

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.

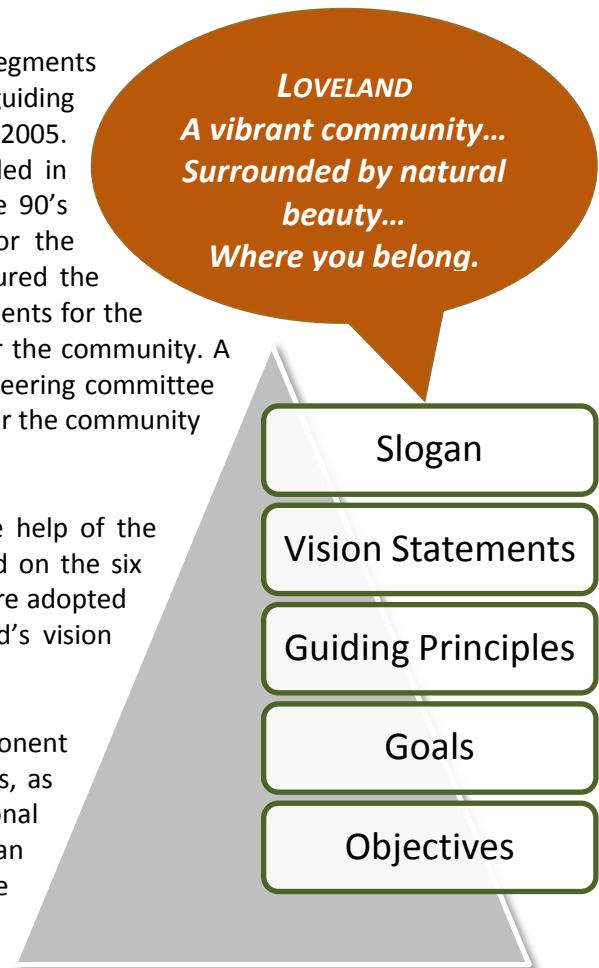
The City uses the Comprehensive Master Plan as its guiding document for both financial planning, and development of the City's Logic Model. The Logic Model is a strategic operations planning guide that incorporates outcome based performance measurement to provide the City a method of tracking progress 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 2.5% in 2015 and 3.0% for all years in the plan. The Local Growth Factor is forecasted to be 3.0% in 2015-2018, 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 2015, values are expected to increase 3.0% over 2014 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 2016, and 5.8% for the remaining years in the plan.
- The City's sales tax base for 2015 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 increases by about \$1 million 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 2015, 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, 5.6% in the remaining plan years.
- Interest is calculated at 1.2% of the expected beginning balance in 2015 and grows to 4.5% 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 2015 Budget is the 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, 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;; 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 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 four years of the Plan (2013-2016). However, the projections are only under the limitation by a maximum of 1.7%, in any one year, with most years under by about 1.2%. 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.
- The Council approved a fund balance policy that places a target for unassigned fund balance to remain at 15% of the operating expense to keep funding available should there be a significant unexpected economic downturn. The funding act as a bridge to keep city services functioning until a process to determine how to bring expenditures back within the revenue stream was completed. Due to the 2013 Flood and policy initiatives for downtown development, the City will go under the target amount in 2014 and 2015 based on the budgeted revenues and expenditures. However, depending on the timing of reimbursement from the State and Federal Governments for flood projects that are not included in the revenue budgets since the timing could not be projected, and the timing of when actual expenditures take place; we do not anticipate the actual amounts of the unassigned balance at the end of either year will be below the target.

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. It is important to note that this is a status quo plan, showing that the City can meet the existing service commitments. This methodology helps to show the potential amounts that may become available for increased expense due to growth or new Council service objectives. Some growth in expenses may be possible, but the scale of needs is larger than the surpluses. The Fire Service operations impact of capital improvements is included with Station 10 in 2019. The Police Department has completed a Staffing Plan. 2015 allocations are based on the results of this Plan at the Tier 2 level, but future year impacts have not been included at this time. Should the economy hold the City may have the ability to fully fund the staffing plan beginning in 2018. However the operating costs for the new Police Training Facility are still being developed so are not included in future year projections. Should the timeline for funding the staffing plan and the operating costs for the training facility come in high, it is anticipated that the amounts available for expansion in other departments will be significantly reduced. 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 and to operate a new training facility;
- 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;

- 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 may not enough revenue in the Financial Master Plan to fully fund all of these policy objectives, particularly in the short term. 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

	2013 Year end	2014 Adopted	2014 Revised
Beginning Fund Balance	31,847,706	\$31,220,890	38,878,316

REVENUES

Property Tax	7,470,841	7,762,450	7,762,450
Current Sales Tax Base	36,872,201	38,906,640	38,906,640
Use Tax	4,383,423	3,848,770	3,848,770
Other Taxes	3,010,825	2,762,050	2,762,050
Licenses & Permits	1,719,149	1,977,600	1,977,600
Fines & Forfeits	871,873	1,010,100	1,010,100
Intergovernmental	555,860	343,750	343,750
User Fees	4,152,599	4,016,660	4,016,660
Interest	(476,512)	332,980	332,980
Others	3,091,660	817,510	880,080
Internal Service Transfers General Fund	3,250,798	6,289,180	6,289,180
Internal Service Transfers Non- General Fund	4,355,755	4,841,140	4,841,140
PILT	5,519,428	5,943,620	5,943,620
Transfer from Power for Econ Development	78,800	81,560	81,560
Transfer from Lodging Tax	82,800	25,000	25,000
TOTAL REVENUES	\$ 74,939,500	\$ 78,959,010	\$ 79,021,580
TOTAL REVENUES & SOURCES	\$ 106,787,206	\$ 110,179,900	\$ 117,899,896

EXPENDITURES

Legislative	118,263	135,260	153,160
Executive & Legal	1,957,336	1,967,960	1,972,960
City Clerk	454,431	1,030,660	1,051,380
Cultural Services	1,672,861	1,871,460	1,992,140
Development Services	2,951,927	3,781,300	4,192,990
Economic Development	1,696,786	1,141,480	2,227,500
Finance	4,221,458	4,860,890	4,860,890
Fire & Rescue	21,868	-	7,500
Human Resources	962,311	1,230,190	1,230,190
Information Technology	2,709,108	3,004,290	3,207,700
Library	2,799,234	3,083,040	3,178,010
Parks & Recreation	7,677,347	9,129,680	9,232,360
Police	17,097,730	18,407,350	18,529,400
Public Works	5,178,065	5,214,040	5,438,840
Water & Power River	-	-	100,350
Non-Departmental	1,042,297	881,370	978,650
Transfers	40,580	65,000	65,000
Business Incentive Program	127,990	350,000	1,764,440
City Contribution to Fire Authority	6,946,677	7,800,420	8,187,910
Contribution to Downtown Organization	-	-	-
Transit Operating Subsidy	1,219,425	1,153,480	1,153,480
Transportation Operating Subsidy	4,300,840	4,692,900	4,909,810
TOTAL OPERATING EXPENDITURES	\$ 63,196,534	\$ 69,800,770	\$ 74,434,660
NET OPERATING REVENUES (LOSS)	\$ 11,742,966	\$ 9,158,240	\$ 4,586,920

CAPITAL

Net Capital Expense	474,964	7,194,420	8,251,720
Street Construction Projects	537,403	569,100	1,565,360
Bridge program	-	100,000	200,000
One time Addition to Street rehabilitation	-	1,000,000	1,000,000
One-time add to Transportation Plan for Bike Ped	-	199,880	199,880
Fire Training Ground	-	-	181,350
Washington School Restrooms	-	-	170,000
Park Flood	-	-	2,328,000
downtown Properties	-	-	6,250,000
Olsen Annexation	-	-	-
Internal Loan Repayment (Recreation an Fire CEF)	884,429	886,450	886,450
Early Repay of Fire CEF Internal loan	1,000,000	600,000	1,003,730
Early Repay of Recreation CEF Internal loan	-	400,000	400,000
Water Enterprise Principal Payment	-	750,000	750,000
Equipment Replacement	1,815,560	1,959,940	1,959,940
TOTAL CAPITAL EXPENDITURES	\$ 4,712,356	\$ 13,659,790	\$ 25,146,430

		\$ 83,460,560	\$ 99,581,090
NET CHANGE IN FUND BALANCE	\$ 7,030,610	\$ (4,501,550)	\$ (20,559,510)
Ending Fund Balance	38,878,316	26,719,340	18,318,806
Required Balance	14,613,751	13,540,896	10,917,773
NET SURPLUS (DEFICIT)	\$ 24,264,565	\$ 13,178,444	\$ 7,401,033
Reserve Policy Requirement (15% of Oper. Expense)	\$ 9,751,810	\$ 10,764,110	\$ 11,459,190
Amount Above (Under) Policy	\$ 14,512,755	\$ 2,414,334	\$ (4,058,157)

	2013	2014	2014
CALCULATION OF REQUIRED BALANCE	Year end	Adopted	Revised
TABOR Excess Reserves Beginning Balance 2003-2012	7,739,934	6,281,674	7,202,531
Projected Tabor Annual Excess	-	-	-
Fire Apparatus	-	(1,458,610)	(1,458,610)
Barnes Park Field Lighting	-	(610,000)	(610,000)
Street Construction	(537,403)	(569,100)	(1,565,360)
TABOR Excess Reserve Ending Balance 2003-2012	\$ 7,202,531	\$ 3,643,964	\$ 3,568,561
TABOR Excess Reserves Beginning Balance 2013	-	44,027	44,027
Projected Tabor Annual Excess	44,027	2,961,484	4,577,372
Police Training Facility	-	-	-
Street Construction	-	-	-
TABOR Excess Reserve 2013	\$ 44,027	\$ 3,005,511	\$ 4,621,399
TABOR 3% Emergency	1,950,360	2,152,820	2,152,820
Council Contingency	100,000	100,000	100,000
Unfunded Liability	200,000	200,000	200,000
Equipment Replacement	250,000	250,000	250,000
Fire Grant Match Reserve	103,900	-	-
Library Reserve	125,031	125,031	125,031
Required Reserves	\$ 2,729,291	\$ 2,827,851	\$ 2,827,851
Council Reserve Beginning Balance	5,070,810	4,801,510	4,637,902
Annual Council Set-Aside (2.5% Tax Revenue)	1,218,160	1,148,510	1,148,510
South Catylist Project	-	-	(4,250,000)
Flood Assistance Program	-	(1,000,000)	(250,000)
3rd Street Project (Leslie Demolition & Remediation)	(47,639)	-	-
Sunrise Health Center	(100,000)	-	-
Business Flood Relief Program	(200,000)	-	-
House of Neighborly Services	-	-	(500,000)
Art Space Pre-Construction	(119,000)	-	-
Art Space loan	(300,000)	-	-
Intra-Fund Loan Repayment on Land Purchase	(884,429)	(886,450)	(886,450)
Council Reserve Ending Balance	\$ 4,637,902	\$ 4,063,570	\$ (100,038)
REQUIRED BALANCE	\$ 14,613,751	\$ 13,540,896	\$ 10,917,773

2015 Projected	2016 Projected	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected
3,568,561	2,997,461	2,471,461	1,521,861	1,060,860	627,860	190,860	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(571,100)	(526,000)	(949,600)	(461,001)	(433,000)	(437,000)	(190,860)	-	-	-
\$ 2,997,461	\$ 2,471,461	\$ 1,521,861	\$ 1,060,860	\$ 627,860	\$ 190,860	\$ -	\$ -	\$ -	\$ -
4,621,399	5,560,291	5,560,291	1,246,231	1,246,231	1,246,231	1,246,231	974,791	476,291	11,791
938,892	-	-	-	-	-	-	-	-	-
-	-	(4,314,060)	-	-	-	-	-	-	-
-	-	-	-	-	-	(271,440)	(498,500)	(464,500)	-
\$ 5,560,291	\$ 5,560,291	\$ 1,246,231	\$ 1,246,231	\$ 1,246,231	\$ 1,246,231	\$ 974,791	\$ 476,291	\$ 11,791	\$ 11,791
			2,307,091						
2,287,050	2,417,730	2,487,550	2,594,230	2,685,250	2,796,380	2,874,090	2,973,060	3,084,140	3,204,410
-	-	-	-	-	-	-	-	-	-
200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
125,031	125,031	125,031	125,031	125,031	125,031	125,031	125,031	125,031	125,031
\$ 2,612,081	\$ 2,742,761	\$ 2,812,581	\$ 2,919,261	\$ 3,010,281	\$ 3,121,411	\$ 3,199,121	\$ 3,298,091	\$ 3,409,171	\$ 3,529,441
(100,038)	281,682	1,722,332	3,244,212	4,850,762	6,545,482	8,331,942	10,213,742	12,194,552	14,278,072
1,340,670	1,440,650	1,521,880	1,606,550	1,694,720	1,786,460	1,881,800	1,980,810	2,083,520	2,188,350
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-	-	-	-	-	-	-	-	-	-
(958,950)	-	-	-	-	-	-	-	-	-
\$ 281,682	\$ 1,722,332	\$ 3,244,212	\$ 4,850,762	\$ 6,545,482	\$ 8,331,942	\$ 10,213,742	\$ 12,194,552	\$ 14,278,072	\$ 16,466,422
\$ 11,451,515	\$ 12,496,845	\$ 8,824,885	\$ 10,077,114	\$ 11,429,854	\$ 12,890,444	\$ 14,387,654	\$ 15,968,934	\$ 17,699,034	\$ 20,007,654

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 Genral Fund Budget Structure

	2013 Actual	2014 Adopted	2014 Revised	2015 Projected
Revenue				
Total General Fund Revenue	\$71,688,702	\$72,669,830	\$72,732,400	\$80,208,870
Council Capital Reserve Contribution	(\$1,218,160)	(\$1,148,510)	(\$1,148,510)	(\$1,327,490)
Tabor Reserve Contribution	\$44,027	\$2,961,484	\$4,577,372	\$938,892
Tabor 3% Contribution	(\$320,300)	(\$202,460)	(\$202,460)	(\$134,230)
Net General Fund Revenue	\$70,194,269	\$74,280,344	\$75,958,802	\$79,686,042
Expenses				
Operating Expense	\$59,945,736	\$63,511,590	\$68,145,480	\$66,252,090
Total Capital	\$4,754,522	\$13,659,790	\$25,146,430	\$6,600,560
Less Capital Funded by TABOR Reserves	(\$537,403)	(\$2,637,710)	(\$3,633,970)	(\$571,100)
Less Capital Funded by Council Capital Reserves	(\$1,693,234)	(\$1,886,450)	(\$5,886,450)	(\$958,950)
Less Capital Funded by Other reserves	(\$1,926,595)	(\$3,836,330)	(\$13,169,410)	(\$1,708,950)
Less Fund balance used to fund previously approved expenses in the Rollover Ordinance	(\$2,775,380)	\$0	(\$4,985,560)	\$0
Net General Fund Expense	\$57,767,646	\$68,810,890	\$65,616,520	\$69,613,650
Net Revenue less Net Expense	\$12,426,623	\$5,469,454	\$10,342,282	\$10,072,392

2016 Projected	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected
\$84,288,540	\$88,667,070	\$93,348,490	\$98,355,230	\$103,934,160	\$109,728,640	\$115,595,770	\$121,760,910	\$128,198,270
(\$1,426,600)	(\$1,507,010)	(\$1,590,840)	(\$1,678,150)	(\$1,768,990)	(\$1,863,420)	(\$1,961,490)	(\$2,063,240)	(\$2,167,130)
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(\$130,680)	(\$69,820)	(\$106,680)	(\$91,020)	(\$111,130)	(\$77,710)	(\$98,970)	(\$111,080)	(\$120,270)
\$82,731,260	\$87,090,240	\$91,650,970	\$96,586,060	\$102,054,040	\$107,787,510	\$113,535,310	\$119,586,590	\$125,910,870
\$69,051,450	\$72,072,510	\$74,556,700	\$78,583,040	\$81,325,090	\$84,173,140	\$87,140,880	\$90,152,490	\$93,911,490
\$6,438,400	\$11,435,234	\$5,864,810	\$4,072,510	\$4,757,850	\$4,995,210	\$3,992,350	\$3,895,790	\$3,857,070
(\$526,000)	(\$5,263,660)	(\$461,001)	(\$433,000)	(\$437,000)	(\$462,300)	(\$498,500)	(\$464,500)	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(\$750,000)	(\$750,000)	(\$750,000)	(\$750,000)	(\$750,000)	(\$750,000)	(\$442,000)	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$74,213,850	\$77,494,084	\$79,210,509	\$81,472,550	\$84,895,940	\$87,956,050	\$90,192,730	\$93,583,780	\$97,768,560
\$8,517,410	\$9,596,156	\$12,440,461	\$15,113,510	\$17,158,100	\$19,831,460	\$23,342,580	\$26,002,810	\$120,967,848

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Service Center Expansion	172,560	-	-	-	-	-	-	-	-	-
Fire Station 2 additional engine	55,400	-	-	-	-	-	-	-	-	-
Fire Station 10	-	-	-	-	1,335,200	-	-	-	-	-
<i>Museum Expansion -Culture cost</i>	-	-	-	-	-	-	-	-	-	431,000
<i>Museum Expansion -Utility cost</i>	-	-	-	-	-	-	-	-	-	131,000
<i>Museum Storage</i>	-	-	60,000	-	-	-	-	-	-	-
Loveland Sports Park	-	-	-	-	120,000	-	-	-	-	-
Kroh Park	-	-	-	-	-	-	-	30,000	-	-
Fairgrounds Park	-	-	-	-	-	30,000	-	-	-	-
New Neighborhood Parks	-	-	-	-	-	-	40,000	-	-	40,000
Outdoor Aquatic Facility	-	140,000	-	-	-	-	-	-	-	-
Fire Training Grounds	-	116,100	-	-	-	-	-	-	-	-
Total	227,960	256,100	60,000	-	1,455,200	30,000	40,000	30,000	-	602,000