

# Financial Master Plan



FINANCIAL MASTER PLAN

## This section includes:

the Comprehensive Master Plan;

the Vision Statement;

the Guiding Principles; and,

the Capital Program Overview for all funds.

# Financial Master Plan Summary

The City of Loveland Charter requires, as a part of the budget submission, the 5-Year Capital Program. The Capital Program is in a separate section of this document, which satisfies this requirement. As policy, staff has expanded this requirement to include operations expense and has developed the City of Loveland Financial Master Plan.

This Financial Master Plan is updated annually in conjunction with the budget process, or as needed during the year. The Plan is used for discussions with Council on policy priorities at the beginning of the budget process and provides a long-term planning tool for City departments for service development. It also forecasts the resources that will be available for service increases or improvements. The Plan is designed to insure that operating revenues for new services or new capital expansions will be available in future years to maintain new buildings or equipment or operate the expanded services after they have come online.

## **What is a Financial Master Plan?**

- It is a multi-year planning instrument that enables the City to forecast the financial implications of emerging issues and trends and direct our resources to meet specific and achievable goals.
- It encompasses the policy direction and priorities of Council.
- It projects resources for the next five years and forecasts compliance with Amendment 1, also known as Taxpayers' Bill of Rights (TABOR), restrictions.
- It is a living document that enables management and Council to make funding decisions for service delivery and capital requests in a more predictable manner.
- It is a flexible guide to the future revenues and expenditures of the City.
- It is the basis for the development of future budgets.
- It notifies Council when projected revenues are insufficient to cover projected expenses for priority projects. In order to balance the budget, Council can make decisions based on a combination of the following options:
  - Cut projected operating or capital expenses by a critical review of departmental budgets;
  - Move projects or services funded in the plan to later years;
  - Increase revenue by increasing or enacting new fees or by proposing new taxes to voters;
  - Reduce the amount of required reserves; and/or,
  - Adjust the assumptions used in the forecast model.

The Special Revenue Funds are primarily capital in nature and have dedicated funding sources, as do the Enterprise Funds, so these fund groups are not included in the plan. The Internal Service Funds are funded through internal services charges. The General Fund portion is included within the operating budgets of the General Fund Departments. For these reasons, only the General Fund portion is discussed in this chapter.

The Plan may change significantly from year to year, due to changes in the local economy that impact the revenue stream, changes in Council policies or goals, or legislative changes at the state and federal level that impact service provision or available revenues.

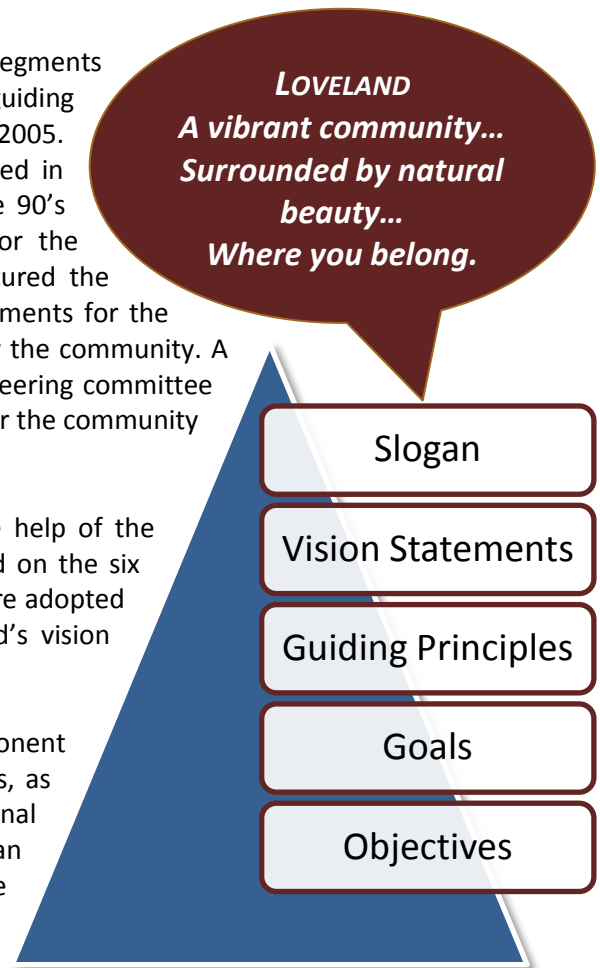
The City uses the Comprehensive Master Plan as its guiding document for both financial planning, and development of the City's Logic Model. The Logic Model is a strategic operations planning guide that incorporates outcome based performance measurement to provide the City a method of tracking progress towards the completion of the master plan goals. The vision statements and guiding principles of the Comprehensive Master Plan are shown below, followed by the Financial Master Plan for the General Fund.

### City's Performance Measures and Logic Model

An extensive 15-month public process that incorporated all segments of the community amended vision statements and guiding principles of the Comprehensive Master Plan in 2004 and 2005. Those vision statements and guiding principles were founded in the work of a public process known as the Agenda for the 90's when the first slogan statement and vision statements for the community were developed. The 2004 public process captured the work that was applicable in the 90's and updated the statements for the change that had occurred to shape the 20-30 year vision for the community. A number of community volunteers driven by a 28 member steering committee and staff members invested 7,300 hours in setting the path for the community through 2030.

The City's performance measures were generated with the help of the logic model format and organized into six topic areas based on the six vision statements, as recommended to be amended, that were adopted previously by the City Council in 2002 along with Loveland's vision slogan.

Each topic area is further divided into functional or component areas most closely related to the adopted vision statements, as amended, and framed as guiding principles. These functional areas generally align with the elements outlined in the Plan Organizational Chart. The topic areas form the basis for the hierarchical organization (guiding principles, goals, objectives, etc.) incorporated into the general plan organizational framework.



#### **Vision Statement 1: Loveland is a community that is characterized by welcoming neighborhoods with diverse housing opportunities that create a sense of individual belonging.**

- *Guiding Principle 1:* Foster attractive development that enhances Loveland's built environment and encourage development that is sensitive to the distinctive character of Loveland.
- *Guiding Principle 2:* Encourage the development of a full range of housing types and a mix of housing densities throughout the city that are convenient to employment centers and quality public and private facilities and that meet the needs of all age and socio-economic groups.
- *Guiding Principle 3:* Formulate appropriate strategies and policies for geographic areas within Loveland needing redevelopment, renewal, and/or more detailed planning analysis, such as the Downtown, districts, corridors, neighborhoods, community separators, and transit-oriented developments.

#### **Vision Statement 2: Loveland is a community that embraces the heritage and natural beauty of the region and values its strategic location.**

- *Guiding Principle 4:* Preserve features of significant architectural, scenic, cultural, historical, or archaeological interest and promote awareness and appreciation of Loveland's heritage.
- *Guiding Principle 5:* Protect regional lands and lands within the Loveland GMA that have important natural resource, recreational, agricultural, and viewshed values from encroachment by the human-built environment.

#### **Vision Statement 3: Loveland is a well-planned and environmentally-sensitive community where all citizens are safe, secure and have equal access to services and amenities, including recreational and cultural activities.**

- *Guiding Principle 6:* Ensure that the City's recreation facilities and programs, parks, trail system, and golf facilities and programs remain an integral part of the community through an abundance of offerings, both structured and unstructured, that satisfy the community's leisure-time needs.

- *Guiding Principle 7:* Provide for the cultural needs of Loveland’s citizens and visitors through a variety of cultural, visual and performing arts facilities, programs, and activities.
- *Guiding Principle 8A:* Provide, establish, and sustain innovative community policing programs in accordance with nationally-recognized accreditation standards and maintain the necessary facilities to enable those programs.
- *Guiding Principle 8B:* Protect life and property through adequate and strategically-located fire and rescue facilities coupled with a wide range of emergency fire and rescue-related services and programs.
- *Guiding Principle 8C:* Provide the necessary facilities and programs to protect the citizens of the Thompson Valley Health Services District through Thompson Valley Emergency Medical Services (EMS).
- *Guiding Principle 8D:* Sustain the policies, programs, and procedures related to hazards risk assessment and mitigation and engage in emergency preparedness planning through the integration of the City’s adopted emergency management notification and response procedures.
- *Guiding Principle 9:* Guide the development of the community within the Loveland Growth Management Area in order to meet present and future needs, while protecting the health, safety, order, convenience, prosperity, energy and resource conservation, and the general welfare of the citizenry.

**Vision Statement 4: Loveland is a community with an integrated system of technology, utility and transportation networks that support a vital economy; and that coordinates with the plans of other regional governmental entities.**

- *Guiding Principle 10A:* Recognize Loveland’s importance and impact as a major urban area within the northern Colorado region and support regional multi-modal transportation options and air quality maintenance efforts.
- *Guiding Principle 10B:* Plan a safe, efficient, continuous, coordinated, and convenient multi-modal transportation system that serves the current needs of the community and establishes the foundation for a transportation system that is sustainable for future generations.
- *Guiding Principle 10C:* Formulate appropriate strategies and policies that ensure that the Fort Collins-Loveland Municipal Airport is developed and operated in a manner compatible with its surrounding land uses and community goals.
- *Guiding Principle 11A:* Ensure that the general government facilities necessary to support new development meet or exceed the level-of-service standards adopted by the City.
- *Guiding Principle 11B:* Ensure that the community water facilities necessary to support new development meet or exceed the level-of-service standards adopted by the City.
- *Guiding Principle 11C:* Ensure that the community power facilities necessary to support new development meet or exceed the level-of-service standards adopted by the City.
- *Guiding Principle 11D:* Ensure that the community wastewater facilities necessary to support new development meet or exceed the level-of-service standards adopted by the City.
- *Guiding Principle 11E:* Ensure that the community stormwater utility facilities necessary to support new development meet or exceed the level-of-service standards adopted by the City.
- *Guiding Principle 11F:* Encourage community investment in the most advanced communications technologies available in an effort to stimulate economic development and meet the current and future needs of citizens, business, and government.
- *Guiding Principle 12:* Encourage a pattern of compact and contiguous development that directs growth to where infrastructure capacity is available, or committed to be available in the future, and take into account the adopted plans of, and agreements with, adjacent local governments to the extent that they reflect extra-jurisdictional interests.

**Vision Statement 5: Loveland is a community that is a continuously developing partnership of citizens, business, health, and educational communities; with a stable and diverse economic base that offers ample employment and business opportunities to all.**

- *Guiding Principle 13:* Promote the adequate provision of employment opportunities in an effort to sustain the economic health of Loveland and the northern Colorado region.
- *Guiding Principle 14:* Foster a system of education that meets the needs of the entire community.



- *Guiding Principle 14A:* Foster a system of elementary and secondary education that meets the needs of the entire community by teaching basic skills and creativity/critical thinking, by creating a sense of safety and belonging, and by facilitating the school-to-life transition.
- *Guiding Principle 14B:* Foster the development of post-secondary education opportunities that meet the academic, career technical, and lifelong education needs of the entire community.
- *Guiding Principle 14C:* Provide adequate library facilities and services that serve as the information center of the community, are accessible and active in outreach to people of all ages and backgrounds, and provide a diverse collection of resources and services that informs, educates, entertains, culturally enriches, bridges the past to the future, and connects one community resource with another.
- *Guiding Principle 15:* Recognize that all levels of government, along with the nonprofit and private sectors, play an important role in creating and implementing those policies and practices that support the responsible growth and development of the community.

**Vision Statement 6: Loveland is a community that encourages active public involvement and is responsive to the health and human services needs of its citizens.**

- *Guiding Principle 16:* Ensure that Loveland is a healthy community whose citizens live a healthy lifestyle, are well-informed about health issues, and have access to preventive, medical, and mental health programs and services.
- *Guiding Principle 17:* Provide the needed network of human services and outreach to ensure that all citizens, including special populations, can achieve their full potential and be self-sufficient.
- *Guiding Principle 18:* Engage, empower, inform, and educate citizens through meaningful public participation processes that encourage community and stakeholder collaboration in the decision-making process.

### Logic Models

Logic models are in a separate document. However, the logic model has been incorporated in the budget document by extracting the department and division end outcomes in the detail pages that follow the department tab. The guiding principles are cross referenced by using “GP - #, letter” to demonstrate the link between the strategic and operational planning.



# General Fund Overview

The Finance Master Plan is General Fund specific and is very helpful with regard to planning for the financial position of this fund given a set of assumptions. The paragraphs below highlight the assumptions and are intended to assist the reader with understanding the basis for projecting the financial position of the General Fund over the next 10 years.

## **Forecast Assumptions**

The forecast of the Consumer Price Index (CPI) and Local Growth Factor used for the TABOR limit are based on the historical average the City has experienced. Actual amounts are not known until the month of March following the end of an individual fiscal year. The forecasted growth rate for the CPI is 3.0% for all years in the plan. The Local Growth Factor is forecasted to be 2.0% in 2013, 3.2% in 2014, and 4.1% in the remaining years, representing the City's historical average.

## **Revenue Assumptions**

- By State law, the Property Assessor is required to reassess all property values every two years to meet the requirements of the Gallagher Amendment to the State Constitution. Historically, the City has experienced growth in assessments of 5.8% in non-reassessment years and 13.6% in reassessment (Gallagher) years. The recession has resulted in lower than average changes in property values. For 2013, values are expected to remain at 2012 amounts. The property tax revenues assume the millage rate (property tax rate) will remain the same throughout the Plan and revenues will increase by the same amount as the property assessments. These are currently forecasted at 0.0% in 2013, 4.0% in 2014 and 2015, and 5.8% for the remaining years in the plan.
- The City's sales tax base for 2013 is projected to increase by 4.0% and by 5.0% in the remaining years of the Plan.
- Use taxes increase 2.0% in 2013 and grow to 4.0% by 2016.
- Revenue from all other taxes increases 3.0% in 2013-2016.
- Intergovernmental revenue increases at a rate of 2.5% annually.
- Charges for service increase by 3.5% each year of the Plan.
- PILT revenues increase in 2013, in part due to projected rate and service charge increases in the enterprise funds. Based on the forecasts in the ten-year plans for the enterprises, this revenue increases 2.3%-2.5% through 2016.
- Interest is calculated at 1.2% of the expected beginning balance in 2013 and grows to 3.5% by 2017.
- The TABOR excess projections are preliminary and will vary depending on the CPI and local growth percentage for each year and actual revenues.

## **Expense Assumptions**

- The 2013 Budget is the City Manager's Recommended Budget for the departments and serves as the basis for projecting all the future years' expenditures.
- Department base budgets in each of the following years are increased 3.5% from the previous year's amount.
- The street construction General Fund portion is funded at the amount necessary to match the Capital Expansion Fee contribution. The source of the General Fund contribution is excess TABOR revenues the voters have allowed the City to retain.
- The operations impact of capital projects included in the Capital Program are introduced in the year when the impact is expected to begin and then escalated annually at the same percentage as the other departmental expenditures.

### **Required Reserve Assumptions**

- The required balance includes the TABOR 3.0% Emergency Operating Reserve; a Council Contingency Reserve of \$100,000; an unfunded liability reserve of \$200,000; a Library Reserve of \$125,030; a reserve to provide matching funds for potential Fire Authority grants of \$103,900; projected revenues which are above the TABOR cap and not currently designated toward specific projects; and the amount of Council Capital Reserve not currently designated for specific projects. The ability to keep and spend TABOR excess revenue and use this revenue for police, fire, street construction and maintenance, and parks construction and maintenance was approved by the voters in the November 2011 election. This approval expires at the end of the 2024 budget year.
- The TABOR 3.0% Emergency Operating Reserve is a requirement of Article X, Section 20 of the State Constitution, which mandates government reserve 3.0% of the current year operating costs, excluding bonded debt, to be used for declared emergencies only.
- The Contingency Reserve is established to provide a funding source for small one-time projects, which could not have been anticipated during the development of the annual budget.
- The unfunded liability reserve provides resources in the event payouts for accrued leave or other unfunded liabilities exceed budgeted resources in any one year.
- The Library Reserve is for donations or endowments given to the Library that have not yet been appropriated.
- The Council Capital Reserve was established by ordinance in 2001. The ordinance requires setting aside 2.50% of all tax revenue under the TABOR revenue cap for capital projects.
- The City went under the TABOR limit beginning in 2010 and is expected to remain so in all but two years of the Plan. However, the projections are only under the limitation by a maximum of 3.0% in any one year. Changes in the economy or a small return to the building growth experienced in prior years will result in the City being over the limitation.

### **Analysis**

The Plan, as presented, shows revenues exceed expenses in all but one year of the Plan. However there is a slim margin to the surplus in the near term. Some growth in expenses may be possible, but the scale of needs is significantly larger than the surpluses. The Fire Service operations impact of capital improvements are included for Station 6 in 2013 and Station 2 in 2014. Based on the projected ending balance, there will be difficult decisions staff and City Council will have to make in the near term. Policy issues outside of the Capital Program that are being discussed by staff are:

- Increasing Police Department staffing due to growth in the City;
- Adequately funding street rehabilitation due to the current increase in new streets from past development;
- Increasing transportation funding to meet projected growth;
- Increasing staffing in all departments to maintain current service levels due to growth in the community;
- Funding a building construction program to provide adequate space for City employees; and,
- The Fire Strategic Plan identifies other service and staffing enhancements for firefighter safety and adequate response that are not in the current Financial Master Plan. While the Financial Master Plan has sufficient revenues to include the entire Fire Strategic Plan, doing so would limit the expansion of other services provided by the General Fund. These are future year policy decisions that should be made deliberately within the organizational context.

There is not enough revenue in the Financial Master Plan to fully fund all of these policy objectives. The decisions to balance this diverse set of requests will need to be made within the available dollars shown in the Financial Master Plan to ensure the financial stability of the organization. As mentioned earlier, City Council and staff can change the scenario presented in this Plan by:

- Increasing revenue as compared to the current assumptions;
- Referring a ballot issue for new or increased taxes to the voters to cover the policy initiatives;
- Increasing the spacing between new capital projects to reduce new operating costs over the short term;
- A reduction in current programs; and/or,
- Reducing the scope of the Capital Program.



## Finance Master Plan

	2011 Actual	2012 Adopted	2012 Revised	2013 Adopted
<b>Beginning Fund Balance</b>	<b>27,758,408</b>	<b>23,949,940</b>	<b>31,283,790</b>	<b>\$26,744,200</b>
<b>REVENUES</b>				
Property Tax	7,787,891	7,428,900	7,428,900	7,439,950
Current Sales Tax Base	32,082,792	32,868,020	32,868,020	35,219,650
Use Tax	3,065,521	3,000,000	3,000,000	3,300,000
Other Taxes	3,254,792	2,484,600	2,484,600	2,628,000
Intergovernmental	5,751,622	356,320	835,510	324,080
Licenses & Permits	1,655,825	1,057,880	967,460	1,491,180
User Fees	3,436,764	3,409,100	3,703,320	3,885,840
Fines & Forfeits	936,370	1,005,280	1,005,280	1,068,280
Interest	793,913	405,050	405,050	340,160
Others	1,430,356	606,480	594,370	397,000
Internal Service Transfers General Fund				3,284,550
Internal Service Transfers Non- General Fund	2,127,571	2,062,020	4,084,400	4,721,780
PILT	4,253,945	5,041,470	5,041,470	5,639,810
Transfer from Power for Econ Development				78,800
Transfer from Lodging Tax	3,000	-	-	50,000
<b>TOTAL REVENUES</b>	<b>\$ 66,580,362</b>	<b>\$ 59,725,120</b>	<b>\$ 62,418,380</b>	<b>\$ 69,869,080</b>
<b>TOTAL REVENUES &amp; SOURCES</b>	<b>\$ 94,338,770</b>	<b>\$ 83,675,060</b>	<b>\$ 93,702,170</b>	<b>\$ 96,613,280</b>
<b>EXPENDITURES</b>				
Legislative	101,076	126,200	126,200	137,710
Executive & Legal	2,262,316	2,371,480	2,393,890	2,560,740
Cultural Services	1,206,836	1,151,810	1,319,160	1,694,190
Development Services	3,112,191	2,637,310	2,857,050	2,994,520
Economic Development	564,005	715,720	1,511,960	810,110
Finance	3,607,144	3,929,070	3,948,570	4,303,450
Fire & Rescue	7,871,256	-	674,470	-
Human Resources	717,480	926,550	926,550	1,048,160
Information Technology	2,553,379	2,596,880	2,683,520	2,788,480
Library	2,306,449	2,330,860	2,366,490	2,832,310
Parks & Recreation	7,023,011	7,361,390	7,359,740	8,452,510
Police	16,190,558	15,665,020	15,813,600	16,782,040
Public Works	4,382,977	4,648,130	4,435,390	4,825,790
Non-Departmental	733,651	740,240	786,650	1,237,900
Transfers	266,446	199,850	1,702,280	65,000
Business Incentive Program	404,117	5,510	858,520	250,000
City Contribution to Fire Authority		6,108,500	6,455,470	6,763,340
Transit Operating Subsidy	598,055	455,900	489,530	913,800
Transportation Operating Subsidy	2,834,637	3,249,770	3,253,270	4,083,860
Supplemental Funds Available Inflated Out		-	-	-
Supplemental Funds Available		-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 56,735,584</b>	<b>\$ 55,220,190</b>	<b>\$ 59,962,310</b>	<b>\$ 62,543,910</b>
<b>NET OPERATING REVENUES (LOSS)</b>	<b>\$ 9,844,778</b>	<b>\$ 4,504,930</b>	<b>\$ 2,456,070</b>	<b>\$ 7,325,170</b>
<b>CAPITAL</b>				
Net Capital Expense	2,748,483	4,226,650	3,594,550	1,600,000
Street Construction Projects	1,578,562	788,720	1,244,800	430,360
Olsen Annexation	-	-	-	-
Internal Loan Repayment (Recreation an Fire CEF)	97,485	97,000	97,000	957,150
Early Repay of Fire CEF Internal loan				1,000,000
Equipment Replacement	1,894,869	2,059,310	2,059,310	1,945,200
Executive & Legal	-	-	-	-
Finance	-	-	-	-
Development Services	-	-	-	-
Police	306,347	350,040	350,040	251,150
Fire & Rescue	85,818	-	-	-
Information Technology	635,265	624,990	624,990	747,550
Library	12,042	6,600	6,600	13,000
Parks & Recreation	766,027	1,057,680	1,057,680	931,500
Cultural Services	17,280	20,000	20,000	2,000
Public Works	72,090			
Non-Departmental	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$ 6,319,399</b>	<b>\$ 7,171,680</b>	<b>\$ 6,995,660</b>	<b>\$ 5,932,710</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 3,525,379</b>	<b>\$ (2,666,750)</b>	<b>\$ (4,539,590)</b>	<b>\$ 1,392,460</b>
Ending Fund Balance	31,283,787	21,283,190	26,744,200	28,136,660
Required Balance	11,475,545	9,891,625	9,203,995	12,581,392
<b>NET SURPLUS (DEFICIT)</b>	<b>\$ 19,808,242</b>	<b>\$ 11,391,565</b>	<b>\$ 17,540,205</b>	<b>\$ 15,555,268</b>
Reserve Policy Requirement (15% of Oper. Expense)	\$ 9,458,250	\$ 9,358,780	\$ 10,043,700	\$ 10,271,490
Amount Above (Under) Policy	\$ 10,349,992	\$ 2,032,785	\$ 7,496,505	\$ 5,283,778

2014 Projected	2015 Projected	2016 Projected	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected
\$28,136,660	\$28,142,260	\$27,672,990	\$25,904,840	\$29,558,110	\$33,935,520	\$39,687,540	\$46,618,650	\$55,033,650
7,737,550	8,047,050	8,513,780	9,007,580	9,530,020	10,082,760	10,667,560	11,286,280	11,940,880
36,980,630	38,829,660	40,771,140	42,809,700	44,950,190	47,197,700	49,557,590	52,035,470	54,637,240
3,389,100	3,490,770	3,630,400	3,775,620	3,926,640	4,083,710	4,247,060	4,416,940	4,593,620
2,706,840	2,788,050	2,871,690	2,957,840	3,046,580	3,137,980	3,232,120	3,329,080	3,428,950
332,180	340,480	348,990	357,710	366,650	375,820	385,220	394,850	404,720
1,535,920	1,582,000	1,629,460	1,678,340	1,728,690	1,780,550	1,833,970	1,888,990	1,945,660
4,021,840	4,162,600	4,308,290	4,459,080	4,615,150	4,776,680	4,943,860	5,116,900	5,295,990
1,073,620	1,078,990	1,084,380	1,089,800	1,095,250	1,100,730	1,106,230	1,111,760	1,117,320
422,050	562,850	691,820	777,150	1,034,530	1,357,420	1,785,940	2,237,700	2,641,620
710,900	435,780	451,030	466,820	483,160	500,070	517,570	535,680	554,430
3,399,510	3,518,490	3,641,640	3,769,100	3,901,020	4,037,560	4,178,870	4,325,130	4,476,510
4,887,040	5,058,090	5,235,120	5,418,350	5,607,990	5,804,270	6,007,420	6,217,680	6,435,300
5,464,370	5,593,070	5,731,560	5,879,920	6,038,690	6,207,000	6,385,830	6,574,840	6,772,080
-	-	-	-	-	-	-	-	-
\$ 72,661,550	\$ 75,487,880	\$ 78,909,300	\$ 82,447,010	\$ 86,324,560	\$ 90,442,250	\$ 94,849,240	\$ 99,471,300	\$ 104,244,320
\$ 100,798,210	\$ 103,630,140	\$ 106,582,290	\$ 108,351,850	\$ 115,882,670	\$ 124,377,770	\$ 134,536,780	\$ 146,089,950	\$ 159,277,970

137,710	137,710	137,710	137,710	137,710	137,710	137,710	137,710	137,710
2,650,370	2,743,130	2,839,140	2,938,510	3,041,360	3,147,810	3,257,980	3,372,010	3,490,030
1,753,490	2,245,860	2,324,470	2,405,830	2,490,030	2,577,180	2,667,380	2,760,740	2,857,370
3,099,330	3,207,810	3,320,080	3,436,280	3,556,550	3,681,030	3,809,870	3,943,220	4,081,230
706,610	731,340	756,940	783,430	810,850	839,230	868,600	899,000	930,470
4,454,070	4,609,960	4,771,310	4,938,310	5,111,150	5,290,040	5,475,190	5,666,820	5,865,160
-	-	-	-	-	-	-	-	-
1,084,850	1,122,820	1,162,120	1,202,790	1,244,890	1,288,460	1,333,560	1,380,230	1,428,540
2,886,080	2,987,090	3,091,640	3,199,850	3,311,840	3,427,750	3,547,720	3,671,890	3,800,410
2,931,440	3,034,040	3,140,230	3,250,140	3,363,890	3,481,630	3,603,490	3,729,610	3,860,150
8,854,700	9,164,610	9,612,870	9,965,520	10,320,060	10,731,260	11,106,850	11,525,590	11,928,990
17,369,410	17,977,340	18,606,550	19,257,780	19,931,800	20,629,410	21,351,440	22,098,740	22,872,200
5,225,840	5,408,740	5,598,050	5,793,980	5,996,770	6,206,660	6,423,890	6,648,730	6,881,440
1,281,230	1,326,070	1,372,480	1,420,520	1,470,240	1,521,700	1,574,960	1,630,080	1,687,130
67,280	69,630	72,070	74,590	77,200	79,900	82,700	85,590	88,590
350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
7,000,060	7,984,450	8,263,910	8,553,150	8,852,510	10,142,780	10,497,780	10,865,200	11,245,480
945,780	978,880	1,013,140	1,048,600	1,085,300	1,123,290	1,162,610	1,203,300	1,245,420
4,226,800	4,374,740	4,527,860	4,686,340	4,850,360	5,020,120	5,195,820	5,377,670	5,565,890
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ 65,025,050	\$ 68,454,220	\$ 70,960,570	\$ 73,443,330	\$ 76,002,510	\$ 79,675,960	\$ 82,447,550	\$ 85,346,130	\$ 88,316,210
\$ 7,636,500	\$ 7,033,660	\$ 7,948,730	\$ 9,003,680	\$ 10,322,050	\$ 10,766,290	\$ 12,401,690	\$ 14,125,170	\$ 15,928,110

4,264,250	4,113,770	4,361,040	2,863,940	2,689,640	2,336,870	2,975,640	3,171,150	2,574,000
394,100	359,000	389,000	363,000	351,000	389,000	373,000	412,800	475,500
-	-	442,000	-	-	-	-	-	-
999,610	1,033,950	1,052,070	79,850	-	-	-	-	-
1,972,940	1,996,210	3,472,770	2,043,620	2,904,000	2,288,400	2,121,940	2,126,220	2,146,930
5,000	5,000	5,180	5,360	5,550	5,740	5,940	6,150	6,370
-	35,000	13,000	5,000	13,000	5,000	13,000	5,000	13,000
-	-	-	-	-	-	-	-	-
289,010	382,350	345,490	326,320	321,860	333,130	344,790	356,860	369,350
-	-	-	-	-	-	-	-	-
598,810	626,750	804,220	696,900	696,900	696,900	696,900	696,900	696,900
24,000	34,400	549,510	64,600	6,600	6,600	6,600	6,600	6,600
1,044,120	904,710	1,755,370	945,440	1,860,090	1,241,030	1,054,710	1,054,710	1,054,710
12,000	8,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ 7,630,900	\$ 7,502,930	\$ 9,716,880	\$ 5,350,410	\$ 5,944,640	\$ 5,014,270	\$ 5,470,580	\$ 5,710,170	\$ 5,196,430
\$ 5,600	\$ (469,270)	\$ (1,768,150)	\$ 3,653,270	\$ 4,377,410	\$ 5,752,020	\$ 6,931,110	\$ 8,415,000	\$ 10,731,680
28,142,260	27,672,990	25,904,840	29,558,110	33,935,520	39,687,540	46,618,650	55,033,650	65,765,330
13,107,264	12,077,074	11,078,374	11,456,954	12,668,714	13,905,544	15,222,504	16,590,264	17,983,774
\$ 15,034,996	\$ 15,595,916	\$ 14,826,466	\$ 18,101,156	\$ 21,266,806	\$ 25,781,996	\$ 31,396,146	\$ 38,443,386	\$ 47,781,556
\$ 10,898,390	\$ 11,393,570	\$ 12,101,620	\$ 11,819,060	\$ 12,292,070	\$ 12,703,530	\$ 13,187,720	\$ 13,658,450	\$ 14,026,900
\$ 4,136,606	\$ 4,202,346	\$ 2,724,846	\$ 6,282,096	\$ 8,974,736	\$ 13,078,466	\$ 18,208,426	\$ 24,784,936	\$ 33,754,656

# Finance Master Plan

2011  
Actual

2012  
Adopted

2012  
Revised

2013  
Adopted

## CALCULATION OF REQUIRED BALANCE

6,906,021

TABOR Excess Reserves Beginning Balance 2003-2012	5,534,006	3,955,444	3,955,444	2,710,644
Projected Tabor Annual Excess	-	-	-	-
Street Construction	(1,578,562)	(788,720)	(1,244,800)	(430,360)
<b>TABOR Excess Reserve Ending Balance 2003-2012</b>	<b>\$ 3,955,444</b>	<b>\$ 3,166,724</b>	<b>\$ 2,710,644</b>	<b>\$ 2,280,284</b>

TABOR Excess Reserves Beginning Balance 2013	-	-	-	-
Projected Tabor Annual Excess	-	-	-	4,625,737
Street Construction	-	-	-	-
<b>TABOR Excess Reserve 2013</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,625,737</b>

TABOR 3% Emergency	1,758,910	1,752,310	1,860,650	1,934,670
Council Contingency	100,000	100,000	100,000	100,000
Unfunded Liability	200,000	200,000	200,000	200,000
Equipment Replacement	-	70,000	70,000	250,000
Fire Reserve for Third Year of SAFER Grant	46,100	92,200	138,300	-
Fire Grant Match Reserve	-	434,690	113,800	103,900
Library Reserve	125,031	125,031	125,031	125,031
Police Communication Console Replacement	616,000	-	-	-
<b>Required Reserves</b>	<b>\$ 2,846,041</b>	<b>\$ 2,774,231</b>	<b>\$ 2,607,781</b>	<b>\$ 2,713,601</b>

Council Reserve Beginning Balance	4,730,850	4,065,250	4,674,060	3,885,570
Annual Council Set-Aside (5% Tax Revenue)	1,073,410	1,082,420	1,082,420	1,033,350
Downtown Infrastructure Improvements	(915,360)	(1,100,000)	(1,100,000)	(1,000,000)
3rd Street Project (Leslie Demolition & Remediation)	-	-	(187,000)	-
Milner/Schwartz House Renovation	(42,700)	-	-	-
Juniper Place Fee Waivers	(59,790)	-	-	-
Putlack Fee Waivers	(14,860)	-	-	-
Art Space Pre-Construction	-	-	(475,000)	-
IHN Fee Waiver	-	-	(11,910)	-
Intra-Fund Loan Repayment on Land Purchase	(97,490)	(97,000)	(97,000)	(957,150)
<b>Council Reserve Ending Balance</b>	<b>\$ 4,674,060</b>	<b>\$ 3,950,670</b>	<b>\$ 3,885,570</b>	<b>\$ 2,961,770</b>

<b>REQUIRED BALANCE</b>	<b>\$ 11,475,545</b>	<b>\$ 9,891,625</b>	<b>\$ 9,203,995</b>	<b>\$ 12,581,392</b>
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2014 Projected	2015 Projected	2016 Projected	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected
2,280,284	1,886,184	1,527,184	1,138,184	775,184	424,184	35,184	-	-
-	-	-	-	-	-	-	-	-
(394,100)	(359,000)	(389,000)	(363,000)	(351,000)	(389,000)	(35,184)	-	-
<b>\$ 1,886,184</b>	<b>\$ 1,527,184</b>	<b>\$ 1,138,184</b>	<b>\$ 775,184</b>	<b>\$ 424,184</b>	<b>\$ 35,184</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
4,625,737	6,416,029	6,416,029	6,416,029	6,416,029	6,416,029	6,416,029	6,078,213	5,665,413
1,790,291	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(337,816)	(412,800)	(475,500)
<b>\$ 6,416,029</b>	<b>\$ 6,416,029</b>	<b>\$ 6,416,029</b>	<b>\$ 6,416,029</b>	<b>\$ 6,416,029</b>	<b>\$ 6,416,029</b>	<b>\$ 6,078,213</b>	<b>\$ 5,665,413</b>	<b>\$ 5,189,913</b>
2,009,940	2,113,510	2,233,000	2,264,610	2,367,200	2,458,930	2,537,080	2,624,170	2,713,890
100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
125,031	125,031	125,031	125,031	125,031	125,031	125,031	125,031	125,031
-	-	-	-	-	-	-	-	-
<b>\$ 2,684,971</b>	<b>\$ 2,788,541</b>	<b>\$ 2,908,031</b>	<b>\$ 2,939,641</b>	<b>\$ 3,042,231</b>	<b>\$ 3,133,961</b>	<b>\$ 3,212,111</b>	<b>\$ 3,299,201</b>	<b>\$ 3,388,921</b>
2,961,770	2,120,080	1,345,320	616,130	1,326,100	2,786,270	4,320,370	5,932,180	7,625,650
1,157,920	1,259,190	1,322,880	1,389,820	1,460,170	1,534,100	1,611,810	1,693,470	1,779,290
(1,000,000)	(1,000,000)	(1,000,000)	(600,000)	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(999,610)	(1,033,950)	(1,052,070)	(79,850)	-	-	-	-	-
<b>\$ 2,120,080</b>	<b>\$ 1,345,320</b>	<b>\$ 616,130</b>	<b>\$ 1,326,100</b>	<b>\$ 2,786,270</b>	<b>\$ 4,320,370</b>	<b>\$ 5,932,180</b>	<b>\$ 7,625,650</b>	<b>\$ 9,404,940</b>
<b>\$ 13,107,264</b>	<b>\$ 12,077,074</b>	<b>\$ 11,078,374</b>	<b>\$ 11,456,954</b>	<b>\$ 12,668,714</b>	<b>\$ 13,905,544</b>	<b>\$ 15,222,504</b>	<b>\$ 16,590,264</b>	<b>\$ 17,983,774</b>

## Financial Sustainability

For many years the City's Financial Plan forecast deficits in the last five years of the plan. With the recession, deficits began to appear in the first five years. It became apparent that the City was facing a structural deficit, where operating costs were exceeding available operating revenue. In response the City developed a Sustainability Plan that was adopted by City Council in 2012 and developed a new section of the Financial Plan to project the sustainability of operations over the next ten years. The Sustainability Model currently shows that operations will be within available revenue in all but one year (2016) of the plan.

### Calculation of Annual Amount of Structural Imbalance in the Plan

	2011 Actual	2012 Adopted Budget	2012 Projected Budget	2013 Projected
<b>Revenue</b>				
Total General Fund Revenue	\$66,580,362	\$59,725,120	\$62,418,380	\$69,869,080
Council Capital Reserve Contribution	(\$1,073,410)	(\$1,082,420)	(\$1,082,420)	(\$1,033,350)
Tabor 3% Contribution	(\$20,820)	\$6,600	(\$101,740)	(\$74,020)
<b>Net General Fund Revenue</b>	<b>\$ 65,486,132</b>	<b>\$ 58,649,300</b>	<b>\$ 61,234,220</b>	<b>\$ 68,761,710</b>
<b>Expenses</b>				
Operating Expense	\$56,735,584	\$55,220,190	\$59,962,310	\$62,543,910
Total Capital	\$6,319,399	\$7,171,680	\$6,995,660	\$5,932,710
Less Capital Funded by TABOR Reserves	(\$1,578,562)	(\$788,720)	(\$1,244,800)	(\$430,360)
Less Capital Funded by Council Capital Reserves	(\$1,130,200)	(\$1,197,000)	(\$1,870,910)	(\$1,957,150)
Less Capital Funded by Other reserves			(\$716,920)	(\$1,000,000)
Less Fund balance used to fund previously approved expenses in the Rollover Ordinance	(\$3,390,990)		(\$3,228,630)	
<b>Net General Fund Expense</b>	<b>\$ 56,955,231</b>	<b>\$ 60,406,150</b>	<b>\$ 59,896,710</b>	<b>\$ 65,089,110</b>
<b>Net Revenue less Net Expense</b>	<b>\$ 8,530,901</b>	<b>\$ (1,756,850)</b>	<b>\$ 1,337,510</b>	<b>\$ 3,672,600</b>

In the context of the total General Fund budget, the 2016 deficit is small and may be reversed in future years if the local economy continues the growth currently being experienced. However the slim margin the City is either above or below available revenue demonstrates that continued monitoring of the Sustainability Plan adopted by Council is required to insure that the cost of services the City provides remains within available revenues.



2014 Projected 2015 Projected 2016 Projected 2017 Projected 2018 Projected 2019 Projected 2020 Projected 2021 Projected 2022 Projected

\$72,661,550	\$75,487,880	\$78,909,300	\$82,447,010	\$86,324,560	\$90,442,250	\$94,849,240	\$99,471,300	\$104,244,320
(\$1,157,920)	(\$1,259,190)	(\$1,322,880)	(\$1,389,820)	(\$1,460,170)	(\$1,534,100)	(\$1,611,810)	(\$1,693,470)	(\$1,779,290)
(\$75,270)	(\$103,570)	(\$119,490)	(\$31,610)	(\$102,590)	(\$91,730)	(\$78,150)	(\$87,090)	(\$89,720)
<b>\$ 71,428,360</b>	<b>\$ 74,125,120</b>	<b>\$ 77,466,930</b>	<b>\$ 81,025,580</b>	<b>\$ 84,761,800</b>	<b>\$ 88,816,420</b>	<b>\$ 93,159,280</b>	<b>\$ 97,690,740</b>	<b>\$ 102,375,310</b>

\$65,025,050	\$68,454,220	\$70,960,570	\$73,443,330	\$76,002,510	\$79,675,960	\$82,447,550	\$85,346,130	\$88,316,210
\$7,630,900	\$7,502,930	\$9,716,880	\$5,350,410	\$5,944,640	\$5,014,270	\$5,470,580	\$5,710,170	\$5,196,430
(\$394,100)	(\$359,000)	(\$389,000)	(\$363,000)	(\$351,000)	(\$389,000)	(\$373,000)	(\$412,800)	(\$475,500)
(\$1,999,610)	(\$2,033,950)	(\$2,052,070)	(\$679,850)	\$0	\$0	\$0	\$0	\$0

<b>\$ 70,262,240</b>	<b>\$ 73,564,200</b>	<b>\$ 78,236,380</b>	<b>\$ 77,750,890</b>	<b>\$ 81,596,150</b>	<b>\$ 84,301,230</b>	<b>\$ 87,545,130</b>	<b>\$ 90,643,500</b>	<b>\$ 93,037,140</b>
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<b>\$ 1,166,120</b>	<b>\$ 560,920</b>	<b>\$ (769,450)</b>	<b>\$ 3,274,690</b>	<b>\$ 3,165,650</b>	<b>\$ 4,515,190</b>	<b>\$ 5,614,150</b>	<b>\$ 7,047,240</b>	<b>\$ 9,338,170</b>
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### Initial Capital Operating Impacts

The initial operating impacts of capital projects included in the Capital Program are shown below. The impacts are introduced in the year when they are expected to begin and then escalated annually in the Financial Master Plan at the same percentage as the other departmental expenditures.

#### Operating Impacts from the Capital Plan

##### Revenue

Project	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Chilson Expansion										
Sale of Fire 2	-	300,000	-	-	-	-	-	-	-	-
Rialto Bridge	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>300,000</b>	-	-	-	-	-	-	-	-

##### Expense

Project	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Library Expansion - Library Dept	-	-	-	-	-	-	-	-	-	-
Library Expansion - PW Dept	-	-	-	-	-	-	-	-	-	-
Mehaffey Park Operating	-	97,500	-	-	-	-	-	-	-	-
Service Center Expansion	-	231,150	-	-	-	-	-	-	-	-
Fire Station 2 additional engine	-	369,700	369,690	-	-	-	-	-	-	-
Fire Station 6	521,200	-	-	-	-	-	-	-	-	-
Fire Station 10	-	-	-	-	-	-	980,430	-	-	-
Museum Expansion -Culture cost	-	-	431,000	-	-	-	-	-	-	-
Museum Expansion -Utility cost	-	-	131,000	-	-	-	-	-	-	-
Loveland Sports Park	-	-	-	127,500	-	-	-	-	-	-
Youth Sports Park	-	-	-	-	-	-	-	-	-	-
Fairgrounds Park	-	5,550	-	-	-	-	-	-	30,000	-
North Lake Tennis Courts	-	3,300	-	-	-	-	-	-	-	-
New Neighborhood Parks	-	-	-	-	-	-	50,000	-	-	-
Osborn Park	-	-	-	-	-	5,750	-	-	-	-
Spray Park	-	-	-	-	16,200	-	-	-	-	-
<b>Total</b>	<b>521,200</b>	<b>707,200</b>	<b>931,690</b>	<b>127,500</b>	<b>16,200</b>	<b>5,750</b>	<b>1,030,430</b>	-	<b>30,000</b>	-