it uses to discount the expected lease receipts/payments to present value. The City uses the market rate of interest at lease inception as the discount rate for leases. Lease term includes the noncancelable period of the lease. Lease receipts/payments included in the measurement of the lease receivable/payable are composed of fixed payments as outlined in the

I. Subscription Based IT Agreements

The City obtains the right to use vendor's information technology software through various long-term contracts. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the applicable governmental or business-type activities column in the government-wide financial statements.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The right-to-use asset is initially measured as the initial amount of the subscription liability adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. Right-to-use subscription assets useful lives are determined by the length of the subscription period and are amortized using the straight-line method. See further discussion under the "Capital Assets" section below.

Key estimates and judgments include how the City determines the discount rate and subscription term it uses to discount the expected subscription payments to present value. The City uses the market rate of interest at the subscription's inception as the discount rate. The subscription's term includes the noncancelable period of the subscription. Subscription payments included in the measurement of the subscription payable are composed of fixed payments as outlined in the subscription.

J. 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

Note 1: Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

assets in a two-year cycle. In 2022, the three-year cycle of physical inventories included the Capital fund assets, Information Technology, LFRA, Wastewater, Stormwater, Cemetery, Transit and Transportation.

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. As used in this section, the term depreciation includes amortization of intangible assets.

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
Computer Software	5-10 years		

K. 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 or equal to 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.

L. 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.

M. Deferred Outflows/Inflows of Resources

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets 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 assets 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.

Note 1: Summary of Significant Accounting Policies (continued)

N. 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.

O. 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.

P. 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.

Q. Adoption of New Accounting Pronouncements

The GASB has issued several statements implemented by the City. 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 was adopted by 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

Note 1: Summary of Significant Accounting Policies (continued)

Q. Adoption of New Accounting Pronouncements (continued)

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 and was adopted by 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.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, issued June 2022 and was adopted by the City beginning with its fiscal year ending December 31, 2022. Statement No. 100 provides guidance on the accounting and financial reporting for each type of accounting change and error corrections.

GASB Statement No. 101, *Compensated Absences*, issued June 2022 and was adopted by the City beginning with its fiscal year ending December 31, 2022. Statement No. 101 provides guidance on the recognition and measurement guidance for compensated absences.

Note 2: Cash and Investments

Cash and investments at December 31, 2022, consisted of the following:

Deposits	\$ 86,933,139
Investments	\$ 250,618,098
Total	\$ 337,551,237

Deposits and investments are displayed within this report as follows:

Cash	\$ 18,184
Equity in Pooled Cash and Cash Equivalents	37,634,150
Equity in Pooled Investments	204,223,112
Equity in Restricted Cash	49,044,921
Equity in Restricted Investments	46,257,958
Equity in Pooled Cash and Cash Equivalents - Fiduciary Fund	16,610
Equity in Restricted Cash Fiduciary Fund	219,274
Equity in Pooled Investments Fiduciary Fund	137,028
Total	\$ 337,551,237

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.

Note 2: Cash and Investments (continued)

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 \$11,008,718 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 \$3,334 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.

The City has the following recurring fair value measurements as of December 31, 2022:

- U.S. Treasury securities of \$144,959,410 are valued using quoted market prices (Level 1 inputs)
- U.S. Agency securities of \$68,231,135 are valued using matrix pricing techniques (Level 2 inputs)
- Corporate Bonds of \$8,955,056 are valued using matrix pricing techniques (Level 2 inputs)
- Municipal Bonds of \$11,357,338 are valued using matrix pricing techniques (Level 2 inputs)
- Commercial Paper of \$15,814,711 are valued using matrix pricing techniques (Level 2 inputs)
- Foreign Issues of \$1,300,445 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, 2022, the City had \$599,895 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

Note 2: Cash and Investments (continued)

D. Investments (continued)

At December 31, 2022, the City had the following investments:

Investment Type	Standard and Poor's Rating	Less than 1	1-3	4-5	Total
<i>Governmental and Business-Type Activities</i>					
U.S. Treasury Notes	N/A	24,937,642	119,942,509	-	144,880,151
U.S. Agency Securities	AA+	4,908,793	58,633,179	4,651,857	68,193,829
Corporate Bonds	AA-/A/A+/AA/AA+	6,033,934	2,916,226	-	8,950,160
Municipal Bonds	AA/AA+	6,723,555	4,627,574	-	11,351,129
Commercial Paper	AA/AA+	15,806,064	-	-	15,806,064
Foreign Issues	AA/AA+	-	1,299,734	-	1,299,734
Total		\$ 58,409,988	\$ 187,419,222	\$ 4,651,857	\$ 250,481,067
<i>Fiduciary Funds</i>					
U.S. Treasury Notes	N/A	13,642	65,616	-	79,258
U.S. Agency Securities	AA+	2,685	32,076	2,545	37,306
Corporate Bonds	AA-/A/A+/AA/AA+	3,301	1,595	-	4,896
Municipal Bonds	AA/AA+	3,678	2,532	-	6,210
Commercial Paper	AA/AA+	8,647	-	-	8,647
Foreign Issues	AA/AA+	-	711	-	711
Total		\$ 31,953	\$ 102,530	\$ 2,545	\$ 137,028

1. **Local Government Investment Pools:** At December 31, 2022, the City had \$3,334 invested in Colotrust and \$11,008,718 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 (57.84%), Federal Home Loan Bank (9.17%), Federal Home Loan Mortgage Corporation (5.53%) and Federal Farm Credit Bank (8.86%).

E. Restricted Investments

Investments of \$46,257,958 have been restricted in the Water Fund, Wastewater Fund, Stormwater Fund, Solid Waste Fund and the Electric & Communications Fund for capital projects.

Note 3: Interfund Receivables, Payables, And Transfers

Interfund balances at December 31, 2022, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Electric & Communications Community Development Block Grant	General Fund	\$ 575,282
	General Fund	\$ 55,000

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, 2022</u>
CEF Fund	Loveland Urban Renewal	\$ 900,000	\$ 454,532	\$ 445,468
CEF Fund	Loveland Urban Renewal	1,500,000	866,660	633,340
General Fund	Loveland Urban Renewal	63,100	37,518	25,582
CEF Fund	General Fund	1,700,000	1,118,594	581,406
Fleet Fund	General Fund	500,000	328,998	171,002
CEF Fund	Loveland Urban Renewal	\$ 366,000	\$ 150,723	\$ 215,277

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
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		\$ 633,340	\$ 58,123	\$ 691,462

**Loveland Urban Renewal Authority
Payment Schedule**

	Beginning Balance	Principal	Interest	Total Payment
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		\$ 25,582	\$ 2,348	\$ 27,930

Loveland Urban Renewal Authority Payment Schedule

	Beginning Balance	Principal	Interest	Total Payment
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	94,436	2,834	97,270
Total		\$ 445,467	\$ 40,883	\$ 486,350

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
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		\$ 752,408	\$ 47,623	\$ 800,031

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

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
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		\$ 215,277	\$ 19,756	\$ 235,033

Transfers between funds were as follows:

	Transfers In:						
	General	Capital Projects	Transportation	Storm- water	Internal Services	Non-Major Governmental Funds	Total
Transfers Out:							
General		\$ 1,030,035	\$ 9,432,705	\$ 750		\$ 713,067	\$ 11,176,557
Capital Projects	12,685						12,685
Transportation	87,094						87,094
Loveland Fire Rescue Authority	112,926						112,926
CEF's	14,580	140,438	2,880,387				3,035,405
Water	44,370	3,795	1,326			1,750	51,241
Wastewater	33,907	3,795	910			250	38,862
Electric & Communications	246,206	8,968	1,404			3,000	259,578
Stormwater	57,778	1,623	1,214				60,615
Solid Waste		4,026					4,026
Golf	39,162						39,162
Non-Major Governmental Funds	32,157		23,000				55,157
Internal Services	300,559	46,423			50,000		396,982
	\$ 981,424	\$ 1,239,103	\$ 12,340,946	\$ 750	\$ 50,000	\$ 718,067	\$ 15,330,290

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 was initiated by the City for the following reason:

The General Fund transferred \$9,432,706 and the Capital Expansion Fees Fund transferred \$2,880,387 to the Transportation Fund for various street capital projects throughout the City. The General Fund also transferred \$1,030,035 to the Capital Projects Fund for various capital projects in the City.

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

Governmental Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 68,287,865	\$ 2,670,562	\$ 987,853	\$ 69,970,574
Easements	6,809,486	2,549,386	-	9,358,872
Water Rights	2,747,520	-	-	2,747,520
Art Collection	8,028,854	509,752	-	8,538,606
Construction in Progress	27,363,369	13,756,333	1,519,187	39,600,515
Total Capital Assets, not being depreciated	113,237,094	19,486,033	2,507,040	130,216,087
Capital Assets, being depreciated				
Buildings	110,993,553	275,533	-	111,269,086
Leased Buildings	352,459	-	-	352,459
Equipment	58,295,939	5,704,069	2,788,745	61,211,263
Leased Equipment	261,859	-	-	261,859
Software	71,704	1,685,632	-	1,757,336
Improvements Other Than Buildings	77,123,540	2,070,966	-	79,194,506
Infrastructure	366,918,815	11,767,210	3,402,701	375,283,324
Total Capital Assets, being depreciated	614,017,869	21,503,410	6,191,446	629,329,833
Less accumulated depreciation for:				
Buildings	36,286,371	2,781,379	-	39,067,750
Leased Buildings	-	83,720	-	83,720
Equipment	34,545,115	4,538,955	2,725,145	36,358,925
Leased Equipment	-	77,011	-	77,011
Software	-	296,417	-	296,417
Improvements Other Than Buildings	33,301,309	3,353,640	-	36,654,949
Infrastructure	131,503,175	11,335,342	3,402,701	139,435,816
Total Accumulated Depreciation	235,635,970	22,466,464	6,127,846	251,974,588
Total capital assets, being depreciated, net	378,381,899	(963,054)	63,600	377,355,245
Governmental activities capital assets, net	\$ 491,618,993	\$ 18,522,979	\$ 2,570,640	\$ 507,571,332
Business-type Activities				
Business-type Activities	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 14,949,962	\$ -	\$ 31,000	\$ 14,918,962
Easements	33,025,667	6,361,198	880,258	38,506,607
Water Rights	77,790,650	230,400	-	78,021,050
Construction in Progress	113,758,976	36,605,135	14,426,996	135,937,115
Total Capital Assets, not being depreciated	\$ 239,525,255	\$ 43,196,733	\$ 15,338,254	267,383,734
Capital Assets, being depreciated				
Buildings	37,712,218	2,240,492	-	39,952,710
Leased Buildings	1,578,063	-	-	1,578,063
Equipment	31,082,982	2,525,287	588,771	33,019,498
Improvements Other Than Buildings	194,607,696	1,701,986	11,868	196,297,814
Infrastructure	434,313,724	34,551,544	668,522	468,196,746
Total Capital Assets, being depreciated	\$ 699,294,683	\$ 41,019,309	\$ 1,269,161	739,044,831
Less accumulated depreciation for:				
Buildings	8,514,201	1,014,364	-	9,528,565
Leased Buildings	-	264,708	-	264,708
Equipment	20,207,827	2,926,004	588,773	22,545,058
Improvements Other Than Buildings	69,953,281	4,676,583	9,850	74,620,014
Infrastructure	126,536,487	10,587,919	636,093	136,488,313
Total Accumulated Depreciation	\$ 225,211,796	\$ 19,469,578	\$ 1,234,716	243,446,658
Total capital assets, being depreciated, net	474,082,887	21,549,731	34,445	495,598,173
Business-type activities capital assets, net	\$ 713,608,142	\$ 64,746,464	\$ 15,372,699	\$ 762,981,907

Note 4: Capital Assets (continued)

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

<u>Governmental Activities</u>		
Executive	\$	670
Library		584,693
Finance		19,467
Information Technology		728,415
Development Services		2,798,662
Public Works		9,985,795
Police		1,005,141
Fire		1,369,525
Parks & Recreation		3,598,888
Cultural Services		327,089
Nondepartmental		115,808
Internal Service Fund		1,932,311
Total Governmental Activities	\$	22,466,464
<u>Business-Type Activities</u>		
Water	\$	4,305,159
Wastewater		3,925,355
Stormwater		1,454,761
Electric & Communications		8,534,318
Solid Waste		937,513
Golf		312,472
Total Business-Type Activities	\$	19,469,578

Note 5: Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Balance				Balance	Due Within
	12/31/2021	Additions	Reductions		12/31/2022	One Year
Governmental Activities						
Compensated Absences	\$ 5,824,010	\$ 4,344,546	\$ 3,948,558	\$ 6,219,998	\$ 3,420,999	
Certificates of Participation	15,170,000	-	380,000	14,790,000	400,000	
Direct Placement Debt:						
Lease Purchase Agreement	\$ 11,365,000	-	\$ 445,000	\$ 10,920,000	\$ 465,000	
Equipment Lease Purchase	1,179,937	-	189,561	990,376	131,483	
Loan Agreement	1,000,000	-	-	1,000,000	-	
Pollution Remediation	\$ 716,475	\$ 313,525	-	\$ 1,030,000	\$ 1,030,000	
Oversizing Agreements	911,443	-	151,968	759,475	-	
Total	\$ 36,166,865	\$ 4,658,071	\$ 5,115,087	\$ 35,709,849	\$ 5,447,482	
Business-Type Activities						
Electric & Communication						
Bonds	\$ 85,015,000	-	-	\$ 85,015,000	\$ 1,250,000	
Premium on Bonds	9,283,895	-	405,115	8,878,780	405,115	
Water Enterprise Bonds	52,340,000	-	1,305,000	51,035,000	1,370,000	
Premium on Bonds	7,824,814	-	318,298	7,506,516	318,298	
Direct Placement Debt:						
Water Bonds	\$ 2,405,000	-	\$ 170,000	\$ 2,235,000	\$ 175,000	
Wastewater Bonds	22,830,000	-	4,050,000	18,780,000	880,000	
ARO Liability-Hydro	\$ 1,047,915	-	\$ 82,829	\$ 965,086	\$ 965,086	
ARO Liability-Solar	313,500	-	-	313,500	-	
Compensated Absences	1,668,434	1,572,265	1,329,075	1,911,624	1,051,393	
Oversizing Agreements	143,691	328,545	143,691	328,545	-	
Total	\$ 182,872,249	\$ 1,900,810	\$ 7,804,008	\$ 176,969,051	\$ 6,414,892	

For governmental activities, compensated absences are generally liquidated by the general fund.

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
2023	\$ 400,000	\$ 497,991
2024	405,000	484,431
2025	425,000	470,532
2026	435,000	456,040
2027	455,000	441,124
2028-2032	12,670,000	1,786,022
Total	\$ 14,790,000	\$ 4,136,140

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
2023	\$ -	\$ 32,600
2024	86,366	31,902
2025	89,204	29,063
2026	92,136	26,132
2027	95,164	23,103
2028-2032	524,842	66,496
2033	112,288	2,687
Total	\$ 1,000,000	\$ 211,983

C. Water, Wastewater and Electric & Communication Bonds

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 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.

Note 5: Long-Term Liabilities (continued)

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

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 \$8,878,780. The bond premium received upon the issuance of the debt was \$10,405,361 and \$1,526,581 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 Firming 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 \$7,506,516. The bond premium received upon the issuance of the debt was \$7,957,438 and \$450,922 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 payments began 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.

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
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	195,000	1,035,000	2,885,000	1,600,000	44,849	617,733	3,522,664	1,462,700
2028-2032	1,075,000	6,300,000	15,960,000	9,010,000	132,610	2,378,714	16,071,006	6,300,700
2033-2037	235,000	7,695,000	19,715,000	10,755,000	7,003	974,070	12,320,500	4,565,400
2038-2042	-	-	25,160,000	12,470,000	-	-	6,874,000	2,852,100
2043-2046	-	-	11,910,000	11,385,000	-	-	900,500	866,550
Total	\$ 2,235,000	\$ 18,780,000	\$ 85,015,000	\$ 51,035,000	\$ 418,988	\$ 6,834,571	\$ 54,585,085	\$ 22,491,050

Note 5: Long-Term Liabilities (continued)

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

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	\$ 2,653,988	2033
2017 Wastewater Bond	25,614,571	2037
2019 Electric & Communications Bond	139,600,084	2044
2021 Water Bond	73,526,050	2046
	\$ 241,394,693	

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	<u>Principal</u>	<u>Interest</u>
2023	\$ 465,000	\$ 244,744
2024	475,000	233,981
2025	485,000	222,989
2026	500,000	211,711
2027	510,000	200,146
2028-2032	2,730,000	818,103
2033-2037	3,055,000	487,255
2038-2041	2,700,000	125,607
Total	\$ 10,920,000	\$ 2,544,536

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. The original amount of the borrowing, \$1,179,937 was adjusted in 2022 due to a change in the principal. The principal was reduced by \$26,828 due to a change in the equipment purchased.

Year	<u>Principal</u>	<u>Interest</u>
2023	\$ 131,483	\$ 27,810
2024	162,639	23,482
2025	167,086	19,036
2026	171,654	14,467
2027	176,347	9,774
2028	181,167	4,953
Total	\$ 990,376	\$ 99,522

Note 5: Long-Term Liabilities (continued)

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, 2022 is \$2,190,000.

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, 2022, the City had oversizing agreements for transportation, and water. The City appropriates money annually to make payments on developer agreements with a target of having the agreement paid off by the time the improvement would have been scheduled for construction in the capital improvements program. Contractually, the only agreements with a stated payment plan is the Waterford Place 2nd project. No amount shall be due to developers in any year in which funds have not been appropriated.

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

The City’s Oversizing Developer Agreement Schedule at December 31, 2022 is as follows:

Project	Date of Contract	Orig Contract Amount	Jan 1, 2022 Balance	Contract Additions	Contract Payments	December 31, 2022 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
Highway 34 @ Sculptor	4/13/07	1,154,569	51,968	-	51,968	-
Sculptor South of US 34	4/13/07	431,271	151,271	-	100,000	51,271
Street Oversizing Agreements		\$ 2,400,382	\$ 911,443	\$ -	\$ 151,968	\$ 759,475
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	-
Eagle Brook Meadows First Subdivision	4/14/2022	129,950	-	129,950	-	129,950
Wilson Commons First Subdivision	10/12/2022	198,595	-	198,595	-	198,595
Water Oversizing Agreements		\$ 472,236	\$ 143,691	\$ 328,545	\$ 143,691	\$ 328,545
TOTAL DEVELOPER AGREEMENTS		\$ 2,872,618	\$ 1,055,134	\$ 328,545	\$ 295,659	\$ 1,088,020

**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.

City 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. The obligation will be repaid by 2027.

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 \$(2,260) leaving an ending fund balance of \$47,385.

Note 8: Commitments And Contingencies

A. Risk Management and Employee Benefits

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 2022, 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 2022-2023 renewal period (7/01/2022 through 6/30/2023) 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 Employee Benefits Fund has \$14,815,493 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,

Note 8: Commitments And Contingencies (continued)

A. Risk Management and Employee Benefits (continued)

workers' compensation, environmental issues and unemployment. Reserves within the fund support higher deductibles against loss. Payments to CIRSA and Pinnacol for coverage under the insurance pool are shown as expenses within the fund. Charges for services are collected from City departments based on amounts determined by management to meet annual required payouts and to maintain deductible reserves. Accrued liabilities are recorded for incurred claims based on estimates made by CIRSA and Pinnacol. 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 \$3,432,768 in net position for property casualty losses. The Employee Benefits Fund has \$14,815,493 in net position for employee benefit claims. The combined net position of the Risk & Insurance Fund and Employee Benefits Fund, available to cover catastrophic losses, totals \$18,248,261.

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

Description	December 31, 2022	December 31, 2021
Unpaid Claims - Beginning	\$ 1,882,672	\$ 1,330,098
Incurred Claims (includes IBNR's)	11,826,921	11,765,404
Claims Paid	(10,613,098)	(11,212,830)
Unpaid Claims Ending	\$ 3,096,495	\$ 1,882,672

B. Construction Commitments

At December 31, 2022 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	\$ 75,655,036
Muni-Fiber Outside Plant	\$ 85,521,792	\$ 70,718,658
Pulliam Building	\$ 12,044,067	\$ 3,580,010
Muni-Fiber Service Drops	\$ 10,116,577	\$ 7,026,678
Water Pump Station and Discharge Piping	\$ 7,252,505	\$ 553,033

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 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 2022 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	\$ 1,433,140	\$ 998,678	\$ 2,871,946
Employee	1,025,453	998,678	1,357,187
Total	\$ 2,458,593	\$ 1,997,356	\$ 4,229,133

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.

Loveland and Rural Consolidated Volunteer Firefighters

1. **Plan Description:**

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

2. **Benefits Provided:**

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

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

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 membership of the Loveland and Rural Consolidated Volunteer Firefighters Pension Plan is:

Retirees and Beneficiaries	67
Inactive, Nonretired Members	2
Active Members	0
Total Members	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	\$ 3,897,762
Plan Fiduciary Net Position	<u>2,668,000</u>
Net Pension Liability	\$ 1,229,762

The Plan is 68.45% funded.

The liquidation of this liability is primarily funded by the General Fund.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Beginning Balance	\$ 4,041,223	\$ 2,506,346	\$ 1,534,877
Changes for the Year			
Service Cost	-	-	-
Interest	268,704	-	268,704
Difference between expected and actual experience of the Total Pension Liability	-	-	-
Contributions - Employer	-	101,700	(101,700)
State of Colorado discretionary payment	-	138,464	(138,464)
Net Investment Income	-	352,164	(352,164)
Benefit Payments, Including Refunds	(412,165)	(412,165)	-
Administrative Expense	-	(18,509)	18,509
Net Changes	<u>(143,461)</u>	<u>161,654</u>	<u>(305,115)</u>
Ending Balance as of 12/31/21	<u>\$ 3,897,762</u>	<u>\$ 2,668,000</u>	<u>\$ 1,229,762</u>

Note 9: Retirement Commitments (continued)

B. Defined Benefit Plans (continued)

At December 31, 2022, 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	\$ -	\$ (254,969)
Employer contributions to the plan subsequent to the measurement date	<u>101,700</u>	<u>-</u>
Total	<u>\$ 101,700</u>	<u>\$ (254,969)</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:	
2023	\$(59,036)
2024	(96,993)
2025	(62,262)
2026	(36,678)
2027	-
Total	<u>\$(254,969)</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, 2021. 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, 2022, 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, 2021 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, 2021 determines the contribution amounts for 2022 and 2023.

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 fair value
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 *	1.84%

The last year ending December 31 in the 2022 to 2121 projection period for which projected benefit payments are fully funded is year 2121.

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, 2021 ." 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%	\$ 1,549,553
Current Single Discount Rate Assumption of 7.0%	\$ 1,229,762
1% Increase to 8.0%	\$ 953,912

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 Plan's target asset allocation as of December 31, 2021, 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, 2022,

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

\$6,872,297 is available for these purposes. Of that amount, \$914,398 is budgeted to be spent in 2023.

The City has established an Emergency Reserve, representing 3% of qualifying expenditures, as required by the amendment. At December 31, 2022, the emergency reserve of \$3,689,774 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 2022.

Actual revenue	\$ 122,992,468	CPI increase	8.01%
Base revenue	117,034,569	Growth increase	1.65%
Surplus/(Deficit)	\$ 5,957,899	Total increase allowed	9.66%

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. The Loveland City Council approved an appropriation of the reserve of \$1,750,000 for the renovation of the Pulliam building. The balance as of December 31, 2022 is \$11,903,721.

Note 11: Fund Balance Designation (continued)

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.

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	\$ 158 -		\$ 322,397 -	-	-	-	\$ 28,633	\$ 351,188
Interfund Loan Receivable	80,582	-	-	-	-	-	-	80,582
Permanent Fund	-	-	-	-	-	-	3,478,213	3,478,213
Total Nonspendable	80,740	-	322,397	-	-	-	3,506,846	3,909,983
Restricted								
Tabor 3% Emergency Reserve	3,689,774	-	-	-	-	-	-	3,689,774
Reserve for Excess Tabor	6,872,297	-	-	-	-	-	-	6,872,297
Urban Revitalization	-	3,936,340	-	-	-	-	989,482	4,925,822
Parks & Recreation	13,203	-	-	-	-	-	4,834,344	4,847,547
Open Space Acquisitions	-	-	-	-	-	-	11,776,972	11,776,972
Law Enforcement	-	-	-	-	-	-	491,396	491,396
Fire & Rescue	-	-	-	-	11,192,761	-	-	11,192,761
Conventions & Tourism	-	-	-	-	-	-	877,218	877,218
Museum Programs	757,394	-	-	-	-	-	-	757,394
Downtown Maintenance	-	-	-	-	-	-	322,464	322,464
Police Donations	250,249	-	-	-	-	-	-	250,249
Library Books	311,665	-	-	-	-	-	-	311,665
Total Restricted	11,894,582	3,936,340	-	-	11,192,761	-	19,291,876	46,315,559
Committed:								
Future Capital Improvements	-	-	-	46,094,691	-	-	-	46,094,691
Interfund Loan Receivable	-	-	-	1,875,491	-	-	-	1,875,491
Art in Public Places	1,151,752	-	-	-	-	-	-	1,151,752
Public Education	-	-	-	-	-	-	290,160	290,160
Affordable Housing Agreements	-	-	-	-	-	-	1,297,146	1,297,146
Total Committed	1,151,752	-	-	47,970,182	-	-	1,587,306	50,709,240
Assigned								
Parks Capital Improvements	-	-	-	-	-	-	824,929	824,929
Fiber Network	-	-	-	-	-	-	317,723	317,723
Total Assigned	-	-	-	-	-	-	1,142,652	1,142,652
Unassigned:	50,036,129	-	(322,397)	-	-	(1,274,153)	-	48,439,579
Total Fund Balances	\$ 63,163,203	\$ 3,936,340	\$ -	\$ 47,970,182	\$ 11,192,761	\$ (1,274,153)	\$ 25,528,680	\$ 150,517,013

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 2022:

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 \$64,416.

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 12/31/2022, the City has issued three of the five annual payments of BPPT rebates.

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 12/31/2022 the City has issued \$126,504.90 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 tax at the project falls below the minimum guarantee. The 10-year guarantee period started July 1, 2016, and the City has not exercised the guaranteed 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).

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

Note 12: Tax Abatement (continued)

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 2022 payment (year 4/10) was \$212,242 and was issued in December 2022.

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.

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.

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. In December 2022, the City Manager approved an addendum to the 2020 agreement extending the project due date to July 1, 2023.

Love 450 Inc. (Cleveland Station)

The Cleveland Station project is located at the SE corner of 5th and Cleveland Avenue in downtown Loveland. The project 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 terms of the agreement reimbursed the developer up to \$800,000 for the design and construction of eligible public improvement. The project was financed through a bank loan with the property and city sales tax increment, from the project, dedicated to pay the debt service. The City funded a Reserve Fund in an amount equal to 100% of the maximum annual debt service requirements of the loan. The project successfully opened in 2022.

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.

Note 12: Tax Abatement (continued)

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 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 first payment was issued in Q1 2022.

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. The agreement was amended to extend the project due date to December 31, 2022. The terms of the agreement were completed, and payment issued in December 2022.

Simply Delicious, Inc (Bobo's Oat Bars)

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. Bobo's completed their expansion and consolidated their offices in 2022.

Dealer, Inc

Through the small business incentive program, the City Manager approved a \$7,500 cash incentive to Dealer, Inc, a software development firm that relocated to Loveland from Longmont in Q1 2022. The incentive assisted with the cost of moving expenses and equipment for the firm's newly expanded location at 1050 Eagle Drive. The incentive was paid in 2022 after the firm signed a long-term lease.

Artspace, Inc (Feed & Grain)

In August 2022, City Council approved an ownership participation agreement with Artspace, Inc. The mixed-use project is a renovation of a historic feed and grain building. When completed the project will include nine units of live/work housing, commercial space and a community facing lobby. The terms of the agreement will reimburse Artspace \$230,000 for completing the eligible public improvements as defined in the agreement no later than December 31, 2023.

Wild Zora Foods, LLC.

The City Manager approved a \$30,000 business assistance agreement with Wild Zora Foods, LLC in accordance with the small business incentive program. The agreement was approved in June 2021. This cash incentive helps offset the tenant finish cost as the firm moves their Loveland downtown operations to a more suitable facility. The additional manufacturing, R&D and office space provides growth opportunity for the business, and they expect to add 25 new jobs over the next five years. Wild Zora met the terms of their agreement by signing a long-term lease and payment was issued in 2022.

Veloce Energy, Inc

Veloce Energy has created new technology and products to accelerate the electrification of transportation. Through the small incentive program, the City Manager approved a \$30,000 business assistance agreement offset the cost of tenant finish and moving cost as the firm consolidates their national operations into a new 20,000 square foot space at 815 14th SW. The terms of the agreement were met, and the incentive payment was issued in 2022.

Note 12: Tax Abatement (continued)

Avid Product Development, LLC

Avid assists entrepreneurs, inventors, and companies around the world with product design and commercial-grade 3D printing. The City Manager approved a \$30,000 business assistance agreement in October 2022 through the small incentive program. This is a business expansion project and provides benefits through creation of 30 advanced manufacturing jobs over five years. The cash incentive offset costs associated with tenant finish, manufacturing equipment purchases, furniture/fixtures and computer equipment. The terms of the agreement were met, and the incentive payment was issued in 2022.

Schlosser Signs, Inc

City Council approved a business assistance agreement with Schlosser Signs in June, 2022. Schlosser Signs manufactures, fabricates, installs, and repairs all varieties of high-quality signs. This is a business expansion project at a new location in Loveland that doubles the square footage, consolidates operations to a single site, and adds 13 additional employees. The agreement approves waiving up to \$65,000 in building permit fees, material use tax, and/or capital expansion fees. The waived fees were backfilled by the Economic Incentives Fund. The fee waivers and backing fill of the fees occurred in 2022.

Vitamin Cottage Natural Food Markets, Inc

In June 2022, the City Council, and the Loveland Urban Renewal (LURA) Board approved a public improvement reimbursement agreement between the City of Loveland, LURA, the Downtown Development Authority (DDA) and Vitamin Cottage in support of the construction of a Natural Grocer store in downtown Loveland. The agreement authorizes the equivalent of an annual reimbursement to the developer of the municipal sales tax increment collected once the minimum annual threshold of \$150,000 is collected in the LURA Special Fund. The reimbursement term begins one full year after issuance of a certificate of occupancy, for 10 years, or until \$500,000 of public improvements is reimbursed, whichever comes first. Construction at the site commenced in Q4 2022.

333 East 4th Street Block LLC (Draper Project – Downtown Parking Facility)

On September 6, 2022, City Council approved a redevelopment agreement between the City of Loveland, Loveland Urban Renewal Authority (LURA), Loveland Downtown Development Authority (DDA), and the developer 333 East 4th Street Block, LLC for a large mixed-use project and the construction of a 277-stall parking garage on the city parcel and related public improvements. The maximum reimbursement cap amount, for the construction of the garage, is \$12 million with an additional \$870,000 for other eligible public improvements. The proposed financing is an issuance of taxable Certificate of Participation (COP). Revenues for the debt service includes (a) Property and sales tax increments generated from the project area. (b) URA Downtown Plan area tax increment outside other Draper project area, capped at \$1.7 million. (c) Add-on 2% public improvement fee (PIF) imposed by the developer on retail sales occurring on the project site. In addition, the developer agreed to a short-fall guarantee. Should TIF collections be less than \$180,000 in 2024, with annual increases, they will pay the shortfall. A separate design reimbursement agreement between the city, LURA, and the developer was approved for an amount not to exceed \$670,000. The city will reimburse the developer 50% or \$335,000 of the design cost if specific terms are met. The remaining \$335,000 may be paid to the developer if the terms of the agreement are met.

Discovery Air, LLC

City Council approved a business assistance agreement with Discovery Air in December 2022 to construct and operate a customs facility at the Northern Colorado Regional Airport. The cash incentive provides funding for a portion of the expenses associated with the operations of a customs facility. The cash incentive is capped at \$150,000. The payments will be made annually over three years, \$50,000 per year. The initial payment will be made when the custom office is open to the public. Subsequent payments will be made on the anniversary of the initial payment. Payment is issued after completion of the terms of the agreement including opening the custom office by July 1, 2024.

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 fifteen and one half years. The City of Loveland depreciates assets using a mid-year convention, the solar panels have been in service for four 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, 2022 was \$1,030,000 all of which 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 removal of buried waste. 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 removal of buried solid waste and asbestos abatement and removal. The costs are estimated to be \$670,000 in 2023. 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 \$75,000 in 2023. 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, reporting and construction of a treatment system. The costs are estimated to be \$185,000 in 2023.
- 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 2023.

Note 15: Leases

Leases Receivable

The City leases office space within the Loveland Visitor's Center, to the Loveland Chamber of Commerce. The current lease term is for five years, expiring December 31, 2026. There is an escalation clause in the lease that calls for a 2.5% increase in lease payments each year. The lease contains options for two additional five-year terms. The City received monthly payments of \$1,684.25 for 2022. The City recognized \$19,168 in lease revenue and \$8,465 in interest revenue during the current year related to this lease.

The City leases a parcel of land located at 1355 N Lincoln Avenue in Loveland to Good Times Drive Thru, Inc. The current lease term is for 10 years, expiring March 29, 2023. The lease contains options for two additional five-year terms. The lease calls for monthly base rent of \$1,625, with certain variable payments, based on a percentage of the gross sales of the restaurant, not included in the measurement of the lease receivable. The City recognized \$16,533 in lease revenue and \$5,387 in interest revenue during the current year related to this lease.

The City leases various parcels of open land to third parties for farming and grazing purposes. The lease terms range from two years to ten years and call for fixed monthly or annual payments. The City recognized \$57,641 in lease revenue and \$17,627 in interest revenue during the current year related to these leases.

Leases Payable

In September of 2020, the City entered into a three year lease agreement for the use of two undercover police vehicles. An initial lease liability was recorded in the amount of \$23,728 during the current year. As of December 31, 2022, the value of the lease liability was \$8,876. The City is required to make monthly principal and interest payments of \$655 for one of the vehicles and \$626 for the other vehicle. The vehicles have an estimated useful life equal to the lease term.

In August of 2021, the City entered into a three year lease agreement for the use of two undercover police vehicles. An initial lease liability was recorded in the amount of \$39,148 during the current year. As of December 31, 2022, the value of the lease liability was \$24,352. The City is required to make monthly principal and interest payments of \$715 for one of the vehicles and \$599 for the other vehicle. The vehicles have an estimated useful life equal to the lease term.

In April of 2021, the City entered into a five year lease agreement for the use of (3) Volvo L90H Loaders and a Volvo L-110H Loader. An initial lease liability was recorded in the amount of \$198,983 during the current year. As of December 31, 2022, the value of the lease liability was \$154,417. The City is required to make monthly principal and interest payments of \$2,993 for the (3) L90H loaders and \$1,168 for the L-110H loader. The loaders have an estimated useful life equal to the lease term.

In May of 2015, the City entered into a one year lease agreement for the use of a property located at 137 S. Lincoln Street, Loveland, CO, for the operation of a Day Shelter. The lease agreement contained (4) one-year options to extend the lease. In May of 2018, the lease was amended to allow for an additional (7) one-year options to extend the lease up and through April 30, 2027, unless earlier termination is elected. An initial lease liability was recorded in the amount of \$78,861 during the current year. As of December 31, 2022, the value of the lease liability was \$65,601. The City was required to make monthly principal and interest payments of \$1,287 for 2022. The lease calls for a 2.0% escalation in the monthly rental payments based on the lease's annual anniversary, which is reflected in the calculation of the lease liability. The rental property has an estimated useful life equal to the lease term.

In January of 2016, the City entered into a one year lease agreement for the use of property located at 1632 Topaz Dr, Loveland, CO, for the operation of an Employee Wellness Clinic. The lease agreement contained (6) one-year options to extend the lease to December 31, 2022. In October of 2022, the City and the landlord agreed to a new lease agreement to extend the term to December 31, 2023. This lease agreement contains (4) one-year options to extend the lease up and through December 31, 2027, unless earlier termination is elected. An initial lease liability was recorded in the amount of \$148,662 during the current year. As of December 31, 2022, the value of the lease liability was \$129,507. The City was required to make monthly principal and interest payments of \$1,864 through September of 2022 and \$2,196 monthly for October through December. The lease calls for a 3.0% escalation in the monthly rental payments annually, beginning January 1, 2024, which is reflected in the calculation of the lease liability. The rental property has an estimated useful life equal to the lease term.

Note 15: Leases (continued)

Leases Payable (continued)

In November of 2016, the City entered into a two year lease agreement for the use of property located at 2600 N Lincoln, Loveland, CO, for the operation of a Bus Transit Center. After amendments, the lease agreement contains (6) one-year options to extend the lease to October 31, 2024, unless earlier termination is elected. An initial lease liability was recorded in the amount of \$124,936 during the current year. As of December 31, 2022, the value of the lease liability was \$83,252. The City was required to make monthly principal and interest payments of \$3,720 through October of 2022 and \$3,832 for November and December. The lease calls for a 3.0% escalation in the monthly rental payments based on the lease’s annual anniversary, which is reflected in the calculation of the lease liability. The rental property has an estimated useful life equal to the lease term.

In December of 2020, the City entered into a five year lease agreement for the use of property located at 2695 W. Eisenhower, Loveland, CO (first floor) for office space for PULSE Fiber. The lease agreement contains (1) five-year option to extend the lease to November 30, 2030. An initial lease liability was recorded in the amount of \$415,358. As of December 31, 2022, the value of the lease liability was \$379,126. The City was required to make monthly principal and interest payments of \$4,000 through November of 2022 and \$4,200 for December. The monthly payment will increase by \$200 on December 1, 2024, 2026 and 2028, for a final monthly payment of \$4,800, which is reflected in the calculation of the lease liability. The rental property has an estimated useful life equal to the lease term.

In May of 2019, the City entered into a five year lease agreement for the use of property located at 2695 W. Eisenhower, Loveland, CO (second floor) for office space for PULSE Fiber. The lease agreement contains (1) three-year option to extend the lease to April 30, 2027. An initial lease liability was recorded in the amount of \$1,147,434. As of December 31, 2022, the value of the lease liability was \$957,075. The City was required to make principal and interest payments of \$18,308 through June of 2022 and \$18,725 for July through December. The monthly payment will increase to by \$416.67 annually on the anniversary date of the lease, which is reflected in the calculation of the lease liability. The rental property has an estimated useful life equal to the lease term.

In May of 2019, the City entered into a five year lease agreement for the use of property located at 2695 W. Eisenhower, Loveland, CO (server room) for office space for PULSE Fiber. The lease agreement contains (1) three-year option to extend the lease to April 30, 2027. An initial lease liability was recorded in the amount of \$15,271. As of December 31, 2022, the value of the lease liability was \$12,779. The City was required to make monthly principal and interest payments of \$239 through May of 2022 and \$246 for June through December. The monthly payment will increase to by \$7.34 annually on the anniversary date of the lease, which is reflected in the calculation of the lease liability. The rental property has an estimated useful life equal to the lease term.

The future principal and interest lease payments as of December 31, 2022, were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 394,458	\$ 49,022
2024	391,300	37,130
2025	362,241	25,941
2026	341,981	15,213
2027	166,506	6,590
2028 - 2030	158,500	7,300

Note 16: Subscription Based Information Technology Agreements

Agreements Payable

In July of 2018, the City entered into an eight year agreement as lessee for the use of OpenGov Reporting & Analysis software. An initial lease liability was recorded in the amount of \$56,401 during the current year. As of December 31, 2022, the value of the lease liability was \$42,928. The City is required to make an annual principal and interest payment of \$15,000. The software has an estimated useful life equal to the lease term.

In August of 2018, the City entered into a five year agreement as lessee for the use of OpenGov Financial Integration software. An initial lease liability was recorded in the amount of \$15,303 during the current year. As of December 31, 2022, the value of the lease liability was \$11,647. The City is required to make an annual principal and interest payment of \$4,080. The software has an estimated useful life equal to the lease term.

In April of 2022, the City entered into a three year agreement as lessee for the use of MicroSoft Office365 software. The agreement contains (1) three-year option to extend the agreement. An initial lease liability was recorded in the amount of \$1,685,632 during the current year. As of December 31, 2022, the value of the lease liability was \$1,414,673. The City is required to make an annual principal and interest payment of \$303,151. The software has an estimated useful life equal to the lease term.

The future principal and interest Subscription Based IT Agreement payments as of December 31, 2022, were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 283,888	\$ 38,343
2024	292,523	29,708
2025	301,420	20,811
2026	291,279	11,872
2027	300,138	3,013

Note 17: Prior Period Adjustment

This prior period adjustment is for an escrow liability error that should have been recorded in the Capital Project fund but was recorded as revenue in the General fund. The error was recorded in 2020 for \$466,350 and in 2021 for \$1,738,621. The fund balance for the General fund needs to be restated for the decrease in the amount of revenue as follows in the table below. The escrow liability has been moved to the Capital Project fund; this correction of the error doesn't change the fund balance in the Capital Project fund.

This 2021 prior period adjustment is for expenses related to the Rialto Theater that should have been recognized as expense instead of a liability. This liability was not adjusted in 2021 for the expenses related to performances at the Rialto.

General Fund

General Fund	
2020 Beginning fund balance	\$28,059,492
2020 Net Change in Fund Balance	5,421,267
2020 Escrow Adjustment	(466,350)
2020 Net Change in Fund Balance as Restated for escrow	4,954,917
2020 Ending Fund Balance as Restated	\$33,014,409
2021 Beginning Fund Balance as Restated	\$33,014,409
2021 Net Change in Fund Balance	14,391,319
2021 Escrow Adjustment	(1,738,620)
2021 Rialto Adjustment	(61,288)
2021 Net Change in Fund Balance as Restated for escrow and Rialto	12,591,411
2021 Ending Fund Balance as Restated	\$45,605,820

Note 18: Subsequent Events

On April 18, 2023 the Loveland City Council dissolved the downtown Urban Renewal Authority. Beginning April 19, 2023 all the previous sales tax increment that was a portion of the downtown Urban Renewal Authority will now be included as the sales tax increment going to the Downtown Development Authority after adjusting the sales tax base.

In early 2023 the proposal of a significant change to an existing URA plan necessitated a restructuring of the Loveland Urban Renewal Authority (LURA) board. During the February 7, 2023 LURA Board meeting the new LURA Board appointments were seated as required by state statute. The new LURA board consists of all nine members of the Loveland City Council, one local representative from each affected county, school district and special district and one additional person appointed by the City of Loveland Mayor. The new LURA board members are:

- Dana Foley, Chair
- Andrea Samson, Vice Chair
- Richard Ball, City of Loveland Councilor
- John Fogle, City of Loveland Councilor
- Jon Mallo, City of Loveland Councilor
- Jacki Marsh, City of Loveland Mayor
- Patrick McFall, City of Loveland Councilor
- Steve Olson, City of Loveland Councilor
- Don Overcash, City of Loveland Councilor & Mayor Pro Tem
- Jody Shadduck-McNally, Larimer County commissioner
- Barbara Kruse, Thompson School District Board of Education president
- Tammy Lien, Thompson Valley Health Services District board member
- Steve Johnson, former Larimer County commissioner, At-large representative to the LURA board

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, 2022

	Budgeted Amounts (unaudited)			Difference with Final Budget
	Original	Final	Actual	
Revenues:				
Taxes	\$ 77,592,294	\$ 77,392,294	\$ 94,342,737	\$ 16,950,443
Licenses and Permits	2,701,347	2,701,347	7,592,568	4,891,221
Fines and Penalties	886,705	900,356	538,242	(362,114)
Intergovernmental	4,921,198	8,206,967	5,676,327	(2,530,640)
Charges for Services	4,154,115	4,167,115	5,058,354	891,239
Investment Earnings (Loss)	10,000	210,000	(2,018,504)	(2,228,504)
Payment in Lieu of Taxes	9,582,228	9,582,228	9,160,116	(422,112)
Contributions	-	-	23,895	23,895
Miscellaneous	879,786	982,011	1,284,748	302,737
Total Revenues	100,727,673	104,142,318	121,658,483	17,516,165
Expenditures:				
Current:				
Legislative	121,213	205,499	204,159	1,340
City Manager	2,153,600	4,344,358	3,604,207	740,151
City Attorney	1,409,833	1,678,042	1,557,165	120,877
City Clerk	1,064,543	1,167,543	715,187	452,356
Municipal Court	773,388	787,039	766,259	20,780
Finance	7,571,938	7,809,370	6,796,023	1,013,347
Human Resources	1,985,670	2,116,030	1,839,490	276,540
Information Technology	5,090,081	5,933,840	6,688,198	(754,358)
Economic Development	1,771,319	2,251,752	1,707,507	544,245
Development Services	3,336,477	3,340,305	3,035,377	304,928
Public Works	8,984,658	9,442,765	9,003,588	439,177
Police	27,640,755	28,220,365	27,272,868	947,497
Parks & Recreation	10,372,559	10,515,814	10,286,461	229,353
Library	3,320,648	3,389,706	3,184,078	205,628
Cultural Services	2,401,306	2,816,244	2,638,208	178,036
General Government	9,888,671	9,940,268	9,884,788	55,480
Capital Outlay	5,166,252	11,388,371	5,070,836	6,317,535
Debt Service				
Principal	380,000	752,653	752,680	(27)
Interest and debt service costs	779,566	1,470,504	584,522	885,982
Total Expenditures	94,212,477	107,570,468	95,591,601	11,978,867
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,515,196	(3,428,150)	26,066,882	29,495,032
Other Financing Sources (Uses):				
Transfers In	3,071,149	6,238,226	981,426	(5,256,800)
Transfers (Out)	(21,492,777)	(31,765,172)	(11,176,557)	20,588,615
SBITA agreement entered into	-	-	1,685,632	1,685,632
Total Other Financing Sources (Uses)	(18,421,628)	(25,526,946)	(8,509,499)	17,017,447
Net Change in Fund Balance	(11,906,432)	(28,955,096)	17,557,383	46,512,479
Fund Balance--Beginning, as restated	45,605,820	45,605,820	45,605,820	-
Fund Balance--Ending	\$ 33,699,388	\$ 16,650,724	\$ 63,163,203	\$ 46,512,479

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Urban Renewal Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 21,320,000	\$ 21,320,000	\$ 20,088,170	\$ (1,231,830)
Investment Earnings (Loss)	38,000	38,000	88,736	50,736
Miscellaneous	10,000	10,000	387	(9,613)
Total Revenues	21,368,000	21,368,000	20,177,293	(1,190,707)
Expenditures:				
Current:				
Services	400,715	826,632	1,021,188	(194,556)
School District Fund	995,000	995,000	2,512,316	(1,517,316)
Distribution of Tax Increment Financing	18,000,000	18,000,000	15,935,211	2,064,789
Capital Outlay	-	670,000	181,390	488,610
Principal	275,000	275,000	-	275,000
Interest and debt service costs	80,000	80,000	80,154	(154)
Total Expenditures	19,750,715	20,846,632	19,730,259	1,116,373
Net Change in Fund Balance	1,617,285	521,368	447,034	(74,334)
Fund Balance--Beginning	3,489,306	3,489,306	3,489,306	-
Fund Balance--Ending	\$ 5,106,591	\$ 4,010,674	\$ 3,936,340	\$ (74,334)

See accompanying independent auditors' report.

City of Loveland, Colorado
Transportation
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 78,000	\$ 78,000	\$ 95,380	\$ 17,380
Licenses and Permits	218,000	218,000	342,994	124,994
Intergovernmental	7,482,312	10,968,008	4,734,053	(6,233,955)
Charges for Services	3,489,882	3,489,882	3,858,138	368,256
Investment Earnings (Loss)	16,000	16,000	(1,831)	(17,831)
Miscellaneous	106,000	106,000	205,062	99,062
Total Revenues	11,390,194	14,875,890	9,233,796	(5,642,094)
Expenditures:				
Current:				
Public Works	11,834,438	15,048,601	14,153,288	895,313
Capital Outlay	15,907,130	22,636,311	7,303,236	15,333,075
Interest and debt service costs	75,544	75,544	31,124	44,420
Total Expenditures	27,817,112	37,760,456	21,487,648	16,272,808
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,426,918)	(22,884,566)	(12,253,852)	10,630,714
Other Financing Sources (Uses):				
Transfers In	16,855,159	22,532,666	12,340,946	(10,191,720)
Transfers (Out)	(428,241)	(177,774)	(87,094)	90,680
Total Other Financing Sources (Uses)	16,426,918	22,354,892	12,253,852	(10,101,040)
Net Change in Fund Balance	-	(529,674)	-	529,674
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ -	\$ (529,674)	\$ -	\$ 529,674

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Fire Rescue Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Licenses and Permits	\$ 209,350	\$ 209,350	\$ 363,198	\$ 153,848
Intergovernmental	20,582,681	21,494,723	20,899,762	(594,961)
Charges for Services	1,821,930	1,877,275	4,700,316	2,823,041
Investment Earnings (Loss)	-	-	(446,737)	(446,737)
Miscellaneous	2,070,916	2,195,484	2,028,720	(166,764)
Total Revenues	24,684,877	25,776,832	27,545,259	1,768,427
Expenditures:				
Current:				
Fire	23,146,056	24,810,293	23,742,541	1,067,752
Capital Outlay	1,657,539	9,674,248	6,391,460	3,282,788
Principal	383,000	162,740	607,733	(444,993)
Interest and debt service costs	-	723,424	278,551	444,873
Total Expenditures	25,186,595	35,370,705	31,020,285	4,350,420
Excess (Deficiency) of Revenues Over (Under) Expenditures	(501,718)	(9,593,873)	(3,475,026)	6,118,847
Other Financing Sources (Uses):				
Transfers (Out)	-	-	(112,926)	(112,926)
Total Other Financing Sources (Uses)	-	-	(112,926)	(112,926)
Net Change in Fund Balance	(501,718)	(9,593,873)	(3,587,952)	6,005,921
Fund Balance--Beginning	14,780,713	14,780,713	14,780,713	-
Fund Balance--Ending	\$ 14,278,995	\$ 5,186,840	\$ 11,192,761	\$ 6,005,921

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)
2022	\$ 165,081	\$ 179,302	(14,221)
2021	153,745	\$ 184,634	(30,889)
2020	153,745	157,230	(3,485)
2019	114,327	148,501	(34,174)
2018	114,327	173,178	(58,851)
2017	101,670	101,670	-
2016	101,670	177,764	(76,094)
2015	76,423	188,023	(111,600)
2014	76,423	182,799	(106,376)
2013	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,	2022	2021	2020	2019
Measurement period ending December 31,	2021	2020	2019	2018
Total Pension Liability				
Service Cost			\$ -	\$ -
Interest on the Total Pension Liability	268,704	260,104	270,052	275,919
Benefit Changes			-	
Difference between Expected and Actual Experience		273,482	-	188,728
Assumption Changes			-	126,564
Benefit Payments	(412,165)	(409,356)	(414,869)	(409,231)
Net Change in Total Pension Liability	(143,461)	124,230	(144,817)	181,980
Total Pension Liability - Beginning	4,041,223	3,916,993	4,061,810	3,879,830
Total Pension Liability - Ending (a)	3,897,762	4,041,223	3,916,993	4,061,810
Plan Fiduciary Net Position				
Employer Contributions	101,700	101,700	123,400	
Pension Plan Net Investment Income	352,164	291,913	334,026	2,940
Benefit Payments	(412,165)	(409,356)	(414,869)	(409,231)
Pension Plan Administrative Expense	(18,509)	(14,563)	(16,647)	(14,627)
State of Colorado Supplemental Discretionary Payment	138,464	65,665	-	173,178
Net Change in Plan Fiduciary Net Position	161,654	35,359	25,910	(247,740)
Plan Fiduciary Net Position - Beginning	2,506,346	2,470,987	2,445,077	2,692,817
Plan Fiduciary Net Position - Ending (b)	2,668,000	2,506,346	2,470,987	2,445,077
Net Pension Liability - Ending (a) - (b)	\$ 1,229,762	\$ 1,534,877	\$ 1,446,006	\$ 1,616,733
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	68.45%	62.02%	63.08%	60.20%
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.

2018	2017	2016	2015
2017	2016	2015	2014
\$ -	\$ 7,212	\$ 7,212	\$ 9,256
284,838	251,537	260,183	248,058
-	259,856	-	274,064
-	173,817	-	1,626
-	152,811	-	0
(398,494)	(396,888)	(368,980)	(371,640)
(113,656)	448,345	(101,585)	161,364
3,993,486	3,545,141	3,646,726	3,485,362
3,879,830	3,993,486	3,545,141	3,646,726
101,670	91,175	101,434	96,210
360,131	133,811	51,437	183,273
(398,494)	(396,888)	(368,980)	(371,640)
(14,890)	(4,314)	(6,397)	(4,607)
-	86,589	86,589	86,589
48,417	(89,627)	(135,917)	(10,175)
2,644,400	2,734,027	2,869,944	2,880,119
2,692,817	2,644,400	2,734,027	2,869,944
\$ 1,187,013	\$ 1,349,086	\$ 811,114	\$ 776,782
69.41%	66.22%	77.12%	78.70%
N/A	N/A	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 \$211,632,287 were approved during 2022 - of which \$75,997,680 was for non-lapsing capital projects, \$30,000,000 was supplementally appropriated for an internal loan in the Electric and Communications fund. The Proprietary Funds alone accounted for \$136,038,866 of the total supplemental appropriations in 2022. 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 Risk & Insurance fund had a deficit budget due to open claims higher than anticipated. Appropriate measures have been taken to prevent future overages, including budget preparation review by the Finance department.
- 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.
- The General Fund ending fund balance was restated for error corrections, reducing the fund balance by \$2,266,258.

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, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 164,043	\$ 164,043
Charges for Services	7,834,949	7,834,949	12,434,023	4,599,074
Investment Earnings (Loss)	138,401	138,401	(2,186,967)	(2,325,368)
Miscellaneous	64,000	64,000	115,513	51,513
Total Revenues	8,037,350	8,037,350	10,526,612	2,489,262
Expenditures				
Parks & Recreation	68,548	189,794	108,377	81,417
Capital Outlay	950,000	7,652,302	1,575,925	6,076,377
Total Expenditures	1,018,548	7,842,096	1,684,302	6,157,794
Excess (deficiency) of revenues over (under) expenditures	7,018,802	195,254	8,842,310	8,647,056
Other Financing Sources (Uses):				
Transfers (Out)	(5,019,268)	(7,454,810)	(3,035,405)	4,419,405
Total Other Financing Sources (Uses)	(5,019,268)	(7,454,810)	(3,035,405)	4,419,405
Net Change in Fund Balance	1,999,534	(7,259,556)	5,806,905	13,066,461
Fund Balance--Beginning	42,163,277	42,163,277	42,163,277	-
Prior Period Adjustment	-	-	-	-
Fund Balance--Ending	\$ 44,162,811	\$ 34,903,721	\$ 47,970,182	\$ 13,066,461

See accompanying independent auditors' report.

City of Loveland, Colorado
Capital Project Funds
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 343,500	\$ 343,500	\$ 159,038	\$ (184,462)
Investment Earnings (Loss)	-	-	(123,270)	(123,270)
Contributions	-	-	594,803	594,803
Miscellaneous	500,000	1,899,525	-	(1,899,525)
Total Revenues	843,500	2,243,025	630,571	(1,612,454)
Expenditures				
Information Technology	-	86,669	22,560	64,109
Public Works	-	248,704	237,212	11,492
Police	-	-	45,108	(45,108)
Parks & Recreation	-	3,013	143,650	(140,637)
Capital Outlay	8,490,700	13,097,165	1,531,728	11,565,437
Total Expenditures	8,490,700	13,435,551	1,980,258	11,455,293
Excess (deficiency) of revenues over (under) expenditures	(7,647,200)	(11,192,526)	(1,349,687)	9,842,839
Other Financing Sources (Uses):				
Transfers In	7,694,822	12,164,563	1,239,103	(10,925,460)
Transfers (Out)	(47,622)	(77,565)	(12,685)	64,880
Total Other Financing Sources (Uses)	7,647,200	12,086,998	1,226,418	(10,860,580)
Net Change in Fund Balance	-	894,472	(123,269)	(1,017,741)
Fund Balance--Beginning	(1,150,884)	(1,150,884)	(1,150,884)	-
Prior Period Adjustment	-	-	-	-
Fund Balance--Ending	\$ (1,150,884)	\$ (256,412)	\$ (1,274,153)	\$ (1,017,741)

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.

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City of Loveland, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2022

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	64,527	284,569	73	1,818,853	410,891	76,423
Equity in Pooled Investments	257,294	4,066,863	-	8,472,692	577,185	5,744
Receivables (Net):						
Taxes	62,990	-	-	294,955	100,517	-
Accounts	-	-	-	14,317	-	760
Grants	-	34,855	66,144	79,080	-	-
Lease Receivable	-	-	-	566,871	-	-
Accrued Interest	643	9,707	-	22,907	1,406	139
Inventory	-	-	-	-	-	-
Restricted Assets:						
Equity in Pooled Restricted Cash	-	500,000	-	1,233,331	-	-
Total Assets	385,454	4,895,994	66,217	12,503,006	1,089,999	83,066
LIABILITIES						
Accounts Payable	-	14,952	6,675	67,011	-	78,956
Accrued Liabilities	-	11,843	4,542	32,990	-	4,110
Interfund Loan Payable	-	-	55,000	-	-	-
Total Liabilities	-	26,795	66,217	100,001	-	83,066
DEFERRED INFLOWS OF RESOURCES						
Deferred Property Taxes	62,990	-	-	-	100,517	-
Deferred Inflow from Leases	-	-	-	546,953	-	-
Unavailable Other Revenue	-	34,855	-	79,080	-	-
Total Deferred Inflows of Resources	62,990	34,855	-	626,033	100,517	-
Total Liabilities and Deferred Inflows of Resources	62,990	61,650	66,217	726,034	100,517	83,066
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	322,464	4,834,344	-	11,776,972	989,482	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total Fund Balances	322,464	4,834,344	-	11,776,972	989,482	-
Total Liabilities and Fund Balances	\$ 385,454	\$ 4,895,994	\$ 66,217	\$ 12,503,006	\$ 1,089,999	\$ 83,066

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
388,791	5,358	242,441	13,280	4,842	284,778	4,665	374,884		
905,788	41,932	629,828	261,645	312,242	157,067	445,579	3,096,356		
-	-	47,612	14,670	-	-	-	-	-	-
-	-	1,684	-	-	35,713	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	275,781	-	-	-	-	-	-	-
2,567	95	1,732	565	639	857	1,707	6,973		
-	-	28,633	-	-	-	-	-	-	-
-	-	-	-	-	-	419,362	-	-	-
1,297,146	47,385	1,228,011	290,160	317,723	478,415	871,313	3,478,213		
-	-	35,759	-	-	25,683	46,384	-	-	-
-	-	18,045	-	-	8,721	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	53,804	-	-	34,404	46,384	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	268,356	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	268,356	-	-	-	-	-	-	-
-	-	322,160	-	-	34,404	46,384	-	-	-
-	-	28,633	-	-	-	-	3,478,213		
-	47,385	877,218	-	-	444,011	-	-		
1,297,146	-	-	290,160	-	-	-	-		
-	-	-	-	317,723	-	824,929	-		
1,297,146	47,385	905,851	290,160	317,723	444,011	824,929	3,478,213		
\$ 1,297,146	\$ 47,385	\$ 1,228,011	\$ 290,160	\$ 317,723	\$ 478,415	\$ 871,313	\$ 3,478,213		

(Continued)

City of Loveland, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2022

	Total
ASSETS	
Cash	\$ 300
Equity in Pooled Cash	3,974,375
Equity in Pooled Investments	19,230,215
Receivables (Net):	
Taxes	520,744
Accounts	52,474
Grants	180,079
Lease Receivable	842,652
Accrued Interest	49,937
Inventory	28,633
Restricted Assets:	
Equity in Pooled Restricted Cash	2,152,693
Total Assets	27,032,102
LIABILITIES	
Accounts Payable	275,420
Accrued Liabilities	80,251
Interfund Loan Payable	55,000
Total Liabilities	410,671
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Taxes	163,507
Deferred Inflow from Leases	815,309
Unavailable Other Revenue	113,935
Total Deferred Inflows of Resources	1,092,751
Total Liabilities and Deferred Inflows of Resources	1,503,422
Fund Balances:	
Nonspendable	3,506,846
Restricted	19,291,876
Committed	1,587,306
Assigned	1,142,652
Total Fund Balances	25,528,680
Total Liabilities and Fund Balances	\$ 27,032,102

See accompanying independent auditors' report.

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City of Loveland, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2022

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	\$ 70,521	\$ -	\$ -	\$ 3,123,855	\$ 355,835	\$ -
Intergovernmental	-	976,372	611,409	430,788	-	717,811
Charges for Services	-	-	-	-	-	-
Investment Earnings (Loss)	(13,521)	(209,791)	-	(453,970)	(31,280)	(230)
Miscellaneous	-	-	-	141,322	-	-
Total Revenues	57,000	766,581	611,409	3,241,995	324,555	717,581
Expenditures:						
Current:						
City Manager	-	-	611,409	-	-	-
Information Technology	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	448,127
Police	-	-	-	-	-	-
Parks & Recreation	-	412,994	-	1,365,739	-	-
General Government	13,848	-	-	-	-	-
Capital Outlay	-	785,811	-	1,301,355	-	269,454
Total Expenditures	13,848	1,198,805	611,409	2,667,094	-	717,581
Excess (Deficiency) of Revenues Over Expenditures	43,152	(432,224)	-	574,901	324,555	-
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers (Out)	(861)	-	-	(14,015)	-	-
Total Other Financing Sources (Uses)	(861)	-	-	(14,015)	-	-
Net Change in Fund Balance	42,291	(432,224)	-	560,886	324,555	-
Fund Balances--Beginning	280,173	5,266,568	-	11,216,086	664,927	-
Fund Balances--Ending	\$ 322,464	\$ 4,834,344	\$ -	\$ 11,776,972	\$ 989,482	\$ -

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	
\$ -	\$ -	\$ 1,111,918	\$ 63,610	\$ -	\$ -	\$ -	\$ -	
-	-	20,000	-	-	-	1,771	-	
-	-	-	-	-	90,845	85,624	84,100	
(47,705)	(2,260)	(33,112)	(19,766)	(16,946)	(8,648)	(21,882)	(162,963)	
86,568	-	210,729	-	-	263,066	10,588	-	
38,863	(2,260)	1,309,535	43,844	(16,946)	345,263	76,101	(78,863)	
437,260	-	-	-	-	-	-	-	
-	-	-	23,853	17,073	-	-	-	
-	-	1,094,656	-	-	-	-	-	
-	-	-	-	-	376,631	-	-	
-	-	-	-	-	-	23,982	-	
-	-	-	-	-	-	-	-	
-	-	6,000	170,955	-	-	173,528	-	
437,260	-	1,100,656	194,808	17,073	376,631	197,510	-	
(398,397)	(2,260)	208,879	(150,964)	(34,019)	(31,368)	(121,409)	(78,863)	
450,000	-	5,000	-	-	263,066	-	-	
-	-	(17,500)	-	(18,000)	-	(4,781)	-	
450,000	-	(12,500)	-	(18,000)	263,066	(4,781)	-	
51,603	(2,260)	196,379	(150,964)	(52,019)	231,698	(126,190)	(78,863)	
1,245,543	49,645	709,472	441,124	369,742	212,313	951,119	3,557,076	
\$ 1,297,146	\$ 47,385	\$ 905,851	\$ 290,160	\$ 317,723	\$ 444,011	\$ 824,929	\$ 3,478,213	

(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, 2022

	Total
Revenues:	
Taxes	\$ 4,725,739
Intergovernmental	2,758,151
Charges for Services	260,569
Investment Earnings (Loss)	(1,022,074)
Miscellaneous	712,273
Total Revenues	7,434,658
Expenditures:	
Current:	
City Manager	1,048,669
Information Technology	40,926
Economic Development	1,094,656
Public Works	448,127
Police	376,631
Parks & Recreation	1,802,715
General Government	13,848
Capital Outlay	2,707,103
Total Expenditures	7,532,675
Excess (Deficiency) of Revenues Over Expenditures	(98,017)
Other Financing Sources (Uses):	
Transfers In	718,066
Transfers (Out)	(55,157)
Total Other Financing Sources (Uses)	662,909
Net Change in Fund Balance	564,892
Fund Balances--Beginning	24,963,788
Fund Balances--Ending	\$ 25,528,680

See accompanying independent auditors' report.

City of Loveland, Colorado
General Improvement District #1
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 55,000	\$ 55,000	\$ 70,521	\$ 15,521
Investment Earnings (Loss)	1,500	1,500	(13,521)	(15,021)
Total Revenues	56,500	56,500	57,000	500
Expenditures:				
Current:				
General Government	18,800	18,800	13,848	4,952
Total Expenditures	18,800	18,800	13,848	4,952
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,700	37,700	43,152	5,452
Other Financing Sources (Uses):				
Transfers (Out)	-	-	(861)	(861)
Total Other Financing Sources (Uses)	-	-	(861)	(861)
Net Change in Fund Balance	37,700	37,700	42,291	4,591
Fund Balance--Beginning	280,173	280,173	280,173	-
Fund Balance--Ending	\$ 317,873	\$ 317,873	\$ 322,464	\$ 4,591

See accompanying independent auditors' report.

City of Loveland, Colorado
Conservation Trust
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,350,000	\$ 1,950,000	\$ 976,372	\$ (973,628)
Investment Earnings (Loss)	55,000	55,000	(209,791)	(264,791)
Total Revenues	1,405,000	2,005,000	766,581	(1,238,419)
Expenditures:				
Current:				
Parks & Recreation	403,339	439,426	412,994	26,432
Capital Outlay	680,000	3,742,029	785,811	2,956,218
Total Expenditures	1,083,339	4,181,455	1,198,805	2,982,650
Net Change in Fund Balance	321,661	(2,176,455)	(432,224)	1,744,231
Fund Balance--Beginning	5,266,568	5,266,568	5,266,568	-
Fund Balance--Ending	\$ 5,588,229	\$ 3,090,113	\$ 4,834,344	\$ 1,744,231

See accompanying independent auditors' report.

City of Loveland, Colorado
Community Development Block Grant
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 379,663	\$ 1,083,934	\$ 611,409	\$ (472,525)
Total Revenues	379,663	1,083,934	611,409	(472,525)
Expenditures:				
Current:				
City Manager	379,663	1,083,934	611,409	472,525
Total Expenditures	379,663	1,083,934	611,409	472,525
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, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 2,200,000	\$ 2,200,000	\$ 3,123,855	\$ 923,855
Intergovernmental	-	-	430,788	430,788
Investment Earnings (Loss)	100,000	100,000	(453,970)	(553,970)
Miscellaneous	100,000	100,000	141,322	41,322
Total Revenues	2,400,000	2,400,000	3,241,995	841,995
Expenditures:				
Parks & Recreation	1,618,491	1,994,636	1,365,739	628,897
Capital Outlay	2,285,000	5,477,444	1,301,355	4,176,089
Total Expenditures	3,903,491	7,472,080	2,667,094	4,804,986
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,503,491)	(5,072,080)	574,901	5,646,981
Other Financing Sources (Uses):				
Transfers (Out)	-	-	(14,015)	(14,015)
Total Other Financing Sources (Uses)	-	-	(14,015)	(14,015)
Net Change in Fund Balance	(1,503,491)	(5,072,080)	560,886	5,632,966
Fund Balance--Beginning	11,216,086	11,216,086	11,216,086	-
Fund Balance--Ending	\$ 9,712,595	\$ 6,144,006	\$ 11,776,972	\$ 5,632,966

See accompanying independent auditors' report.

City of Loveland, Colorado
Downtown Development Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 175,000	\$ 175,000	\$ 355,835	\$ 180,835
Investment Earnings (Loss)	4,000	4,000	(31,280)	(35,280)
Total Revenues	179,000	179,000	324,555	145,555
Expenditures:				
General Government	125,000	125,000	-	125,000
Total Expenditures	125,000	125,000	-	125,000
Net Change in Fund Balance	54,000	54,000	324,555	270,555
Fund Balance--Beginning	664,927	664,927	664,927	-
Fund Balance--Ending	\$ 718,927	\$ 718,927	\$ 989,482	\$ 270,555

See accompanying independent auditors' report.

City of Loveland, Colorado
Loveland Larimer Building Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 922,054	\$ 997,054	\$ 717,811	\$ (279,243)
Investment Earnings (Loss)	-	-	(230)	(230)
Total Revenues	922,054	997,054	717,581	(279,473)
Expenditures:				
Current:				
Public Works	775,388	675,388	448,127	227,261
Capital Outlay	-	271,000	269,454	1,546
Total Expenditures	775,388	946,388	717,581	228,807
Net Change in Fund Balance	146,666	50,666	-	(50,666)
Fund Balance--Beginning	-	-	-	-
Fund Balance--Ending	\$ 146,666	\$ 50,666	\$ -	\$ (50,666)

See accompanying independent auditors' report.

City of Loveland, Colorado
Affordable Housing
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Investment Earnings (Loss)	\$ -	\$ -	\$ (47,705)	\$ (47,705)
Miscellaneous	-	-	86,568	86,568
Total Revenues	-	-	38,863	38,863
Expenditures:				
City Manager	450,000	850,000	437,260	412,740
Total Expenditures	450,000	850,000	437,260	412,740
Excess (Deficiency) of Revenues Over (Under) Expenditures	(450,000)	(850,000)	(398,397)	451,603
Other Financing Sources (Uses):				
Transfers In	450,000	450,000	450,000	-
Total Other Financing Sources (Uses)	450,000	450,000	450,000	-
Net Change in Fund Balance	-	(400,000)	51,603	451,603
Fund Balance--Beginning	1,245,543	1,245,543	1,245,543	-
Fund Balance--Ending	\$ 1,245,543	\$ 845,543	\$ 1,297,146	\$ 451,603

See accompanying independent auditors' report.

City of Loveland, Colorado
Police Seizures & Forfeitures
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Investment Earnings (Loss)	\$ -	\$ -	\$ (2,260)	\$ (2,260)
Total Revenues	-	-	(2,260)	(2,260)
Net Change in Fund Balance	-	-	(2,260)	(2,260)
Fund Balance--Beginning	49,645	49,645	49,645	-
Fund Balance--Ending	\$ 49,645	\$ 49,645	\$ 47,385	\$ (2,260)

See accompanying independent auditors' report.

City of Loveland, Colorado
Lodging Tax
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 850,000	\$ 850,000	\$ 1,111,918	\$ 261,918
Intergovernmental	100,000	-	20,000	20,000
Investment Earnings (Loss)	-	-	(33,112)	(33,112)
Miscellaneous	128,000	158,000	210,729	52,729
Total Revenues	1,078,000	1,008,000	1,309,535	301,535
Expenditures:				
Economic Development	994,814	1,194,814	1,094,656	100,158
Capital Outlay	-	-	6,000	(6,000)
Total Expenditures	994,814	1,194,814	1,100,656	94,158
Excess (Deficiency) of Revenues Over (Under) Expenditures	83,186	(186,814)	208,879	395,693
Other Financing Sources (Uses):				
Transfers In	5,000	255,000	5,000	(250,000)
Transfers (Out)	(10,000)	(12,500)	(17,500)	(5,000)
Total Other Financing Sources (Uses)	(5,000)	242,500	(12,500)	(255,000)
Net Change in Fund Balance	78,186	55,686	196,379	140,693
Fund Balance--Beginning	709,472	709,472	709,472	-
Fund Balance--Ending	\$ 787,658	\$ 765,158	\$ 905,851	\$ 140,693

See accompanying independent auditors' report.

City of Loveland, Colorado
PEG Fee
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 80,000	\$ 80,000	\$ 63,610	\$ (16,390)
Investment Earnings (Loss)	-	-	(19,766)	(19,766)
Total Revenues	80,000	80,000	43,844	(36,156)
Expenditures:				
Current:				
Information Technology	50,000	50,000	23,853	26,147
Capital Outlay:				
Capital Outlay	100,000	229,708	170,955	58,753
Total Expenditures	150,000	279,708	194,808	84,900
Net Change in Fund Balance	(70,000)	(199,708)	(150,964)	48,744
Fund Balance--Beginning	441,124	441,124	441,124	-
Fund Balance--Ending	\$ 371,124	\$ 241,416	\$ 290,160	\$ 48,744

See accompanying independent auditors' report.

City of Loveland, Colorado
Fiber Network
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Investment Earnings (Loss)	\$ -	\$ -	\$ (16,946)	\$ (16,946)
Total Revenues	-	-	(16,946)	(16,946)
Expenditures:				
Information Technology	25,000	25,000	17,073	7,927
Capital Outlay	125,000	70,000	-	70,000
Total Expenditures	150,000	95,000	17,073	77,927
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,000)	(95,000)	(34,019)	60,981
Other Financing Sources (Uses):				
Transfers (Out)	-	(55,000)	(18,000)	37,000
Total Other Financing Sources (Uses)	-	(55,000)	(18,000)	37,000
Net Change in Fund Balance	(150,000)	(150,000)	(52,019)	97,981
Fund Balance--Beginning	369,742	369,742	369,742	-
Fund Balance--Ending	\$ 219,742	\$ 219,742	\$ 317,723	\$ 97,981

See accompanying independent auditors' report.

City of Loveland, Colorado
Police Training Campus
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ -	\$ -	\$ 90,845	\$ 90,845
Investment Earnings (Loss)	-	-	(8,648)	(8,648)
Miscellaneous	263,066	325,286	263,066	(62,220)
Total Revenues	263,066	325,286	345,263	19,977
Expenditures:				
Police	526,132	650,572	376,631	273,941
Total Expenditures	526,132	650,572	376,631	273,941
Excess (Deficiency) of Revenues Over (Under) Expenditures	(263,066)	(325,286)	(31,368)	293,918
Other Financing Sources (Uses):				
Transfers In	263,066	325,286	263,066	(62,220)
Total Other Financing Sources (Uses)	263,066	325,286	263,066	(62,220)
Net Change in Fund Balance	-	-	231,698	231,698
Fund Balance--Beginning	212,313	212,313	212,313	-
Fund Balance--Ending	\$ 212,313	\$ 212,313	\$ 444,011	\$ 231,698

See accompanying independent auditors' report.

City of Loveland, Colorado
Parks & Recreation Improvement
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,800	\$ 1,800	\$ 1,771	\$ (29)
Charges for Services	45,500	45,500	85,624	40,124
Investment Earnings (Loss)	8,535	8,535	(21,882)	(30,417)
Miscellaneous	-	-	10,588	10,588
Total Revenues	55,835	55,835	76,101	20,266
Expenditures:				
Parks & Recreation	-	-	23,982	(23,982)
Capital Outlay	600,000	773,079	173,528	599,551
Total Expenditures	600,000	773,079	197,510	575,569
Excess (Deficiency) of Revenues Over (Under) Expenditures	(544,165)	(717,244)	(121,409)	595,835
Other Financing Sources (Uses):				
Transfers (Out)	(5,000)	(5,000)	(4,781)	219
Total Other Financing Sources (Uses)	(5,000)	(5,000)	(4,781)	219
Net Change in Fund Balance	(549,165)	(722,244)	(126,190)	596,054
Fund Balance--Beginning	951,119	951,119	951,119	-
Fund Balance--Ending	\$ 401,954	\$ 228,875	\$ 824,929	\$ 596,054

See accompanying independent auditors' report.

City of Loveland, Colorado
Perpetual Care
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 94,400	\$ 94,400	\$ 84,100	\$ (10,300)
Investment Earnings (Loss)	33,936	33,936	(162,963)	(196,899)
Total Revenues	128,336	128,336	(78,863)	(207,199)
Net Change in Fund Balance	128,336	128,336	(78,863)	(207,199)
Fund Balance--Beginning	3,557,076	3,557,076	3,557,076	-
Fund Balance--Ending	\$ 3,685,412	\$ 3,685,412	\$ 3,478,213	\$ (207,199)

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, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 21,576,060	\$ 21,576,060	\$ 22,194,119	\$ 618,059
Cash in Lieu of Water Rights	380,587	380,587	3,926,570	3,545,983
Miscellaneous	1,717,754	1,673,224	1,959,913	286,689
Investment Earnings (Loss)	145,837	145,837	(1,940,498)	(2,086,335)
System Impact/Development Fees	3,226,026	3,226,026	4,205,732	979,706
Raw Water Development Fees	879,053	879,053	1,862,625	983,572
Aid to Construction	-	2,314,464	4,541,545	2,227,081
Capital Grant Contributions	-	3,513,965	139,738	(3,374,227)
Total Revenues	27,925,317	33,709,216	36,889,744	3,180,528
Expenditures:				
Personal Services	6,089,435	6,089,435	6,107,148	(17,713)
Supplies	1,624,367	3,218,112	1,506,103	1,712,009
Purchased Services	6,265,135	9,902,738	7,975,884	1,926,854
Payment for Services	1,510,180	1,510,180	1,451,773	58,407
Transfers (Out)	99,250	314,098	51,241	262,857
Capital Acquisitions	12,714,708	26,199,789	-	26,199,789
Bond Expenses	1,821,729	1,833,699	1,504,525	329,174
Total Expenditures	30,124,804	49,068,051	18,596,674	30,471,377
Net Change in Fund Balance	(2,199,487)	(15,358,835)	18,293,070	33,651,905

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

Gain on Sale of Capital Asset	71,200
Contributed Assets	3,485,921
Depreciation	(4,305,159)
Loss on Sale of Capital Asset	(2,018)
Statement Total	\$ 17,543,014

See accompanying independent auditors' report.

City of Loveland, Colorado
Waste Water
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 17,290,068	\$ 17,290,068	\$ 17,219,511	\$ (70,557)
Miscellaneous	63,613	1,401,113	88,528	(1,312,585)
Investment Earnings (Loss)	20,715	20,715	(532,503)	(553,218)
System Impact/Development Fees	1,879,983	1,879,983	2,159,840	279,857
Aid to Construction	2,800,000	2,800,000	-	(2,800,000)
Total Revenues	22,054,379	23,391,879	18,935,376	(4,456,503)
Expenditures:				
Personal Services	4,629,748	4,629,748	4,431,889	197,859
Supplies	930,359	1,108,750	708,855	399,895
Purchased Services	4,488,798	5,270,348	3,904,542	1,365,806
Payment for Services	1,209,670	1,209,670	1,122,023	87,647
Transfers (Out)	43,500	311,742	38,862	272,880
Capital Acquisitions	5,181,930	10,077,959	-	10,077,959
Bond Expenses	891,951	891,951	856,826	35,125
Total Expenditures	17,375,956	23,500,168	11,062,997	12,437,171
Net Change in Fund Balance	4,678,423	(108,289)	7,872,379	7,980,668

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	17,500
Contributed Assets	2,425,559
Depreciation	(3,925,355)
Statement Total	\$ 6,390,083

See accompanying independent auditors' report.

City of Loveland, Colorado
Stormwater
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 8,247,980	\$ 8,347,980	\$ 9,212,108	\$ 864,128
Miscellaneous	36,000	66,120	108,912	42,792
Investment Earnings (Loss)	156,780	156,780	(354,258)	(511,038)
System Impact/Development Fees	412,750	412,750	1,000,630	587,880
Transfers In	-	-	750	750
Capital Grant Contributions	-	300,000	46,928	(253,072)
Total Revenues	8,853,510	9,283,630	10,015,070	731,440
Expenditures:				
Personal Services	1,926,889	1,926,889	1,684,797	242,092
Supplies	114,725	114,725	60,179	54,546
Purchased Services	1,631,426	2,768,384	1,463,980	1,304,404
Payment for Services	577,360	577,360	555,483	21,877
Transfers (Out)	59,800	165,514	60,615	104,899
Capital Acquisitions	7,182,650	11,738,127	-	11,738,127
Total Expenditures	11,492,850	17,290,999	3,825,054	13,465,945
Net Change in Fund Balance	(2,639,340)	(8,007,369)	6,190,016	14,197,385

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	79,168
Contributed Assets	1,852,069
Depreciation	(1,454,761)
Statement Total	\$ 6,666,492

See accompanying independent auditors' report.

City of Loveland, Colorado
Electric & Communications
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 84,053,064	\$ 88,053,064	\$ 82,887,562	\$ (5,165,502)
Miscellaneous	1,238,300	1,238,300	1,494,282	255,982
Investment Earnings (Loss)	341,480	341,480	(1,996,839)	(2,338,319)
System Impact/Development Fees	2,824,390	2,824,390	3,714,335	889,945
Bond Proceeds	-	15,000,000	-	(15,000,000)
Aid to Construction	3,971,000	4,971,000	3,559,770	(1,411,230)
Total Revenues	92,428,234	112,428,234	89,659,110	(22,769,124)
Expenditures:				
Personal Services	8,690,385	8,680,484	7,658,391	1,022,093
Supplies	799,998	1,084,678	806,639	278,039
Purchased Services	10,751,309	12,060,006	7,501,917	4,558,089
Purchased Power	46,855,300	50,855,300	49,969,493	885,807
Payment for Services	5,626,991	5,906,991	5,370,783	536,208
Transfers (Out)	621,238	673,870	259,578	414,292
Capital Acquisitions	18,998,508	62,290,684	-	62,290,684
Bond Expenses	3,817,951	18,850,251	3,471,777	15,378,474
Total Expenditures	96,161,680	160,402,264	75,038,578	85,363,686
Net Change in Fund Balance	(3,733,446)	(47,974,030)	14,620,532	62,594,562

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	33,500
Contributed Assets	2,115,772
Depreciation	(8,534,318)
Loss on Sale of Capital Asset	(32,427)
Statement Total	\$ 8,203,059

See accompanying independent auditors' report.

City of Loveland, Colorado
Solid Waste
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 9,702,309	\$ 9,702,309	\$ 10,188,427	\$ 486,118
Miscellaneous	(12,934)	(12,934)	34,687	47,621
Investment Earnings (Loss)	98,488	98,488	(351,105)	(449,593)
Capital Grant Contributions	-	-	1,222	1,222
Total Revenues	9,787,863	9,787,863	9,873,231	85,368
Expenditures:				
Personal Services	2,961,106	2,961,106	3,088,510	(127,404)
Supplies	524,600	566,660	375,679	190,981
Purchased Services	4,850,132	5,657,668	4,209,297	1,448,371
Payment for Services	658,027	658,027	660,054	(2,027)
Transfers (Out)	167,400	271,246	4,026	267,220
Capital Acquisitions	2,847,115	6,827,082	-	6,827,082
Bond Expenses	18,217	18,217	18,218	(1)
Total Expenditures	12,026,597	16,960,006	8,355,784	8,604,222
Net Change in Fund Balance	(2,238,734)	(7,172,143)	1,517,447	8,689,590

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	35,100
Depreciation	(937,513)
Statement Total	\$ 615,034

See accompanying independent auditors' report.

City of Loveland, Colorado
Golf
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 4,223,268	\$ 4,223,268	\$ 5,250,341	\$ 1,027,073
Miscellaneous	-	-	1,293	1,293
Investment Earnings (Loss)	70,876	70,876	(290,256)	(361,132)
Total Revenues	4,294,144	4,294,144	4,961,378	667,234
Expenditures:				
Personal Services	2,528,541	2,528,541	2,613,075	(84,534)
Supplies	627,516	676,970	589,758	87,212
Purchased Services	671,216	679,020	678,886	134
Transfers (Out)	12,500	22,650	39,162	(16,512)
Capital Acquisitions	2,120,118	6,509,882	-	6,509,882
Total Expenditures	5,959,891	10,417,063	3,920,881	6,496,182
Net Change in Fund Balance	(1,665,747)	(6,122,919)	1,040,497	7,163,416

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:

Gain on Sale of Capital Asset	8,000
Depreciation	(312,472)
Statement Total	\$ 736,025

See accompanying independent auditors' report.

City of Loveland, Colorado
Combining Statement of Net Position
Internal Service
December 31, 2022

	Fleet Replacement	Fleet Management	Risk & Insurance	Employee Benefits	Totals
ASSETS					
Current Assets:					
Equity in Pooled Cash	\$ 683,623	\$ 198,715	\$ 810,069	\$ 2,712,894	\$ 4,405,301
Equity in Pooled Investments	5,956,852	1,769,830	4,734,498	12,459,430	24,920,610
Receivables, Net	-	4,055	-	646,933	650,988
Accrued Interest	13,885	4,113	11,104	30,247	59,349
Inventory, at Cost	-	652,052	-	-	652,052
Total Current Assets	6,654,360	2,628,765	5,555,671	15,849,504	30,688,300
Noncurrent Assets:					
Interfund Loan Receivable	171,002	-	-	-	171,002
Restricted Assets:					
Equity in Pooled Restricted Cash	-	-	-	505,902	505,902
Total Restricted Assets	-	-	-	505,902	505,902
Property, Plant & Equipment:					
Land	209,516	-	-	-	209,516
Buildings	1,976,509	-	-	-	1,976,509
Leased Buildings	-	-	-	148,662	148,662
Equipment	20,130,177	264,372	-	-	20,394,549
Leased Equipment	-	198,983	-	-	198,983
Construction in Progress	1,825,973	-	-	-	1,825,973
Total Property, Plant & Equipment	24,142,175	463,355	-	148,662	24,754,192
Accumulated Depreciation	(13,425,814)	(171,190)	-	(24,777)	(13,621,781)
Net Property, Plant & Equipment	10,716,361	292,165	-	123,885	11,132,411
Total Non-Current Assets	10,887,363	292,165	-	629,787	11,809,315
Total Assets	17,541,723	2,920,930	5,555,671	16,479,291	42,497,615
LIABILITIES					
Current Liabilities:					
Accounts Payable	404,826	170,716	2,046,516	605,044	3,227,102
Lease Payable	-	154,418	-	129,507	283,925
Accrued Liabilities	-	72,896	25,495	929,247	1,027,638
Compensated Absences	-	80,421	27,991	-	108,412
Total Current Liabilities	404,826	478,451	2,100,002	1,663,798	4,647,077
Compensated Absences	-	65,799	22,901	-	88,700
Total Liabilities	404,826	544,250	2,122,903	1,663,798	4,735,777
NET POSITION					
Net Investment in Capital Assets	10,716,361	292,165	-	-	11,008,526
Restricted - Health Claims & Admin	-	-	-	505,902	505,902
Unrestricted	6,420,536	2,084,515	3,432,768	14,309,591	26,247,410
Total Net Position	\$ 17,136,897	\$ 2,376,680	\$ 3,432,768	\$ 14,815,493	\$ 37,761,838

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, 2022

	Fleet Replacement	Fleet Management	Risk & Insurance	Employee Benefits	Totals
Operating Revenues:					
Charges for Services	\$ 3,247,745	\$ 5,947,703	\$ 3,782,408	\$ 15,802,356	\$ 28,780,212
Miscellaneous	36,638	37,634	197,475	72,692	344,439
Total Operating Revenues	3,284,383	5,985,337	3,979,883	15,875,048	29,124,651
Operating Expenses:					
Personal Services	-	1,800,557	592,461	1,762	2,394,780
Supplies	77,411	3,474,422	26,385	58,346	3,636,564
Purchased Services	-	494,295	4,100,961	13,686,775	18,282,031
Depreciation	1,846,127	61,408	-	24,777	1,932,312
Total Operating Expenses	1,923,538	5,830,682	4,719,807	13,771,660	26,245,687
Net Operating Income (loss)	1,360,845	154,655	(739,924)	2,103,388	2,878,964
Nonoperating Revenues (Expenses):					
Investment Loss	(314,505)	(94,805)	(246,424)	(661,213)	(1,316,947)
Interest and debt service costs	-	(5,361)	-	(4,209)	(9,570)
Gain (Loss) on Sale of Capital Assets	113,200	-	-	-	113,200
Total Nonoperating Revenues (Expenses)	(201,305)	(100,166)	(246,424)	(665,422)	(1,213,317)
Net Income (Loss) Before Transfers	1,159,540	54,489	(986,348)	1,437,966	1,665,647
Transfers In	-	50,000	-	-	50,000
Transfers (Out)	(350,559)	(46,423)	-	-	(396,982)
Change in Net Position	808,981	58,066	(986,348)	1,437,966	1,318,665
Total Net Position - Beginning	16,327,916	2,318,614	4,419,116	13,377,527	36,443,173
Total Net Position - Ending	\$ 17,136,897	\$ 2,376,680	\$ 3,432,768	\$ 14,815,493	\$ 37,761,838

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, 2022

	Fleet Replacement	Fleet Management	Risk & Insurance	Employee Benefits	Totals
Cash Flows from Operating Activities:					
Cash Received from Interfund Services	\$ 3,247,745	\$ 6,047,687	\$ 3,811,403	\$ 15,228,991	\$ 28,335,826
Cash Payments for Goods and Services	-	(4,047,487)	(3,074,100)	(13,497,081)	(20,618,668)
Cash Payments to Employees	-	(1,790,959)	(577,160)	(701)	(2,368,820)
Miscellaneous	379,845	37,630	197,473	72,688	687,636
Net Cash Provided (Used) by Operating Activities	3,627,590	246,871	357,616	1,803,897	6,035,974
Cash Flows from Non-Capital Financing Activities:					
Repayments received on Interfund Loan receivables	51,268	-	-	-	51,268
Transfers In	-	50,000	-	-	50,000
Transfers Out	(350,559)	(46,423)	-	-	(396,982)
Net Cash Provided (Used) by Non-capital Financing Activities	(299,291)	3,577	-	-	(295,714)
Cash Flows from Capital and Related Financing Activities:					
Proceeds on Sale of Capital Assets	158,746	-	-	-	158,746
Payments for Capital Acquisition	(2,692,048)	(100,967)	-	-	(2,793,015)
Payments for Finance Leases	-	(49,926)	-	(19,150)	(69,076)
Interest Paid	-	-	-	(4,209)	(4,209)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,533,302)	(150,893)	-	(23,359)	(2,707,554)
Cash Flows from Investing Activities:					
Purchase of Investments	(2,286,614)	(881,008)	(1,239,534)	(5,294,418)	(9,701,574)
Proceeds from Sale of Investments	521,322	142,381	450,874	1,055,335	2,169,912
Investment Earnings	52,270	15,881	41,303	110,923	220,377
Net Cash Flows Provided (Used) by Investing Activities	(1,713,022)	(722,746)	(747,357)	(4,128,160)	(7,311,285)
Net Increase (Decrease) in Cash and Cash Equivalents	(918,025)	(623,191)	(389,741)	(2,347,622)	(4,278,579)
Cash and Cash Equivalents - Jan. 1	1,601,648	821,906	1,199,810	5,566,418	9,189,782
Cash and Cash Equivalents--Dec. 31	\$ 683,623	\$ 198,715	\$ 810,069	\$ 3,218,796	\$ 4,911,203
Reconciliation of Operating Income (Loss) to Net Operating Income (Loss)					
Operating Income (Loss)	\$ 1,360,845	\$ 154,655	\$ (739,924)	\$ 2,103,388	\$ 2,878,964
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,846,127	61,408	-	24,777	1,932,312
(Increase) Decrease in Accounts Receivable	18,602	99,985	28,995	(573,366)	(425,784)
Increase in Inventory	-	(59,677)	-	-	(59,677)
Increase (Decrease) in Current Liabilities	402,016	(9,500)	1,068,545	249,098	1,710,159
Total Adjustments	2,266,745	92,216	1,097,540	(299,491)	3,157,010
Net Cash Provided (Used) by Operating Activities	\$ 3,627,590	\$ 246,871	\$ 357,616	\$ 1,803,897	\$ 6,035,974
Noncash Investing, Capital and Financing Activities:					
Unrealized Loss on Investments	(369,963)	(111,403)	(289,788)	(777,588)	(1,548,742)
Reconciliation of cash and cash equivalents to statement of net position:					
Cash and cash equivalents	683,623	198,715	810,069	2,712,894	4,405,301
Restricted Assets - cash and cash equivalents	-	-	-	505,902	505,902
	\$ 683,623	\$ 198,715	\$ 810,069	\$ 3,218,796	\$ 4,911,203

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, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 3,494,208	\$ 3,494,208	\$ 3,247,745	\$ (246,463)
Miscellaneous	-	-	36,638	36,638
Investment Earnings (Loss)	-	-	(314,505)	(314,505)
Transfers In	167,400	577,400	-	(577,400)
Capital Grant Contributions	-	815,551	-	(815,551)
Total Revenues	3,661,608	4,887,159	2,969,878	(1,917,281)
Expenditures:				
Supplies	-	-	77,411	(77,411)
Transfers (Out)	-	436,200	350,559	85,641
Capital Acquisitions	2,727,222	5,995,491	-	5,995,491
Loss on Sale of Capital Assets	-	-	45,546	(45,546)
Total Expenditures	2,727,222	6,431,691	473,516	5,958,175
Net Change in Fund Balance	934,386	(1,544,532)	2,496,362	4,040,894

Reconciliation to Statement of Revenues, Expenditures and

Changes in Fund Net Position:	
Gain on Sale of Capital Asset	158,746
Depreciation	(1,846,127)
Statement Total	<u>\$ 808,981</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Fleet Management
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 5,974,096	\$ 7,083,619	\$ 5,947,703	\$ (1,135,916)
Miscellaneous	-	-	37,634	37,634
Investment Earnings (Loss)	-	-	(94,805)	(94,805)
Transfers In	-	50,000	50,000	-
Total Revenues	5,974,096	7,133,619	5,940,532	(1,193,087)
Expenditures:				
Personal Services	1,989,366	1,989,366	1,800,557	188,809
Supplies	2,785,081	3,916,764	3,474,422	442,342
Purchased Services	631,398	598,211	494,295	103,916
Transfers (Out)	500,000	850,000	46,423	803,577
Capital Acquisitions	-	100,968	-	100,968
Bond Expenses	-	5,400	5,361	39
Total Expenditures	5,905,845	7,460,709	5,821,058	1,639,651
Net Change in Fund Balance	68,251	(327,090)	119,474	446,564

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

Depreciation	(61,408)
Statement Total	<u>\$ 58,066</u>

See accompanying independent auditors' report.

City of Loveland, Colorado
Risk & Insurance
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ -	\$ 3,782,408	\$ 3,782,408	\$ -
Miscellaneous	-	-	197,475	197,475
Investment Earnings (Loss)	-	-	(246,424)	(246,424)
Total Revenues	-	3,782,408	3,733,459	(48,949)
Expenditures:				
Personal Services	617,575	617,575	592,461	25,114
Supplies	18,696	30,696	26,385	4,311
Purchased Services	3,704,631	3,692,631	4,100,961	(408,330)
Total Expenditures	4,340,902	4,340,902	4,719,807	(378,905)
Net Change in Fund Balance	(4,340,902)	(558,494)	(986,348)	(427,854)

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

\$ (986,348)

See accompanying independent auditors' report.

City of Loveland, Colorado
Employee Benefits
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 16,502,500	\$ 16,502,500	\$ 15,802,356	\$ (700,144)
Miscellaneous	118,000	118,000	72,692	(45,308)
Investment Earnings (Loss)	-	-	(661,213)	(661,213)
Total Revenues	16,620,500	16,620,500	15,213,835	(1,406,665)
Expenditures:				
Personal Services	8,750	8,750	1,762	6,988
Supplies	120,100	120,100	58,346	61,754
Purchased Services	15,565,200	15,560,900	13,686,775	1,874,125
Bond Expenses	-	4,300	4,209	91
Total Expenditures	15,694,050	15,694,050	13,751,092	1,942,958
Net Change in Fund Balance	926,450	926,450	1,462,743	536,293

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

Depreciation	(24,777)
Statement Total	<u>\$ 1,437,966</u>

See accompanying independent auditors' report.

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Fiduciary Fund

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

City of Loveland, Colorado
Special Improvement District #1 (SID)
Budgetary Comparison Schedule
For the Year Ended December 31, 2022

	Budgeted Amounts (unaudited)		Actual	Difference with Final Budget
	Original	Final		
Revenues:				
Special Assessments	\$ 635,000	\$ 635,000	\$ 454,307	\$ (180,693)
Interest	7,500	7,500	(4,611)	(12,111)
Miscellaneous	-	-	6,180	6,180
Total Revenues	642,500	642,500	455,876	(186,624)
Expenditures:				
General Administration	10,000	10,000	2,840	7,160
Bond Principal	500,000	500,000	395,000	105,000
Bond Interest	95,000	95,000	93,113	1,887
Trustee Fees	1,500	1,500	300	1,200
Total Expenditures	606,500	606,500	491,253	115,247
Net Change in Fund Balance	36,000	36,000	(35,377)	(71,377)
Fund Balance--Beginning	409,011	409,011	409,011	-
Fund Balance--Ending	\$ 445,011	\$ 445,011	\$ 373,634	\$ (71,377)

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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..... 131
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..... 141
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..... 144
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..... 148
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..... 151
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)

	2013	2014	2015	2016	2017
Governmental Activities					
Net Investment in Capital Assets	\$ 301,651,481	\$ 327,486,198	\$ 334,471,486	\$ 349,269,785	\$ 370,968,085
Restricted	27,990,603	25,425,762	23,991,063	19,889,376	42,204,301
Unrestricted	95,320,222	88,271,751	89,140,975	109,138,773	85,659,674
Total Governmental Activities Net Position	424,962,306	441,183,711	447,603,524	478,297,934	498,832,060
Business-Type Activities					
Net Investment in Capital Assets	380,761,746	398,830,123	412,250,813	439,794,339	463,351,560
Future Capital Improvements	41,854,010	43,987,341	38,346,067	38,620,559	44,650,171
Unrestricted	44,941,194	39,181,529	50,999,539	50,990,044	48,112,329
Total Business-Type Activities Net Position	467,556,950	481,998,993	501,596,419	529,404,942	556,114,060
Primary government					
Net Investment In Capital Assets	682,413,227	726,316,321	746,722,299	789,064,124	834,319,645
Restricted	69,844,613	69,413,103	62,337,130	58,509,935	86,854,472
Unrestricted	140,261,416	127,453,280	140,140,514	160,128,817	133,772,003
Total Primary Government Net Position	\$ 892,519,256	\$ 923,182,704	\$ 949,199,943	\$ 1,007,702,876	\$ 1,054,946,120

	2018	2019	2020	2021	2022
\$	375,178,255	\$ 407,352,447	\$ 442,641,192	\$ 461,306,590	\$ 477,176,229
	40,657,508	35,401,193	37,872,003	47,053,799	54,285,713
	92,826,599	93,934,510	93,096,876	117,255,519	129,992,428
	508,662,362	536,688,150	573,610,071	625,615,908	661,454,370
	487,093,974	512,801,745	540,618,535	568,110,085	592,286,050
	53,143,019	49,882,904	55,601,577	49,936,494	60,577,669
	44,467,491	53,747,205	55,842,929	61,992,221	67,328,788
	584,704,484	616,431,854	652,063,041	680,038,800	720,192,507
	862,272,229	920,154,192	983,259,727	1,029,416,675	1,069,462,279
	93,800,527	85,284,097	93,473,580	96,990,293	114,863,382
	137,294,090	147,681,715	148,939,805	179,247,740	197,321,216
\$	1,093,366,846	\$ 1,153,120,004	\$ 1,225,673,112	\$ 1,305,654,708	\$ 1,381,646,877

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

	2013	2014	2015	2016
Expenses				
Governmental Activities:				
Legislative	\$ 118,263	\$ 162,625	\$ 157,812	\$ 151,146
Executive	2,040,641	1,944,875	2,134,424	2,199,258
City Manager	-	-	-	-
City Attorney	-	-	-	-
City Clerk	-	-	-	-
Municipal Court	-	-	-	-
Finance	1,495,077	1,736,626	1,731,226	1,846,402
Human Resources	312,209	156,840	249,177	358,285
Information Technology	2,951,995	656,388	925,018	983,766
Economic Development	2,509,865	3,922,742	5,416,693	4,046,522
Development Services	6,120,833	7,085,388	7,303,464	7,391,751
Public Works	19,132,121	29,259,394	19,659,340	22,454,121
Police	17,753,905	19,092,543	20,122,411	21,508,676
Fire and Rescue	10,110,872	11,267,310	13,127,952	13,968,518
Parks & Recreation	12,989,173	13,139,972	13,433,473	14,149,386
Library	3,267,977	3,465,978	3,513,276	3,598,465
Cultural Services	3,083,926	2,269,629	2,375,343	2,522,341
General Government	20,233,243	21,610,982	24,936,240	24,003,139
Interest on Long-Term Debt	-	-	-	-
Total Governmental Activities Expense	102,120,100	115,771,292	115,085,849	119,181,776
Business-Type Activities:				
Water	13,219,134	14,421,083	14,993,052	15,666,363
Wastewater	8,514,371	8,152,372	9,004,724	9,078,498
Stormwater	3,837,057	4,142,323	4,218,805	4,342,427
Electric & Communications	53,828,287	56,745,572	56,935,935	58,211,434
Solid Waste	5,768,080	5,772,448	5,956,930	6,453,721
Golf	3,466,487	3,649,645	3,757,673	4,558,219
Total Business-Type Activities Expenses	88,633,416	92,883,443	94,867,119	98,310,662
Total Primary Government Expenses	190,753,516	208,654,735	209,952,968	217,492,438
Program Revenues				
Governmental Activities:				
Charges for services:				
Executive	874,554	960,705	1,093,954	944,041
City Manager	-	-	-	-
City Attorney	-	-	-	-
City Clerk	-	-	-	-
Municipal Court	-	-	-	-
Finance	194,586	220,807	213,550	206,081
Human Resources	-	26	-	-
Information Technology	-	-	-	-
Economic Development	56,049	75,718	80,205	94,072
Development Services	1,648,640	2,405,098	2,742,511	3,058,494
Public Works	3,156,866	3,317,741	5,272,211	5,803,971
Police	1,126,139	1,249,248	1,124,858	1,263,912
Fire and Rescue	318,997	416,909	365,378	582,014
Parks & Recreation	5,705,461	5,273,998	4,326,854	5,131,937
Library	85,239	90,717	93,226	92,278
Cultural Services	290,673	366,835	366,894	418,057
General Government	5,738,507	5,938,830	6,430,198	7,054,713
Operating grants and contributions	15,501,176	15,144,081	18,170,851	18,282,481
Capital grants and contributions	11,321,276	24,080,916	12,390,432	21,755,995
Total Governmental Activities Revenues	\$ 46,018,163	\$ 59,541,629	\$ 52,671,122	\$ 64,688,046

Source: City of Loveland Financial Statements

	2017	2018	2019	2020	2021	2022
\$	159,913	\$ 187,723	\$ 144,975	\$ 142,847	\$ 150,963	\$ 204,159
	4,216,699	3,376,411	5,380,650	-	-	-
	-	-	-	5,027,941	3,121,875	4,647,058
	-	-	-	1,282,582	1,283,365	1,576,442
	-	-	-	737,749	592,360	722,062
	-	-	-	680,160	700,112	770,627
	1,295,259	1,256,557	5,388,175	5,822,026	6,075,509	6,836,546
	420,729	424,206	1,638,690	1,432,526	1,462,259	1,842,468
	556,131	1,831,164	6,401,536	6,892,385	5,953,913	7,478,684
	3,090,713	2,551,997	2,597,640	2,914,656	2,065,899	2,809,222
	6,509,167	6,737,725	3,981,403	5,701,230	5,590,896	5,886,993
	23,931,894	31,567,513	27,180,708	30,043,177	31,960,206	34,186,621
	24,783,280	27,082,050	25,312,191	25,999,756	34,907,689	28,705,018
	16,365,941	22,272,980	18,193,823	19,287,233	33,800,088	25,025,382
	14,103,788	16,364,686	12,040,970	13,456,687	12,691,587	16,953,694
	4,123,625	4,272,659	3,385,385	2,920,546	3,504,378	3,767,653
	2,600,450	2,942,481	2,089,675	3,731,823	2,363,832	2,969,843
	24,815,615	23,571,072	16,784,988	19,008,838	30,301,034	27,756,133
		-	-	781,283	971,660	943,227
	126,973,204	144,439,224	130,520,809	145,863,445	177,497,625	173,081,832
	16,075,296	16,308,692	15,666,095	17,668,199	18,914,717	22,850,592
	9,679,668	11,304,051	13,085,842	13,747,570	14,014,978	14,949,490
	5,850,696	4,927,823	5,055,877	5,689,635	6,530,754	5,219,200
	64,494,714	64,180,716	68,751,131	71,180,474	76,955,901	83,313,318
	6,714,450	7,243,803	7,743,425	7,774,032	8,490,265	9,289,271
	3,872,895	3,669,380	3,557,875	3,526,340	3,921,240	4,194,191
	106,687,719	107,634,465	113,860,245	119,586,250	128,827,855	139,816,062
	233,660,923	252,073,689	244,381,054	265,449,695	306,325,480	312,897,894
	1,041,189	1,665,482	1,816,728	-	-	-
	-	-	-	90,971	213,974	655,385
	-	-	-	54,551	26,982	28,038
	-	-	-	65,840	87,566	88,426
	-	-	-	1,054,434	831,211	539,417
	264,016	243,877	226,958	208,229	251,738	281,394
	-	-	-	1,465	695	-
	-	-	-	258,325	179,946	238,850
	611,278	156,092	233,795	1,343,115	-	333,019
	2,567,529	2,768,763	2,141,143	3,273,085	4,882,160	7,719,754
	6,506,628	19,218,892	18,093,078	22,514,463	19,368,504	21,543,621
	1,444,770	696,939	2,967,706	6,538,486	1,898,764	1,717,568
	4,839,718	7,418,801	3,769,092	2,896,385	15,628,034	3,483,085
	4,757,024	4,834,484	5,504,094	3,294,031	4,367,279	6,025,762
	72,431	95,501	50,342	139,437	90,818	139,074
	431,274	470,431	616,260	230,858	362,960	934,660
	7,934,902	77,655	49,046	3,843,246	4,731,782	1,424,219
	22,130,784	21,457,236	23,138,462	23,365,634	23,816,808	25,771,719
	13,680,064	7,045,733	4,214,800	17,076,354	46,194,664	24,216,319
\$	66,281,607	66,149,886	62,821,504	86,248,909	122,933,885	95,140,310

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

	2013	2014	2015	2016
Business-type Activities				
Charges for services				
Water	\$ 10,100,125	\$ 11,637,020	\$ 13,252,667	\$ 15,298,606
Wastewater	8,122,896	8,658,044	9,523,580	10,812,210
Stormwater	4,124,910	4,539,285	5,113,905	5,785,926
Electric & Communications	54,541,358	56,131,726	57,513,426	60,070,432
Solid Waste	6,040,794	6,242,999	6,506,747	6,823,296
Golf	3,256,450	3,497,796	3,734,006	3,796,133
Capital grants and contributions	11,615,334	17,332,613	16,712,187	22,466,304
Operating grants and contributions	-	89,863	288,683	211,522
Total Business-Type Activities Revenues	97,801,867	108,129,346	112,645,201	125,264,429
Total Primary-Government Revenues	143,820,030	167,670,975	165,316,323	189,952,475
Net (Expense) Revenue				
Governmental Activities	(56,101,937)	(56,229,663)	(62,414,727)	(54,493,730)
Business-Type Activities	9,168,451	15,245,903	17,778,082	26,953,767
Total Primary Government Net (Expense)/Revenues	(46,933,486)	(40,983,760)	(44,636,645)	(27,539,963)
General Revenues & Other Changes in Net Position				
Governmental Activities				
Taxes				
Property Taxes	18,708,893	18,706,275	18,546,909	20,904,830
Sales and Use Taxes	42,342,445	46,954,355	48,751,148	50,527,501
Franchise Taxes	1,772,839	1,886,816	1,864,925	1,800,051
Other Taxes	1,175,053	1,390,290	1,415,285	1,210,092
Investment Earnings	(941,945)	1,917,038	1,265,529	589,669
Gain on Sale of Assets	208,383	298,520	569,139	170,947
Transfers	2,687,534	1,297,774	(824,365)	(308,505)
Total Governmental Activities	65,953,202	72,451,068	71,588,570	74,894,585
Business-Type Activities				
Investment Earnings	(581,995)	1,500,081	994,979	546,251
Gain on Sale of Assets	22,504	(1,006,167)	-	-
Transfers	(2,687,534)	(1,297,774)	824,365	308,505
Total Business-Type Activities	(3,247,025)	(803,860)	1,819,344	854,756
Total Primary Government	62,706,177	71,647,208	73,407,914	75,749,341
Change in Net Position				
Governmental Activities	9,851,265	16,221,405	9,173,843	20,400,855
Business-Type Activities	5,921,426	14,442,043	19,597,426	27,808,523
Total Primary Government	\$ 15,772,691	\$ 30,663,448	\$ 28,771,269	\$ 48,209,378

Source: City of Loveland Financial Statements

	2017	2018	2019	2020	2021	2022
\$	16,756,753	\$ 18,689,859	\$ 18,643,554	\$ 22,127,504	\$ 23,539,395	\$ 25,979,178
	11,937,729	13,053,629	13,699,495	14,929,933	16,221,277	17,280,370
	6,483,986	7,000,161	7,625,978	8,099,802	8,326,803	9,367,948
	63,851,915	66,770,400	68,929,460	70,863,380	77,780,985	84,254,109
	7,053,445	8,074,467	8,620,149	8,783,551	9,626,951	10,216,241
	3,825,009	3,821,241	3,860,142	4,387,012	5,297,111	5,251,634
	17,720,613	18,763,653	25,349,844	24,821,451	19,014,070	33,106,233
	275,738	333,552	352,474	319,345	273,259	222,226
	127,905,188	136,506,962	147,081,096	154,331,978	160,079,851	185,677,939
	194,186,795	202,656,848	209,902,600	240,580,887	283,013,736	280,503,568
	(60,691,596)	(78,289,338)	(67,699,305)	(59,614,536)	(54,563,740)	(77,941,522)
	21,217,468	28,872,497	33,220,851	34,745,728	31,251,996	45,861,877
	(39,474,128)	(49,416,841)	(34,478,454)	(24,868,808)	(23,311,744)	(32,079,645)
	21,680,942	23,899,977	26,678,420	29,121,824	30,849,766	32,611,983
	54,481,516	57,372,198	59,077,014	59,647,002	68,632,108	84,226,885
	2,018,640	1,860,176	1,837,808	1,669,956	1,720,272	2,180,021
	2,198,110	1,940,748	2,170,466	1,746,201	1,824,083	2,183,109
	1,373,292	1,599,707	3,193,518	1,343,775	226,628	(5,710,647)
	31,522	102,157	153,803	221,161	1,115,795	102,157
	(558,300)	1,344,677	2,614,064	2,786,538	2,200,925	452,734
	81,225,722	88,119,640	95,725,093	96,536,457	106,569,577	116,046,242
	1,005,237	1,359,120	5,273,004	3,431,421	(1,310,212)	(5,465,459)
	-	(296,516)	(1,652,421)	240,576	234,900	210,023
	558,300	(1,344,677)	(2,614,064)	(2,786,538)	(2,200,925)	(452,734)
	1,563,537	(282,073)	1,006,519	885,459	(3,276,237)	(5,708,170)
	82,789,259	87,837,567	96,731,612	97,421,916	103,293,340	110,338,072
	20,534,126	9,830,302	28,025,788	36,921,921	52,005,837	38,104,720
	22,781,005	28,590,424	34,227,370	35,631,187	27,975,759	40,153,707
\$	43,315,131	\$ 38,420,726	\$ 62,253,158	\$ 72,553,108	\$ 79,981,596	\$ 78,258,427

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

	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 16,701	\$ 199,045	\$ 55,603	\$ 51,685
Restricted	1,851,741	2,439,462	2,317,041	2,906,882
Committed	11,941,797	18,219,015	24,784,252	19,097,578
Assigned	1,412,714	1,344,179	1,385,845	1,155,031
Unassigned	25,621,810	22,996,438	17,902,106	21,741,419
Total General Fund	\$ 40,844,763	\$ 45,198,139	\$ 46,444,847	\$ 44,952,595
All Other Governmental Funds				
Nonspendable				
Capital Expansion Fees	4,485,000	2,130,012	-	-
Transportation	-	-	-	-
Other Governmental Funds	900,768	957,172	997,132	1,033,093
Restricted				
Loveland Urban Renewal Authority	264,893	516,443	735,192	972,722
Loveland Fire Rescue Authority	17,397	17,397	17,397	101,176
Capital Projects	-	-	-	-
Other Governmental Funds	20,454,105	19,166,231	17,545,105	14,823,817
Committed				
Capital Expansion Fees	33,436,499	25,948,944	33,331,085	37,127,980
Other Governmental Funds	380,202	389,879	485,775	515,297
Assigned				
Capital Projects	862,472	872,472	1,058,324	2,331,869
Other Governmental Funds	3,949,823	4,155,436	3,934,819	3,796,447
Unassigned				
Transportation	-	-	-	-
Capital Project Fund	-	-	-	-
Total All Other Governmental Funds	64,751,159	54,153,986	58,104,829	60,702,401
Total Governmental Funds	\$ 105,595,922	\$ 99,352,125	\$ 104,549,676	\$ 105,654,996

Source: City of Loveland Financial Statements

NOTE: 2020 and 2021 General Fund Unassigned Fund Balance Restated for error corrections

	2017	2018	2019	2020	2021	2022
\$	47,650	\$ 43,493	\$ 39,212	\$ 34,802	\$ 30,261	\$ 80,740
	25,715,544	11,988,505	8,185,477	4,883,384	6,395,429	11,894,582
	2,494,422	5,597,274	566,558	812,088	825,050	1,151,752
	-	-	-	-	-	-
	10,591,362	14,720,142	19,268,245	27,284,135	38,355,080	50,036,129
\$	38,848,978	\$ 32,349,414	\$ 28,059,492	\$ 33,014,409	\$ 45,605,820	\$ 63,163,203
	-	-	-	-	-	-
	-	512,180	350,670	532,779	442,351	322,397
	1,114,935	1,157,959	3,306,565	3,503,234	3,579,557	3,506,846
	1,018,896	296,164	647,652	1,454,625	3,489,306	3,936,340
	2,090,853	8,457,297	6,825,362	7,406,621	14,780,713	11,192,761
	-	993,921	-	-	-	-
	12,216,423	14,561,785	15,822,662	18,061,112	18,376,703	19,291,876
	41,159,739	36,822,062	33,033,106	32,110,116	42,163,277	47,970,182
	717,238	1,369,078	1,535,910	1,157,210	1,686,667	1,587,306
	9,801,816	1,250,612	1,514,211	-	-	-
	3,981,477	4,110,607	1,983,210	1,456,914	1,320,861	1,142,652
	-	(512,180)	(350,670)	(532,779)	(442,351)	(322,397)
	-	-	-	(1,439,858)	(1,150,884)	(1,274,153)
	72,101,377	69,019,485	64,668,678	63,709,974	84,246,200	87,353,810
\$	110,950,355	\$ 101,368,899	\$ 92,728,170	\$ 96,724,383	\$ 129,852,020	\$ 150,517,013

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

	2013	2014	2015	2016
Revenues				
Taxes	\$ 63,791,664	\$ 68,523,097	\$ 70,117,336	\$ 74,220,077
Licenses and Permits	1,951,145	3,073,136	3,076,189	3,310,912
Fines and Penalties	871,879	966,619	1,123,670	929,370
Intergovernmental	18,535,293	21,238,565	22,760,809	24,233,341
Charges for Services	11,413,048	12,175,143	15,535,481	16,607,925
Investment Earnings	(941,945)	1,917,038	1,265,530	589,670
Payment in Lieu of Taxes	-	-	-	-
Contributions	-	-	-	-
Miscellaneous	7,795,014	7,635,519	8,219,150	9,494,166
Total Revenues	103,416,098	115,529,117	122,098,165	129,385,461
Expenditures				
Current				
Legislative	118,263	162,625	157,812	151,146
Executive	2,042,214	1,962,771	2,122,554	2,211,243
City Manager	-	-	-	-
City Attorney	-	-	-	-
City Clerk	-	-	-	-
Municipal Court	-	-	-	-
Finance	1,451,102	1,717,652	1,683,036	1,819,888
Human Resources	184,742	277,384	240,311	355,772
Information Technology	2,759,834	433,181	639,513	689,898
Economic Development	2,502,289	3,910,697	5,413,443	3,387,769
Development Services	3,245,205	4,197,908	4,516,499	4,412,253
Public Works	12,902,846	13,604,425	13,202,521	15,141,677
Police	17,105,778	18,409,049	19,602,485	20,860,058
Fire and Rescue	9,818,839	10,736,189	11,929,102	13,150,622
Parks & Recreation	11,061,496	11,388,857	11,181,335	11,121,873
Library	2,807,092	3,045,902	3,165,964	3,271,662
Cultural Services	1,911,961	2,012,556	2,086,915	2,230,327
General Government	19,328,503	19,635,681	21,035,844	22,972,699
Capital Outlay	15,077,462	32,589,133	18,489,108	21,079,771
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	102,317,626	124,084,010	115,466,442	122,856,658
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,098,472	(8,554,893)	6,631,723	6,528,803
Other Financing Sources (Uses)				
Transfers In	14,620,366	24,435,810	14,559,142	15,877,819
Transfers (Out)	(11,932,830)	(23,124,647)	(15,993,509)	(21,301,301)
Debt Issued	-	-	-	-
Insurance Recoveries	1,725,198	999,933	195	-
Total Other Financing Sources (Uses)	4,412,734	2,311,096	(1,434,172)	(5,423,482)
Net Change in Fund Balance	\$ 5,511,206	\$ (6,243,797)	\$ 5,197,551	\$ 1,105,321
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%

Source: City of Loveland Financial Statements

NOTE: 2020 & 2021 Miscellaneous Revenue and 2021 Cultural Services expenditures changed due to error corrections

2017	2018	2019	2020	2021	2022
\$ 80,233,216	\$ 83,406,784	\$ 88,501,636	\$ 91,338,747	\$ 102,493,932	\$ 119,252,026
3,126,114	3,341,235	2,567,487	3,902,767	6,846,962	8,298,760
972,875	1,263,732	1,203,527	1,003,433	837,820	538,242
25,242,347	27,533,890	28,535,074	32,886,093	36,801,684	34,391,374
15,222,967	16,914,492	15,759,460	18,360,470	21,488,758	26,311,400
1,373,293	1,599,707	3,193,518	1,343,775	226,628	(5,710,647)
-	-	-	8,132,827	8,790,101	9,160,116
-	-	-	5,865,552	23,748	618,698
12,057,015	12,193,909	15,005,029	5,750,216	4,114,034	4,346,703
138,227,827	146,253,749	154,765,731	168,583,880	181,623,667	197,206,672

159,913	187,723	144,975	142,847	150,963	204,159
4,036,220	3,322,807	5,456,462	-	-	-
-	-	-	4,990,757	3,101,095	4,652,876
-	-	-	1,243,257	1,295,583	1,557,165
-	-	-	740,762	584,936	715,187
-	-	-	676,200	700,449	766,259
1,282,258	1,221,190	5,470,110	5,704,161	6,128,394	6,796,023
445,725	385,130	1,701,545	1,430,180	1,458,268	1,839,490
316,523	1,536,654	6,288,049	6,554,490	5,643,385	6,751,684
3,017,793	2,500,959	2,573,507	2,900,642	1,998,527	2,802,163
3,623,654	3,811,987	2,886,029	2,802,537	2,771,733	3,035,377
17,706,618	24,291,235	26,385,684	21,196,097	22,309,515	23,842,215
24,258,829	26,252,517	25,391,129	25,170,853	24,398,939	27,694,607
15,320,180	16,656,580	17,919,633	18,427,368	21,302,646	23,742,541
11,563,778	13,223,723	11,183,651	10,303,173	10,658,793	12,341,203
3,762,506	3,918,838	3,252,119	2,855,153	2,947,392	3,184,078
2,540,385	2,727,844	2,160,288	1,848,099	2,173,981	2,638,208
26,689,263	28,239,484	23,454,914	25,399,372	30,133,182	29,367,351
33,036,629	31,906,516	33,060,864	39,644,903	21,927,005	24,761,678
	274,903	232,449	901,476	4,031,054	1,360,413
468,894	823,992	805,920	784,283	971,210	974,351
148,229,168	161,282,082	168,367,328	173,716,610	164,687,050	179,027,028

(10,001,341)	(15,028,333)	(13,601,597)	(5,132,730)	16,936,617	18,179,644
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36,008,348	28,794,567	31,368,083	35,839,740	19,160,932	15,279,541
(36,611,649)	(27,756,890)	(26,407,215)	(26,710,797)	(16,514,849)	(14,479,824)
15,900,000	4,409,200	-	-	13,544,937	1,685,632
-	-	-	-	-	-
15,296,699	5,446,877	4,960,868	9,128,943	16,191,020	2,485,349
\$ 5,295,358	\$ (9,581,456)	\$ (8,640,729)	\$ 3,996,213	\$ 33,127,637	\$ 20,664,993
0.04%	0.85%	0.77%	1.26%	3.51%	1.51%

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

	2013	2014	2015	2016
Department Stores & General Merchandise	\$ 274,109,685	\$ 276,744,986	\$ 270,693,274	\$ 264,384,639
Restaurants & Bars	178,533,598	190,187,912	206,674,358	211,408,110
Grocery Stores & Specialty Foods	121,256,853	129,506,120	142,555,626	155,842,903
Motor Vehicle Dealers, Auto Parts & Leasing	95,764,794	109,598,817	116,334,884	123,159,183
Building Materials, Lawn & Garden Supplies	82,711,176	99,082,447	110,932,445	120,164,180
Electronic Shopping & Mail-Order Houses	15,503,366	22,418,225	19,914,730	21,210,574
Clothing & Clothing Accessories Stores	126,009,320	134,717,972	136,790,016	128,678,615
Utilities	60,644,714	64,182,261	64,709,874	64,911,876
Used Merchandise Stores	43,151,166	51,771,880	55,602,910	55,576,353
Sporting Goods, Hobby, Book & Music Stores	75,542,646	69,872,200	69,652,955	70,118,603
Consumer Goods & Commercial Equipment Rental	25,124,144	26,001,035	32,627,335	35,674,860
Electronics & Appliance Stores	24,348,964	27,081,081	29,156,779	32,363,432
Beer, Wine & Liquor Stores	30,591,921	32,771,682	35,144,018	37,378,773
Health & Personal Care Stores	22,679,821	24,184,828	25,738,812	25,362,219
Hotels, Motels & Other Accommodations	29,259,981	34,803,569	34,947,731	35,576,429
Broadcasting & Telecommunications	44,470,340	49,318,711	45,335,493	39,859,130
Furniture & Home Furnishing Stores	19,203,399	20,615,891	23,029,403	23,765,980
Gasoline Stations with Convenience Stores	10,591,355	13,230,004	14,872,703	15,149,542
Office Supplies, Stationery & Gift Stores	12,390,228	12,985,091	12,061,466	9,599,761
All Other Categories	41,053,877	44,780,482	45,911,423	53,390,700
	\$ 1,332,941,348	\$ 1,433,855,194	\$ 1,492,686,235	\$ 1,523,575,862

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

	2017	2018	2019	2020	2021	2022
\$	265,609,205	\$ 280,312,063	\$ 286,929,211	\$ 294,881,782	\$ 317,428,259	\$ 326,857,321
	220,605,183	232,407,146	238,987,880	202,326,833	238,074,845	277,578,526
	167,949,122	158,424,696	198,525,897	197,191,418	196,410,035	204,807,650
	135,160,541	140,963,620	151,870,172	153,298,019	183,983,823	190,000,311
	126,548,513	130,413,298	139,493,874	164,591,606	165,939,676	197,590,262
	40,735,145	50,647,172	62,055,246	79,564,095	89,749,812	121,930,032
	123,988,123	119,278,467	101,732,469	69,251,659	87,690,040	77,213,508
	68,015,461	72,404,726	76,500,623	74,685,815	83,380,551	93,226,023
	60,689,744	61,665,848	64,653,055	61,865,587	75,311,160	83,710,259
	67,073,041	59,177,505	55,521,130	52,813,645	64,700,621	59,857,054
	39,782,395	44,573,117	46,715,288	43,062,942	49,112,779	51,093,699
	34,357,053	35,936,636	40,876,629	37,934,351	44,458,171	45,203,488
	39,021,329	38,449,194	33,937,477	37,270,346	35,780,673	34,868,934
	24,950,613	24,642,318	26,693,289	28,979,368	34,072,346	36,299,748
	35,964,857	37,776,265	41,025,271	21,580,216	31,598,031	45,832,723
	37,607,236	34,838,716	30,987,036	28,766,053	26,173,040	26,059,751
	24,961,249	22,090,985	22,833,594	13,110,769	24,260,464	25,744,436
	15,435,763	16,466,845	19,198,877	20,833,909	24,155,019	27,538,957
	8,016,689	10,376,476	8,333,256	9,424,348	7,586,446	7,887,035
	58,821,431	59,624,192	92,211,871	95,991,984	108,395,289	144,785,670
	\$ 1,595,292,693	\$ 1,630,469,285	\$ 1,739,082,145	\$ 1,687,424,745	\$ 1,888,261,080	\$ 2,078,085,387

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

	State	County	City	Centerra Metro District
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%
2022	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 2013			Fiscal Year 2022		
	Tax Liability	Rank	Percentage of Total Tax Collected	Tax Liability	Rank	Percentage of Total Tax Collected
Department Stores & General Merchandise	\$ 7,911,490	1	21.72%	\$ 9,654,293	1	16.21%
Restaurants & Bars	4,715,323	2	12.95%	7,705,315	2	12.93%
Grocery Stores & Specialty Foods	3,622,745	3	9.95%	6,135,771	3	10.30%
Building Material & Lawn & Garden Supplies	2,461,189	5	6.76%	5,932,237	4	9.96%
Motor Vehicle Dealers, Auto Parts & Leasing	2,582,659	6	7.09%	5,190,694	5	8.71%
Electronic Shopping & Mail-Order Houses				3,620,431	6	6.08%
Utilities	1,815,154	7	4.98%	2,796,865	7	4.69%
Misc. Retail including Used Merchandise Stores	1,117,068	10	3.07%	2,522,554	8	4.23%
Sporting Goods, Hobby, Book & Music Stores	1,926,207	8	5.29%	1,546,184	9	2.60%
Consumer Goods & Commercial Equipment Rental				1,536,373	10	2.58%
Clothing & Clothing Accessories Stores	2,669,120	4	7.33%			
Beer, Wine & Liquor Stores						
Broadcasting & Telecommunications	1,290,596	9	3.54%			
Total (Top Ten Principal Remitters only)	\$ 30,111,551		82.67%	\$ 46,640,717		78.29%
Total Sales Tax Collected	\$ 36,425,736			\$ 59,573,346		

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
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
2022	-	14,790,000	759,475	-	11,910,376	1,000,000

Fiscal Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Oversizing Agreements	Water/Waste-water Board Loan ¹	Electric & Communication Loan 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	95,142,885	153,145,158	3.66%	1,982.9
2020	118,274	34,225,000	94,737,770	150,274,058	3.49%	1,952.3
2021	143,691	85,399,814	94,298,895	209,468,780	4.83%	2,742.5
2022	328,545	79,556,516	93,893,780	202,238,692	3.52%	2,602.5

¹ Includes Bond Premium

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, 2022

	Debt Outstanding	Percentage Applicable to Loveland¹	Loveland's Share of Debt
<u>Governmental Unit</u>			
City of Loveland - Debt Applicable to Debt Limit	\$ 28,486,679	100.0%	\$ 28,486,679
Thompson R2-J School District	238,868,597	55.4%	<u>132,333,203</u>
Total			<u>\$ 160,819,882</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 6/30/2022

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

	2013	2014	2015
Debt Limit	212,505,288	215,026,668	252,345,735
Total net debt applicable to limit	-	-	-
Legal debt margin	<u>\$ 212,505,288</u>	<u>\$ 215,026,668</u>	<u>\$ 252,345,735</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 2022

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

2016	2017	2018	2019	2020	2021	2022
258,781,268	315,872,211	322,651,905	378,228,794	383,115,598	415,758,875	422,767,599
-	15,900,000	15,900,000	15,900,000	15,540,000	16,170,000	15,790,000

\$ 258,781,268 \$ 299,972,211 \$ 306,751,905 \$ 362,328,794 \$ 367,575,598 \$ 399,588,875 \$ 406,977,599

0.00% 5.03% 4.93% 4.20% 4.06% 3.89% 3.73%

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	
2013	3,792,017	2,647,869	1,144,148	-	-	-	-
2014	9,297,087	8,938,200	358,887	-	3,296	3,296	-
2015	10,667,855	10,070,110	597,745	-	28,251	28,251	21.16
2016	11,944,794	10,449,268	1,495,526	-	315,865	315,865	4.73
2017	13,763,155	10,644,392	3,118,763	600,000	413,835	1,013,835	3.08
2018	27,854,645	21,040,959	6,813,686	620,000	533,760	1,153,760	5.91
2019	31,132,049	20,367,429	10,764,620	1,305,000	3,662,902	4,967,902	2.17
2020	101,007,770	83,980,901	17,026,869	1,350,000	5,132,881	6,482,881	2.63
2021	116,057,060	104,116,535	11,940,525	880,000	4,828,905	5,708,905	2.09
2022	125,844,057	115,280,272	10,563,785	5,525,000	6,555,648	12,080,648	0.87

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 started 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
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	77,016	\$ 4,377,281,376	\$ 56,836	40.0	6.4
2022	82,788	\$ 6,118,612,716	\$ 73,907	40.2	5.0

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	2013			2022		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment (A)
Thompson School District R2-J	2,036	1	4.95%	2,399	1	4.76%
Hach Company	800	4	1.94%	1,700	2	3.38%
Medical Center of the Rockies	636	6	1.55%	1,273	3	2.53%
Wal-Mart Distribution Center	950	3	2.31%	1,273	4	2.53%
City of Loveland	958	2	2.33%	944	5	1.87%
Heska Corp.				655	6	1.30%
Nutrein/Crop Production Services	472	8	1.15%	525	7	1.04%
McKee Medical Center	708	5	1.72%	375	8	0.74%
LPR Construction				353	9	0.70%
Lightning eMotors, Inc.				260	10	0.52%
Woodward Governor	500	7	1.22%			
Kroll Factual Data	350	9	0.85%			
Agilent Technologies	300	10	0.73%			
Total (Top Ten Principal Employers)	7,710		18.75%	9,757		19.37%
Total City Employment	41,137			50,355		

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	2013	2014	2015	2016¹	2017	2018	2019	2020²	2021	2022
Executive & Legal	18	12	12	18	21	24	24	-	-	-
City Manager	-	-	-	-	-	-	-	9	9	12
City Attorney	-	-	-	-	-	-	-	9	8	9
City Clerk	-	7	7	4	4	5	5	5	5	5
Community & Business Relations	1	1	1	1	1	1	1	1	1	1
Economic Development	6	8	8	7	8	8	8	8	8	9
Finance	45	45	45	45	48	51	51	51	56	61
Development Services	24	25	28	30	28	29	29	27	27	29
Municipal Court	-	-	-	-	-	-	-	5	7	8
Public Works	92	93	95	96	103	105	105	106	106	116
Police	136	140	144	151	159	161	161	171	171	179
Fire	73	81	83	84	92	92	92	108	108	120
Parks & Recreation	66	65	66	67	68	70	69	72	73	76
Library	31	31	32	32	32	32	33	32	32	31
Cultural Services	13	13	13	13	13	14	14	15	15	17
Human Resources	13	13	14	13	13	14	14	14	15	16
Information Technology	21	21	23	23	23	23	23	22	24	24
Golf - Parks & Recreation	13	13	13	14	14	14	14	14	14	15
Water & Power	115	121	129	132	136	143	145	179	181	205
Solid Waste - Public Works	28	28	28	28	29	30	30	31	31	34
Stormwater - Public Works	15	15	15	14	15	17	17	17	16	18
Total	710	732	756	772	807	833	835	896	907	985

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.

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

<u>Function/Program</u>	2013	2014	2015	2016
<i>General Government</i>				
Building Permits Issued	1,932	2,324	2,762	2,624
Building Inspections Conducted	18,709	22,080	31,889	28,787
<i>Police</i>				
Physical Arrests (Adults)	2,750	2,616	2,604	2,825
Physical Arrests (Juveniles)	592	597 ⁵	708	552
Parking Violations	1,393	1,379	1,784	1,857
Traffic Violations	9,754	10,811	10,363	7,775
<i>Fire</i>				
Emergency Responses	6,436	7,005	7,501	7,915
Fires Extinguished	82	58	64 ³	136 ³
Business Inspections	266	300	348	416
<i>Solid Waste Collection</i>				
Solid Waste Collected (tons per day)	93	97	99	98
Recyclables Collected (tons per day)	33	27	27	28
Yard Waste Collected (tons per day)	159	33 ¹	33	39
<i>Other Public Works</i>				
Street Resurfacing (miles)	21	15	16	17
Potholes Repaired	1,402	3,810	3,911	5,653
<i>Parks and Recreation</i>				
Athletic Field & Court Reservations	10,548	12,513	10,698	16,928
Chilson Center Admissions	468,124	468,015	464,561	464,059
Rounds of Golf	104,597	115,311	120,940	118,348
<i>Library</i>				
Volumes in Collection (Physical)	156,242	150,247	149,613	152,993
Volumes in Collection (Digital)	14,093	25,722	421,596	537,219
<i>Water</i>				
New Connections	251	268	450	403
Water Main Breaks	77	75	68	88
Average Daily Consumption (thousands of gallons)	9,430	9,546	10,003	10,613
Peak Daily Consumption (thousands of gallons)	26,600	25,300	27,400	27,300
<i>Wastewater</i>				
Average Daily Sewage Treatment (thousands of gallons)	6,410	6,500	6,500	6,530
<i>Power</i>				
Megawatt hours (purchased from PRPA)	752,039	754,461	753,665	731,596
<i>Transit</i>				
Total Route Miles	221,396	230,055	247,576	238,217
Passengers	142,573	139,199	140,235	116,964

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.

2017	2018	2019	2020	2021	2022
2,581	2,757	2,356	3,210	3,420	3,676
26,267	25,242	28,535	26,720	35,724	44,636
3,029	2,964	3,099	2,853	3,050	2,492
641	799	829	302	315	433
1,826	2,333	1,957	1,879	2,280	1,872
9,799	12,524	13,654	10,461	7,279	5,596
8,393	8,452	8,846	9,002	9,885	10,473
167	164	164	179	157	174
287	429	518	108 ⁴	111 ⁴	422
99	104	99	101	106	106
27	27	26	26	25	25
39	39	38	38	38	38
10	25	27	29	32	31
3,258	4,015	5,824	4,308	5,746	6,843
17,564	14,086	13,030	8,410	18,238	18,236
445,713	442,679	464,562	162,218	224,204	305,567
117,494	109,560	106,016	123,275	139,321	146,831
134595 ²	127,786	124,000	124,444	117,194	121,850
49,386	65,885	85,150	37,359 ⁵	136,185 ⁵	97,230 ⁶
370	286	270	425	516	563
48	56	45	39	47	39
10,160	10,707	9,926	10,777	10,502	10,818
27,426	27,698	24,813	26,788	27,027	26,983
6,158	5,970	5,933	5,934	6,269	5,675
724,614	741,955	724,032	711,481	733,085	748,434
236,905	279,970	305,415	289,701	319,506	361,862
105,917	104,144	118,236	74,213	79,827	98,615

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.

⁶The change in the electronic items is a reflection of our consortium spending less money on electronic items now that COVID has declined.

Source: City of Loveland Departments

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

	2013	2014	2015	2016	2017
<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	24 ⁵	22 ⁵	24 ⁵	24	22
<i>Other Public Works</i>					
Highways (miles) ¹	25	24	24	24	24
Streets (miles) ¹	331	340	340	343	343
Traffic Signals	94	94	94	94	97
<i>Parks and Recreation</i>					
Acreage - Developed Park	388	388	438	438	438
Playgrounds	27	27	28 ³	28	28
Splash Parks	2	2	2	2 ⁴	2
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)	437	442	451	456	459
Fire Hydrants	2,899	2,961	3,017	3,103	3,134
Storage Capacity (thousands of gallons)	20,300	20,300	20,300	20,300	20,300
<i>Wastewater</i>					
Sanitary Sewers (miles)	336	341	342	348	350
Treatment Capacity (thousands of gallons)	10,000	10,000	10,000	10,000	10,000
<i>Power</i>					
Overhead Conductors (miles)	297	299	298	297	289
Underground Conductors (miles)	1,028	1,062	1,084	1,097	1,121
Streetlights	5,879	6,040	6,055	6,188	6,237
<i>Transit</i>					
Fixed Route ²	6	6	6	7	6
Paratransit ²	4	4	4	2	3

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

2018	2019	2020	2021	2022
1	1	1	1	1
12	12	12	12	12
6	6	7	7	9
22	22	22	22	22
24	119	131	154	130
313	229	239	273	259
95	95	96	96	98
453	453	453	453	453
28	28	28	28	28
2	2	2	2	2
30	30	30	30	30
38	39	39	39	39
1	1	1	1	1
463	483	469	473	464
3,171	3,295	3,247	3,289	3,364
20,560	20,560	20,560	26,060	26,060
353	373	359	363	370
10,000	10,000	10,000	10,000	10,000
287	283	282	280	279
1,122	1,135	1,137	1,189	1,222
6,435	6,454	6,716	6,895	7,063
9	9	9	8	10
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.

American Rescue Plan Act (ARPA): The American Rescue Plan is an economic stimulus bill passed by the 117th US Congress and signed into law by President Biden on March 11, 2021. The Act guaranteed direct relief to cities, towns and villages in the United States due to the COVID pandemic.

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.

COVID: The COVID pandemic is a global pandemic of coronavirus disease 2019 that was declared an outbreak by the World Health Organization on January 30, 2020.

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

Encampment: The City of Loveland issued an emergency ordinance to deal with the issue of currently unhoused individuals camping on City property. The City calls this issue encampment.

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

SBITA: Subscription-Based Information Technology Agreement. Which is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

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.

Subscription Based Information Technology Agreements: A contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction

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

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Compliance

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

City of Loveland, Colorado

Federal Awards Supplemental Information December 31, 2022

Independent Auditor's Reports

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
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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 the City of Loveland, Colorado (the "City") as of and for the year ended December 31, 2022 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 1, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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.

Plante & Moran, PLLC

June 1, 2023

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, 2022. 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, 2022.

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 1, 2023

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number/Grant Agreement 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	\$ 293,265	\$ 373,151
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218	N/A	<u>194,010</u>	<u>231,160</u>
Total CDBG - Entitlement Grants Cluster			<u>487,275</u>	<u>604,311</u>
Total U.S. Department of Housing and Urban Development			487,275	604,311
U.S. Department of Transportation				
Direct - COVID-19 - Airport Improvement Program				
	20.106	N/A	-	2,520,006
Passed through Colorado Department of Transportation:				
State and Community Highway Safety	20.600	411024378	-	19,515
State and Community Highway Safety	20.600	411046570	-	<u>12,249</u>
Total Highway Safety Cluster			-	<u>31,764</u>
Total U.S. Department of Transportation			-	2,551,770
Federal Transit Authority				
Direct - Federal Transit Cluster:				
Federal Transit Formula Grants	20.507	CO-2021-035-00	-	1,308,942
COVID-19 - Federal Transit Formula Grants	20.507	CO-2020-022-00	-	861,301
Federal Transit Formula Grants	20.507	CO-2020-022-00	-	86,441
Large Urban Formula	20.507	CO-2021-018-00	-	145,625
Large Urban Formula	20.507		-	<u>594,319</u>
Total Federal Transit Cluster			-	<u>2,996,628</u>
Total Federal Transit Authority			-	2,996,628
U.S. Department of the Treasury - Passed through Colorado Department of Local Affairs/Larimer County -				
COVID-19 - American Rescue Plan Act (ARPA) - Coronavirus State & Local Fiscal Recovery Funds				
	21.027	SLT-1797	568,817	1,716,945
U.S. Small Business Administration - Direct - COVID-19 - Shuttered Venue Operators Grant with Supplemental Relief				
	59.075	SBAHQ21SV012498	-	263,049
U.S. Environmental Protection Agency - Direct - Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements				
	66.818	BF - 95811700 - 0	-	46,928
U.S. Environmental Protection Agency - Passed through Colorado Historical Records Advisory Board - National Historical Publications & Records Commission				
	89.003	N/A	-	<u>4,022</u>
Total federal expenditures			<u>\$ 1,056,092</u>	<u>\$ 8,183,653</u>

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Loveland, Colorado (the "City") under programs of the federal government for the year ended December 31, 2022. 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. 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, 2022

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? _____ Yes X 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
21.027	Coronavirus State and Local Fiscal Recovery Funds
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? _____ Yes X No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None



**City of Loveland, Colorado
December 31, 2022
Summary Schedule of Prior Audit Findings**

Prior Year 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.

Fiscal Year in Which the Finding Initially Occurred:
2021

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	STATE: COLORADO
	YEAR ENDING (mm/yy): 12/22

This Information From The Records Of: City of Loveland	Prepared By: Sarah Cerini
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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. EXPENDITURES FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 8,943,696
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 3,822,077
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 2,040,096
2. General fund appropriations		b. Snow and ice removal	\$ 569,211
3. Other local imposts (from page 2)	\$ 4,647,247	c. Other	
4. Miscellaneous local receipts (from page 2)	\$ 4,304,773	d. Total (a. through c.)	\$ 2,609,307
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 1,883,324
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	\$ 13,918,088
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 31,176,492
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 8,952,020	b. Redemption	
B. Private Contributions	\$ 8,809,983	c. Total (a. + b.)	\$ -
C. Receipts from State government (from page 2)	\$ 3,620,154	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ 722,872	a. Interest	
E. Total receipts (A.7 + B + C + D)	\$ 22,105,029	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 31,176,492

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				\$ -
1. Bonds (Refunding Portion)				\$ -
B. Notes (Total)				\$ -

V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 14,007,187	\$ 22,105,029	\$ 31,176,492	\$ 4,935,724	\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
COLORADO
 YEAR ENDING (mm/yy):
 12/22

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 Assesments		a. Interest on investments	\$ -
b. Other local imposts:		b. Traffic Fines & Penalties	\$ 421,615
1. Sales Taxes		c. Parking Garage Fees	\$ 92,198
2. Infrastructure & Impact Fees	\$ 2,890,241	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	\$ 3,800
4. Licenses	\$ 17,100	f. Charges for Services	\$ 3,701,896
5. Specific Ownership &/or Other	\$ 1,739,906	g. Other Misc. Receipts	\$ 51,479
6. Total (1. through 5.)	\$ 4,647,247	h. Other	\$ 33,785
c. Total (a. + b.)	\$ 4,647,247	i. Total (a. through h.)	\$ 4,304,773
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 2,725,595	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	\$ 290,353	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other	\$ 604,206	f. Other Federal	\$ 722,872
f. Total (a. through e.)	\$ 894,559	g. Total (a. through f.)	\$ 722,872
4. Total (1. + 2. + 3.f)	\$ 3,620,154	3. Total (1. + 2.g)	\$ 722,872
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

III. EXPENDITURES 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	\$ 111,833	\$ 20,304	\$ 132,137
b. Engineering Costs	\$ 207,208	\$ 701,409	\$ 908,617
c. Construction:			
(1). New Facilities	\$ -	\$ 42,531	\$ 42,531
(2). Capacity Improvements	\$ 336,775	\$ -	\$ 336,775
(3). System Preservation		\$ 7,433,057	\$ 7,433,057
(4). System Enhancement And Operation	\$ 14,957	\$ 75,622	\$ 90,579
(5). Total Construction (1)+(2)+(3)+(4)	\$ 351,732	\$ 7,551,210	\$ 7,902,942
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ 670,773	\$ 8,272,923	\$ 8,943,696
<i>(Carry forward to page 1)</i>			

Notes and Comments:

For ALL SB260 funds (backfill or otherwise), please record these under C. Receipts from State Government under e. Other.
 For all ARPA funds, please record these under D. Receipts from Federal Government under f. Other Federal.