

FINANCIAL MASTER PLAN



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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.

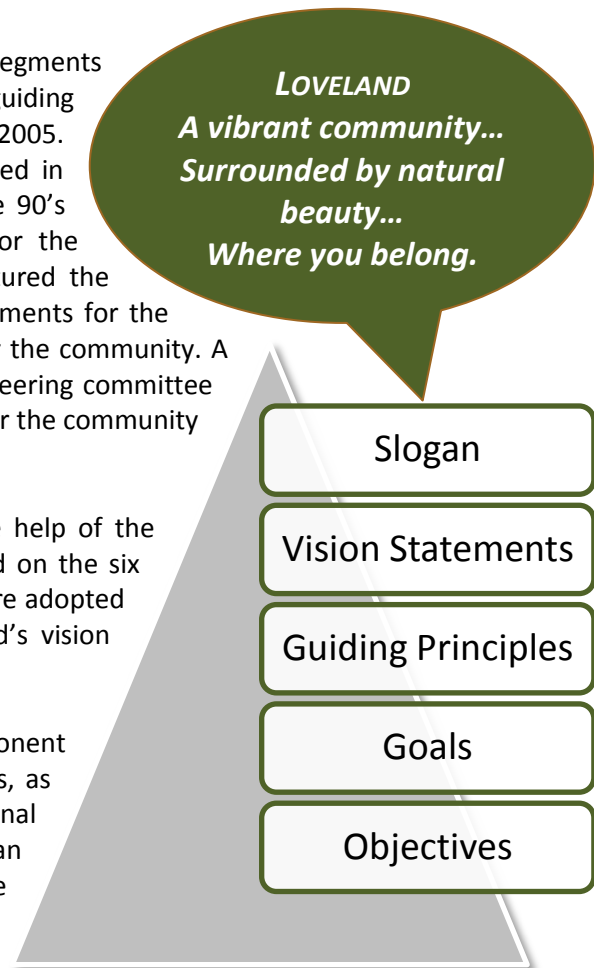
The City uses the Comprehensive Master Plan as its guiding document for both financial planning, and development of the City's Logic Model. The Logic Model is a strategic operations planning guide that incorporates outcome based performance measurement to provide the City a method of tracking progress 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 2014, values are expected to increase 4.5% over 2013 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 4.5% in 2014, 5.0% in 2015, and 5.8% for the remaining years in the plan.
- The City's sales tax base for 2014 is projected to increase by 6.0% and annually at 6.0% in the remaining years of the Plan. This represents the historical average sales tax revenue growth the City has experienced since 1997, if the peak growth years and the recession years are excluded.
- Use taxes increase 3.0% in 2015 and 4.0% through the remaining years in the plan.
- Revenue from all other taxes increases 3.0% throughout the plan.
- 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 2014, 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, on average, 3.7% in the remaining plan years.
- Interest is calculated at 1.2% of the expected beginning balance in 2014 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 2014 Budget is the Adopted 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, with any one-time allocations removed.
- 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; 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 three years of the Plan (2014-2017). However, the projections are only under the limitation by a maximum of 2.6%, in any one year, with most years under by about 1.3%. 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 years 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 with Station 2 in 2014 and Station 10 in 2019. The Police Department is near completion of a Staffing Plan. 2014 allocations are based on the preliminary results of this Plan, but future year impacts have not been included at this time. It is anticipated that the amounts available for expansion in other departments will be significantly reduced after this staffing plan is folded into the Financial Master Plan. 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 based on the study;
- Adequately continuing funding street rehabilitation due to the 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

	2012 Actual (1)	2013 Adopted (2)	2013 Revised June (3)	2014 Projected (4)
Beginning Fund Balance	\$22,099,961	\$26,744,200	\$33,786,140	\$31,220,890
REVENUES				
Property Tax	7,430,940	7,439,950	7,439,950	7,762,450
Current Sales Tax Base	34,539,752	35,219,650	35,219,650	38,906,640
Use Tax	3,930,358	3,300,000	3,300,000	3,848,770
Other Taxes	3,153,998	2,628,000	2,628,000	2,762,050
Intergovernmental	573,216	324,080	352,190	343,750
Licenses & Permits	1,807,356	1,551,900	1,551,600	1,977,600
User Fees	4,239,397	3,968,070	3,968,370	4,016,660
Fines & Forfeits	956,357	1,068,280	1,068,280	1,010,100
Interest	378,918	340,160	340,160	332,980
Others	631,645	227,900	232,740	817,510
Internal Service Transfers General Fund	-	3,284,550	3,284,550	6,289,180
Internal Service Transfers Non- General Fund	3,950,542	4,548,300	4,548,300	4,841,140
PILT	5,329,510	5,639,810	5,639,810	5,943,620
Transfer from Power for Econ Development	4,107,603	78,800	78,800	81,560
Transfer from Lodging Tax	-	50,000	50,000	25,000
TOTAL REVENUES	\$ 71,029,592	\$ 69,669,450	\$ 69,702,400	\$ 78,959,010
TOTAL REVENUES & SOURCES	\$ 93,129,553	\$ 96,413,650	\$ 103,488,540	\$ 110,179,900
EXPENDITURES				
Legislative	97,102	137,710	139,210	135,260
Executive & Legal	1,810,112	2,557,490	2,015,830	1,962,960
City Clerk	441,233	-	569,910	1,030,660
Cultural Services	1,324,688	1,670,190	1,701,090	1,871,460
Development Services	2,517,478	2,994,520	3,246,060	3,781,300
Economic Development	1,073,145	810,110	1,176,250	1,141,480
Finance	3,728,933	4,303,450	4,303,450	4,860,890
Fire & Rescue	566,333	-	12,820	-
Human Resources	859,665	1,048,160	1,044,570	1,230,190
Information Technology	2,945,326	2,788,480	2,967,930	3,004,290
Library	2,408,997	2,832,310	2,880,320	3,083,040
Parks & Recreation	7,654,958	8,452,510	8,475,070	9,129,680
Police	16,105,938	16,782,040	16,960,090	18,407,350
Public Works	4,524,747	4,825,790	4,818,490	5,214,040
Non-Departmental	692,191	756,400	927,060	881,370
Transfers	307,484	65,000	65,000	65,000
Business Incentive Program	202,807	250,000	943,430	350,000
City Contribution to Fire Authority	6,717,035	7,244,940	7,584,300	7,800,420
Transit Operating Subsidy	-	913,800	930,770	1,153,480
Transportation Operating Subsidy	-	4,083,860	4,163,860	4,692,900
TOTAL EXPENDITURES	\$ 53,978,172	\$ 62,516,760	\$ 64,925,510	\$ 69,795,770
NET OPERATING REVENUES (LOSS)	\$ 17,051,420	\$ 7,152,690	\$ 4,776,890	\$ 9,163,240
CAPITAL				
Net Capital Expense	3,351,582	1,500,000	1,760,020	7,194,420
Street Construction Projects	888,868	430,360	1,458,260	569,100
Bridge program	-	100,000	100,000	100,000
One time Addition to Street rehabilitation	-	-	-	1,000,000
One-time add to Transportation Plan for Bike Ped	-	-	-	199,880
Olsen Annexation	-	-	-	-
Internal Loan Repayment (Recreation an Fire CEF)	97,000	957,150	957,150	886,450
Early Repay of Fire CEF Internal loan	-	1,000,000	1,000,000	600,000
Early Repay of Recreation CEF Internal loan	-	-	-	400,000
Water Enterprise Principal Payment	-	-	-	750,000
Equipment Replacement	1,027,787	1,972,450	2,066,710	1,964,940
TOTAL CAPITAL EXPENDITURES	\$ 5,365,237	\$ 5,959,960	\$ 7,342,140	\$ 13,664,790
NET CHANGE IN FUND BALANCE	\$ 11,686,183	\$ 1,192,730	\$ (2,565,250)	\$ (4,501,550)
Ending Fund Balance	33,786,144	27,936,930	31,220,890	26,719,340
Required Balance	15,208,055	13,581,402	13,871,885	13,537,269
NET SURPLUS (DEFICIT)	\$ 18,578,089	\$ 14,355,528	\$ 17,349,005	\$ 13,182,071
Reserve Policy Requirement (15% of Oper. Expense)	\$ 8,901,510	\$ 10,271,510	\$ 10,048,830	\$ 10,764,110
Amount Above (Under) Policy	\$ 9,676,579	\$ 4,084,018	\$ 7,300,175	\$ 2,417,961

2015 Projected (5) \$26,719,340	2016 Projected (6) \$30,192,850	2017 Projected (7) \$34,098,520	2018 Projected (8) \$36,944,590	2019 Projected (9) \$44,627,370	2020 Projected (10) \$54,496,810	2021 Projected (11) \$69,968,460	2022 Projected (12) \$87,790,490	2023 Projected (13) \$110,116,800
8,150,570	8,623,300	9,123,450	9,652,610	10,212,460	10,804,780	11,431,460	12,094,480	12,795,960
41,241,040	43,715,500	46,338,430	49,118,740	52,065,860	55,189,810	58,501,200	62,011,270	65,731,950
3,964,230	4,122,800	4,287,710	4,459,220	4,637,590	4,823,090	5,016,010	5,216,650	5,425,320
2,844,910	2,930,260	3,018,170	3,108,720	3,201,980	3,298,040	3,396,980	3,498,890	3,603,860
352,340	361,150	370,180	379,430	388,920	398,640	408,610	418,830	429,300
2,036,930	2,098,040	2,160,980	2,225,810	2,292,580	2,361,360	2,432,200	2,505,170	2,580,330
4,157,240	4,302,740	4,453,340	4,609,210	4,770,530	4,937,500	5,110,310	5,289,170	5,474,290
1,015,150	1,020,230	1,025,330	1,030,460	1,035,610	1,040,790	1,045,990	1,051,220	1,056,480
534,390	754,820	1,022,960	1,293,060	1,785,090	2,452,360	3,358,490	4,213,940	5,285,610
546,120	565,230	585,010	605,490	626,680	648,610	671,310	694,810	719,130
6,509,300	6,737,130	6,972,930	7,216,980	7,469,570	7,731,000	8,001,590	8,281,650	8,571,510
5,010,580	5,185,950	5,367,460	5,555,320	5,749,760	5,951,000	6,159,290	6,374,870	6,597,990
6,161,520	6,425,260	6,650,760	7,017,170	7,295,060	7,545,850	7,799,420	8,075,980	8,257,820
84,410	87,360	90,420	93,580	96,860	100,250	103,760	107,390	111,150
-	-	-	-	-	-	-	-	-
\$ 82,608,730	\$ 86,842,410	\$ 91,376,710	\$ 96,272,220	\$ 101,531,690	\$ 107,182,830	\$ 113,332,860	\$ 119,726,930	\$ 126,529,550
\$ 109,328,070	\$ 117,035,260	\$ 125,475,230	\$ 133,216,810	\$ 146,159,060	\$ 161,679,640	\$ 183,301,320	\$ 207,517,420	\$ 236,646,350
135,260	135,260	135,260	135,260	135,260	135,260	135,260	135,260	135,260
2,031,660	2,102,770	2,176,370	2,252,540	2,331,380	2,412,980	2,497,430	2,584,840	2,675,310
1,066,730	1,104,070	1,142,710	1,182,700	1,224,090	1,266,930	1,311,270	1,357,160	1,404,660
1,856,230	1,921,200	2,419,440	2,504,120	2,591,760	2,682,470	2,776,360	2,873,530	2,974,100
3,654,900	3,782,820	3,915,220	4,052,250	4,194,080	4,340,870	4,492,800	4,650,050	4,812,800
1,181,430	1,222,780	1,265,580	1,309,880	1,355,730	1,403,180	1,452,290	1,503,120	1,555,730
4,922,350	5,094,630	5,272,940	5,457,490	5,648,500	5,846,200	6,050,820	6,262,600	6,481,790
-	-	-	-	-	-	-	-	-
1,273,250	1,317,810	1,363,930	1,411,670	1,461,080	1,512,220	1,565,150	1,619,930	1,676,630
3,066,860	3,174,200	3,285,300	3,400,290	3,519,300	3,642,480	3,769,970	3,901,920	4,038,490
3,072,960	3,180,510	3,291,830	3,407,040	3,526,290	3,649,710	3,777,450	3,909,660	4,046,500
9,423,340	9,765,660	10,144,660	10,499,720	10,922,210	11,304,490	11,700,150	12,109,660	12,533,500
18,957,340	19,620,850	20,307,580	21,018,350	21,753,990	22,515,380	23,303,420	24,149,040	24,994,260
5,624,490	5,821,350	6,025,100	6,366,980	6,589,820	6,820,460	7,059,180	7,306,250	7,561,970
912,220	944,150	977,200	1,011,400	1,046,800	1,083,440	1,121,360	1,160,610	1,201,230
65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
8,366,470	8,703,950	9,531,190	9,864,780	11,344,970	11,742,040	12,153,010	12,578,370	13,018,610
1,193,850	1,235,630	1,278,880	1,323,640	1,369,970	1,417,920	1,467,550	1,518,910	1,572,070
4,832,150	5,001,280	5,176,320	5,357,490	5,545,000	5,739,080	5,939,950	6,147,850	6,363,020
\$ 71,886,490	\$ 74,443,920	\$ 78,024,510	\$ 80,870,600	\$ 84,875,230	\$ 87,830,110	\$ 90,888,420	\$ 94,083,760	\$ 97,360,930
\$ 10,722,240	\$ 12,398,490	\$ 13,352,200	\$ 15,401,620	\$ 16,656,460	\$ 19,352,720	\$ 22,444,440	\$ 25,643,170	\$ 29,168,620
2,877,580	2,306,660	7,170,760	3,713,840	3,359,620	636,130	1,333,390	681,430	1,035,120
524,000	389,000	363,600	351,000	389,000	373,000	412,800	488,500	353,060
100,000	100,000	100,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	442,000	-	-	-	-	-	-	-
1,000,945	1,032,395	78,155	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
750,000	750,000	750,000	750,000	750,000	750,000	750,000	-	-
1,996,210	3,472,770	2,043,620	2,904,000	2,288,400	2,121,940	2,126,220	2,146,930	2,152,080
\$ 7,248,735	\$ 8,492,825	\$ 10,506,135	\$ 7,718,840	\$ 6,787,020	\$ 3,881,070	\$ 4,622,410	\$ 3,316,860	\$ 3,540,260
\$ 3,473,505	\$ 3,905,665	\$ 2,846,065	\$ 7,682,780	\$ 9,869,440	\$ 15,471,650	\$ 17,822,030	\$ 22,326,310	\$ 25,628,360
30,192,845	34,098,515	36,944,585	44,627,370	54,496,810	69,968,460	87,790,490	110,116,800	135,745,160
14,532,455	14,217,937	9,334,462	10,347,890	11,733,460	13,214,550	14,767,350	16,358,390	18,202,630
\$ 15,660,390	\$ 19,880,578	\$ 27,610,123	\$ 34,279,480	\$ 42,763,350	\$ 56,753,910	\$ 73,023,140	\$ 93,758,410	\$ 117,542,530
\$ 11,082,410	\$ 11,687,500	\$ 12,010,220	\$ 12,566,190	\$ 13,074,540	\$ 13,492,810	\$ 13,952,200	\$ 14,434,600	\$ 14,926,950
\$ 4,577,980	\$ 8,193,078	\$ 15,599,903	\$ 21,713,290	\$ 29,688,810	\$ 43,261,100	\$ 59,070,940	\$ 79,323,810	\$ 102,615,580

CALCULATION OF REQUIRED BALANCE

TABOR Excess Reserves Beginning Balance 2003-2012	4,674,060	2,710,644	7,739,934	6,281,674
Projected Tabor Annual Excess	3,954,742	-	-	-
Fire Apparatus	-	-	-	(1,458,610)
Barnes Park Field Lighting	-	-	-	(610,000)
Street Construction	(888,868)	(430,360)	(1,458,260)	(569,100)
TABOR Excess Reserve Ending Balance 2003-2012	\$ 7,739,934	\$ 2,280,284	\$ 6,281,674	\$ 3,643,964

TABOR Excess Reserves Beginning Balance 2013	-	-	-	-
Projected Tabor Annual Excess	-	4,625,737	-	2,961,484
Police Training Facility	-	-	-	-
Street Construction	-	-	-	-
TABOR Excess Reserve 2013	\$ -	\$ 4,625,737	\$ -	\$ 2,961,484

TABOR 3% Emergency	1,650,180	1,934,680	2,009,770	2,152,820
Council Contingency	100,000	100,000	100,000	100,000
Unfunded Liability	200,000	200,000	200,000	200,000
Equipment Replacement	70,000	250,000	250,000	250,000
Fire Reserve for Third Year of SAFER Grant	138,300	-	-	-
Fire Grant Match Reserve	113,800	103,900	103,900	-
Library Reserve	125,031	125,031	125,031	125,031
Required Reserves	\$ 2,397,311	\$ 2,713,611	\$ 2,788,701	\$ 2,827,851

Council Reserve Beginning Balance	4,674,060	3,885,570	5,070,810	4,801,510
Annual Council Set-Aside (2.5% Tax Revenue)	1,048,660	1,033,350	1,148,990	1,188,910
Downtown Infrastructure Improvements	-	-	-	-
Flood Assistance Program	-	-	-	(1,000,000)
3rd Street Project (Leslie Demolition & Remediation)	(187,000)	-	(68,640)	-
Sunrise Health Center	-	-	(273,500)	-
Art Space Pre-Construction	(356,000)	-	(119,000)	-
IHN Fee Waiver	(11,910)	-	-	-
Intra-Fund Loan Repayment on Land Purchase	(97,000)	(957,150)	(957,150)	(886,450)
Council Reserve Ending Balance	\$ 5,070,810	\$ 3,961,770	\$ 4,801,510	\$ 4,103,970

REQUIRED BALANCE	\$ 15,208,055	\$ 13,581,402	\$ 13,871,885	\$ 13,537,269
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3,643,964	3,119,964	2,730,964	2,367,364	2,016,364	1,627,364	1,254,364	841,564	353,064
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(524,000)	(389,000)	(363,600)	(351,000)	(389,000)	(373,000)	(412,800)	(488,500)	(353,060)
\$ 3,119,964	\$ 2,730,964	\$ 2,367,364	\$ 2,016,364	\$ 1,627,364	\$ 1,254,364	\$ 841,564	\$ 353,064	\$ 4
2,961,484	5,138,485	5,727,532	327,532	-	-	-	-	-
2,177,002	589,047	-	-	-	-	-	-	-
-	-	(5,400,000)	(327,532)	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ 5,138,485	\$ 5,727,532	\$ 327,532	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,216,480	2,337,500	2,402,040	2,513,240	2,614,910	2,698,560	2,790,440	2,886,920	2,985,390
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
\$ 2,891,511	\$ 3,012,531	\$ 3,077,071	\$ 3,188,271	\$ 3,289,941	\$ 3,373,591	\$ 3,465,471	\$ 3,561,951	\$ 3,660,421
4,103,970	3,382,495	2,746,910	3,562,495	5,143,255	6,816,155	8,586,595	10,460,315	12,443,375
1,279,470	1,396,810	1,493,740	1,580,760	1,672,900	1,770,440	1,873,720	1,983,060	2,098,830
(1,000,000)	(1,000,000)	(600,000)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(1,000,945)	(1,032,395)	(78,155)	-	-	-	-	-	-
\$ 3,382,495	\$ 2,746,910	\$ 3,562,495	\$ 5,143,255	\$ 6,816,155	\$ 8,586,595	\$ 10,460,315	\$ 12,443,375	\$ 14,542,205
\$ 14,532,455	\$ 14,217,937	\$ 9,334,462	\$ 10,347,890	\$ 11,733,460	\$ 13,214,550	\$ 14,767,350	\$ 16,358,390	\$ 18,202,630

As a result of the Great Recession, the City developed from the Financial Plan a Sustainability Calculation. From this work it became evident that the City budget had a structural imbalance. That is on-going expenses were exceeding revenues available for the appropriation of the on-going expenses. With input from the public, staff and Council a Sustainability strategy was developed in 2012 to ensure there was adequate revenue to meet on-going expenses without the use of reserves. The calculation of the General Fund budget structure, which is still used as a sustainability guide, is shown below.

Calculation of Annual General Fund Budget Structure

	2012 Actual	2013 Adopted Budget	2013 Revised	2014 Projected	2015 Projected
Revenue					
Total General Fund Revenue	\$71,029,592	\$66,384,900	\$66,417,850	\$72,669,830	\$77,598,150
Council Capital Reserve Contribution	(\$1,048,660)	(\$1,033,350)	(\$1,148,990)	(\$1,188,910)	(\$1,279,470)
Tabor Reserve Contribution	(\$3,954,742)	(\$4,625,737)	\$0	(\$2,961,484)	(\$2,177,002)
Tabor 3% Contribution	(\$75,580)	(\$284,500)	(\$75,090)	(\$143,050)	(\$63,660)
Net General Fund Revenue	\$65,950,610	\$60,441,313	\$65,193,770	\$68,376,386	\$74,078,018
Expenses					
Operating Expense	\$53,978,172	\$59,232,210	\$61,640,960	\$63,506,590	\$65,377,190
Total Capital	\$5,365,237	\$5,365,237	\$7,342,140	\$13,664,790	\$7,248,735
Less Capital Funded by TABOR Reserves	(\$888,868)	(\$430,360)	(\$1,458,260)	(\$2,637,710)	(\$524,000)
Less Capital Funded by Council Capital Reserves	(\$651,910)	(\$957,150)	(\$1,418,290)	(\$1,886,450)	(\$2,000,945)
Less Capital Funded by Other reserves	(\$716,920)	(\$1,000,000)	(\$1,750,000)	(\$4,558,190)	(\$750,000)
Less Fund balance used to fund previously approved expenses in the Rollover Ordinance	\$0	\$0	(\$2,775,380)	\$0	\$0
Net General Fund Expense	\$57,085,711	\$62,209,937	\$61,581,170	\$68,089,030	\$69,350,980
Net Revenue less Net Expense	\$8,864,899	(\$1,768,624)	\$3,612,600	\$287,356	\$4,727,038

2016 Projected	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected
\$81,656,460	\$86,009,250	\$90,716,900	\$95,781,930	\$101,231,830	\$107,173,570	\$113,352,060	\$119,931,560
(\$1,396,810)	(\$1,493,740)	(\$1,580,760)	(\$1,672,900)	(\$1,770,440)	(\$1,873,720)	(\$1,983,060)	(\$2,098,830)
(\$589,047)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(\$121,020)	(\$64,540)	(\$111,200)	(\$101,670)	(\$83,650)	(\$91,880)	(\$96,480)	(\$98,470)
\$79,549,583	\$84,450,970	\$89,024,940	\$94,007,360	\$99,377,740	\$105,207,970	\$111,272,520	\$117,734,260
\$67,706,790	\$71,051,580	\$73,653,620	\$77,405,660	\$80,099,110	\$82,886,830	\$85,802,110	\$88,789,420
\$8,492,825	\$10,506,135	\$7,718,840	\$6,787,020	\$3,881,070	\$4,622,410	\$3,316,860	\$3,540,260
(\$389,000)	(\$5,763,600)	(\$678,532)	(\$389,000)	(\$373,000)	(\$412,800)	(\$488,500)	(\$353,060)
(\$2,032,395)	(\$678,155)	\$0	\$0	\$0	\$0	\$0	\$0
(\$750,000)	(\$750,000)	(\$750,000)	(\$750,000)	(\$750,000)	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$73,028,220	\$74,365,960	\$79,943,928	\$83,053,680	\$82,857,180	\$87,096,440	\$88,630,470	\$91,976,620
\$6,521,363	\$10,085,010	\$9,081,012	\$10,953,680	\$16,520,560	\$18,111,530	\$22,642,050	\$25,757,640

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

Project	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Mehaffey Park Operating	97,500	-	-	-	-	-	-	-	-	-
Service Center Expansion	102,520	172,560	-	-	-	-	-	-	-	-
Fire Station 2 additional engine	27,700	55,400	-	-	-	-	-	-	-	-
Fire Station 10	-	-	-	-	-	1,134,920	-	-	-	-
<i>Museum Expansion -Culture cost</i>	-	-	-	-	431,000	-	-	-	-	-
<i>Museum Expansion -Utility cost</i>	-	-	-	-	131,000	-	-	-	-	-
Loveland Sports Park	-	-	-	21,000	-	-	-	-	-	-
Kroh Park	-	-	-	-	-	-	-	-	30,000	-
Fairgrounds Park	-	-	-	-	-	30,000	-	-	-	-
New Neighborhood Parks	-	-	12,500	-	-	25,000	-	-	-	-
Spray Park	-	-	-	16,200	-	-	-	-	-	-
Total	227,720	227,960	12,500	37,200	562,000	1,189,920	-	-	30,000	-