

# 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 the 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 the new buildings or equipment or operate the expanded service 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 the 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 in the City.
- It is the basis for the development of future budgets.
- It notifies Council when projected revenues are insufficient to cover the projected expenses for priority projects. In order to balance the budgets, 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 reserve.
  - 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 will 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.

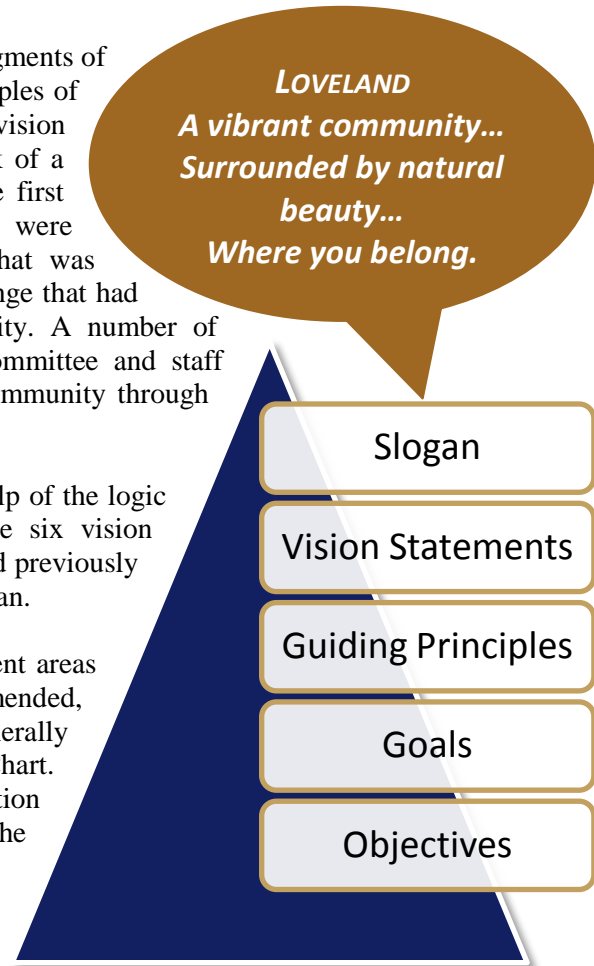
The City uses the Comprehensive Master Plan as its guiding document for both financial planning, and development of the City's Logic Model. The Logic Model is a strategic operations planning guide that incorporates outcome based performance measurement to provide the City a method of tracking progress 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 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 divisions 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 rate for the CPI is 3.2% in 2012, and 3.0% for the remaining years. The Local Growth Factor is 1.02% in 2012, based on the property valuations from the County Assessor, and is forecasted to be 2.0% in 2013, 3.5% in 2014, 3.0% in 2015 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 2012, values are expected to decrease by 4.6%. 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 5.8% for the remaining years in the plan.
- The City's sales tax base for 2012 is projected to increase by 3.0% and by 4.0% in the remaining years of the Plan.
- Use taxes decrease in 2012 due to the decline in the construction industry and are held at growth of, on average, 2.0% throughout the Plan.
- Revenue from all other taxes increases 3.0% in 2012-2016.
- Intergovernmental revenue decreases in 2012 due to the formation of the Loveland Fire and Rescue Authority and the direction of Rural Fire District revenue to the Authority. Each year from 2013 to 2016, intergovernmental revenue increases at a rate of 2.5%.
- Charges for service increase by 3.5% each year of the Plan.
- PILT revenues increase in 2012, in part due to an increase of 1.0% in the rate charged to the Enterprise funds as part of the sustainability implementation strategies. 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 1.7% of the expected beginning balance in 2012 and grows to 3.3% by 2016.
- 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 2012 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 fund the third year of the SAFER Grant at \$42,700 since the City has to pay the entire amount in the third year; 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 2001 election. This approval expires at the end of the 2012 budget year. Council is placing a ballot initiative to retain these revenue through 2024.
- 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 Fire Reserve Fund was established to accumulate savings from a contribution reduction to the previously overfunded Consolidated Volunteer Pension Fund. The contribution was reduced to the actuarially required contribution. The savings is being accumulated to pay for the third year of the part time firefighters wages that were paid for in the first two years by the SAFER Grant.
- 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 one year 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 2015. 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.

<b>Finance Master Plan</b>	<b>2010 Actuals</b>	<b>2011 Adopted Budget</b>	<b>2011 Projected Budget</b>	<b>2012 Projected</b>
Beginning Fund Balance	<b>\$27,834,919</b>	<b>22,389,510</b>	<b>\$29,163,270</b>	<b>23,949,940</b>
<b>REVENUES</b>				
Property Tax	7,738,641	7,713,860	7,713,860	7,428,900
Current Sales Tax Base	30,462,193	30,315,800	30,315,800	32,868,020
Use Tax	3,643,605	3,801,120	3,801,120	3,000,000
Other Taxes	3,272,755	2,636,000	2,636,000	2,484,600
Intergovernmental	6,173,329	6,267,300	6,649,270	5,177,080
Licenses & Permits	1,631,549	1,069,800	1,083,680	1,073,180
Charges for Service	3,023,739	3,533,480	3,533,480	3,542,800
Fines & Forfeits	1,060,320	962,400	962,400	1,005,280
Interest	311,176	447,790	447,790	405,050
Others	1,324,384	346,380	389,680	606,450
Internal Services Transfers	2,074,840	2,059,840	2,129,840	2,062,020
PILT	4,015,774	4,195,390	4,195,390	5,041,470
Transfer from Lodging Tax	-	-	3,000	-
<b>TOTAL REVENUES</b>	<b>\$64,732,305</b>	<b>\$63,349,160</b>	<b>\$63,861,310</b>	<b>\$64,694,850</b>
<b>TOTAL REVENUES &amp; SOURCES</b>	<b>\$92,567,224</b>	<b>\$85,738,670</b>	<b>\$93,024,580</b>	<b>\$88,644,790</b>
<b>EXPENDITURES</b>				
Legislative	106,423	125,880	125,880	126,200
Executive & Legal	1,804,015	1,791,980	1,833,520	1,864,480
Cultural Services	1,133,935	1,125,890	1,169,500	1,151,810
Development Services	3,186,332	2,689,870	3,606,430	2,637,310
Economic Development	492,384	837,480	698,280	715,720
Finance	2,163,129	2,368,140	2,463,140	2,413,690
Fire & Rescue	7,500,323	7,646,300	7,840,230	-
City Contribution to Fire Authority	-	-	-	6,108,500
Human Resources	865,256	1,004,320	1,027,810	926,550
Information Technology	2,430,046	2,521,020	2,838,350	2,596,880
Library	2,220,097	2,265,980	2,353,220	2,330,860
Parks & Recreation	6,636,162	7,216,700	7,303,670	7,361,390
Police	15,419,177	15,989,400	16,545,770	15,665,020
Public Works	10,354,193	10,801,360	11,268,140	11,525,310
Non-Departmental	718,683	533,980	925,590	740,240
Transfers	680,887	205,100	297,840	105,100
Business Incentive Program	22,275	350,000	986,590	5,510
<b>TOTAL EXPENDITURES</b>	<b>\$55,733,570</b>	<b>\$57,473,400</b>	<b>\$61,283,960</b>	<b>\$56,274,570</b>
<b>NET OPERATING REVENUE (LOSS)</b>	<b>\$8,998,988</b>	<b>\$5,875,760</b>	<b>\$2,577,350</b>	<b>\$8,420,280</b>
<b>CAPITAL</b>				
Net Capital Expense	2,774,519	3,386,440	3,814,690	4,226,650
Street Construction Projects	1,908,960	749,780	1,374,090	788,720
Olsen Annexation	-	-	-	-
School District Pool Contribution	604,106	-	-	-
Internal Loan Repayment	179,935	191,750	191,750	191,750
Equipment Replacement	2,203,117	2,377,650	2,410,150	2,135,910
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$7,670,637</b>	<b>\$6,705,620</b>	<b>\$7,790,680</b>	<b>\$7,343,030</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$1,328,351</b>	<b>\$(829,860)</b>	<b>\$(5,213,330)</b>	<b>\$1,077,250</b>
Ending Fund Balance	29,163,270	21,559,650	23,949,940	25,027,190
Required Balance	13,060,224	11,233,558	11,223,117	9,955,247
<b>NET SURPLUS (DEFICIT)</b>	<b>\$16,103,046</b>	<b>\$10,326,062</b>	<b>\$12,726,823</b>	<b>\$15,071,943</b>
<b>Reserve Policy Requirement (15% of Operating Expense)</b>	<b>\$9,510,590</b>	<b>\$9,626,850</b>	<b>\$10,631,200</b>	<b>\$9,542,640</b>
<b>Amount Above (Under) Policy</b>	<b>\$8,330,546</b>	<b>\$699,212</b>	<b>\$2,365,623</b>	<b>\$5,529,303</b>



2013 Projected	2014 Projected	2015 Projected	2016 Projected
<b>\$25,027,190</b>	<b>\$25,852,730</b>	<b>\$26,523,340</b>	<b>\$26,428,240</b>

7,428,900	7,726,060	8,174,170	8,648,270
34,182,740	35,550,050	36,972,050	38,450,930
3,018,000	3,099,490	3,158,380	3,221,550
2,559,140	2,635,910	2,714,990	2,796,440
5,306,510	5,439,170	5,575,150	5,714,530
1,105,380	1,138,540	1,172,700	1,207,880
3,789,520	3,922,150	4,059,430	4,201,510
1,010,310	1,015,360	1,020,440	1,025,540
475,520	672,170	822,220	872,130
627,680	949,650	682,890	706,790
2,134,190	2,208,890	2,286,200	2,366,220
5,309,920	5,432,870	5,560,620	5,698,140
-	-	-	-
<b>\$66,947,810</b>	<b>\$69,790,310</b>	<b>\$72,199,240</b>	<b>\$74,909,930</b>
<b>\$91,975,000</b>	<b>\$95,643,040</b>	<b>\$98,722,580</b>	<b>\$101,338,170</b>

126,200	126,200	126,200	126,200
1,929,740	1,997,280	2,067,180	2,139,530
1,175,980	1,217,140	1,622,540	1,679,730
2,729,620	2,825,160	2,924,040	3,026,380
740,770	637,270	659,570	682,650
2,498,170	2,585,610	2,676,110	2,769,770
-	-	-	-
7,350,860	7,608,140	8,682,940	8,986,840
958,980	992,540	1,027,280	1,063,230
2,687,770	2,781,840	2,879,200	2,979,970
2,412,440	2,496,880	2,584,270	2,674,720
7,562,530	7,827,220	8,101,170	8,508,290
16,178,870	16,745,130	17,701,380	18,320,930
11,675,680	12,084,330	12,877,450	13,328,160
766,150	792,970	820,720	849,450
108,780	112,590	116,530	120,610
250,000	350,000	350,000	350,000
<b>\$59,152,540</b>	<b>\$61,180,300</b>	<b>\$65,216,580</b>	<b>\$67,606,060</b>
<b>\$7,795,270</b>	<b>\$8,610,010</b>	<b>\$6,982,660</b>	<b>\$7,303,870</b>

3,282,950	4,546,750	3,568,160	4,306,680
430,360	394,100	359,000	389,000
-	-	-	442,000
-	-	-	-
957,150	1,025,610	1,064,950	1,085,070
2,299,270	1,972,940	2,085,650	2,986,990
<b>\$6,969,730</b>	<b>\$7,939,400</b>	<b>\$7,077,760</b>	<b>\$9,209,740</b>
<b>\$825,540</b>	<b>\$670,610</b>	<b>\$(95,100)</b>	<b>\$(1,905,870)</b>
25,852,730	26,523,340	26,428,240	24,522,370
8,473,927	8,201,607	7,109,747	5,992,417
<b>\$17,378,803</b>	<b>\$18,321,733</b>	<b>\$19,318,493</b>	<b>\$18,529,953</b>
<b>\$9,918,340</b>	<b>\$10,367,960</b>	<b>\$10,844,150</b>	<b>\$11,522,370</b>
<b>\$7,460,463</b>	<b>\$7,953,773</b>	<b>\$8,474,343</b>	<b>\$7,007,583</b>

<b>Finance Master Plan</b>	<b>2010 Actuals</b>	<b>2011 Adopted Budget</b>	<b>2011 Projected Budget</b>	<b>2012 Projected</b>
----------------------------	---------------------	----------------------------	------------------------------	-----------------------

#### **CALCULATION OF REQUIRED BALANCE**

TABOR Excess Reserves Beginning Balance '03-'12	7,742,966	4,917,696	5,534,006	4,159,916
Street Construction	(1,908,960)	(749,780)	(1,374,090)	(788,720)
<b>TABOR Excess Reserve Ending Balance '03-'12</b>	<b>\$5,534,006</b>	<b>\$4,167,916</b>	<b>\$4,159,916</b>	<b>\$3,371,196</b>
TABOR Excess Reserves Beginning Balance '13-'24	-	-	-	-
Projected TABOR Annual Excess	-	-	-	-
<b>TABOR Excess Reserve '13-'24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
TABOR 3% Emergency	1,738,090	1,795,530	1,910,820	1,752,310
Council Contingency	-	100,000	100,000	100,000
Unfunded Liability	125,000	200,000	200,000	200,000
Equipment Replacement	-	-	-	70,000
Fire Reserve for 3 <sup>rd</sup> Year of SAFER Grant	42,600	46,100	46,100	46,100
Fire SCBA Replacement Reserve	-	-	-	434,690
Library Reserve	116,218	125,031	125,031	125,031
Police Communication Console Replacement	512,000	616,000	616,000	-
Telephone Switch Reserve	261,460	-	-	-
<b>Required Reserves</b>	<b>\$2,795,368</b>	<b>\$2,884,631</b>	<b>\$2,997,951</b>	<b>\$2,728,131</b>
Council Reserve Beginning Balance	3,994,901	4,228,991	4,730,850	4,065,250
Annual Council Set-Aside (5% Tax Revenue)	2,092,220	1,045,770	1,045,770	1,082,420
Loveland High School Swimming Pool	(604,106)	-	-	-
Downtown Infrastructure Improvements	(497,230)	(900,000)	(915,360)	(1,100,000)
Milner/Schwartz House Renovation	-	-	(42,700)	-
Juniper Place Fee Waivers	-	-	(59,790)	-
Putlack Fee Waivers	-	-	(14,860)	-
Art Space Pre-Construction	(75,000)	-	(475,000)	-
IHN Fee Waiver	-	-	(11,910)	-
Intra-Fund Loan Repayment/Land Purchase	(179,935)	(191,750)	(191,750)	(191,750)
<b>Council Reserve Ending Balance</b>	<b>\$4,730,850</b>	<b>\$4,183,011</b>	<b>\$4,065,250</b>	<b>\$3,855,920</b>
<b>REQUIRED BALANCE</b>	<b>\$13,060,224</b>	<b>\$11,233,558</b>	<b>\$11,223,117</b>	<b>\$9,955,247</b>

**2013 Projected 2014 Projected 2015 Projected 2016 Projected**

3,371,196	2,940,836	2,546,736	2,187,736
(430,360)	(394,100)	(359,000)	(389,000)
<b>\$2,940,836</b>	<b>\$2,546,736</b>	<b>\$2,187,736</b>	<b>\$1,798,736</b>
-	-	960,969	960,969
-	960,969	-	-
<b>-</b>	<b>\$960,969</b>	<b>\$960,969</b>	<b>\$960,969</b>
1,843,550	1,894,600	2,019,070	2,117,790
100,000	100,000	100,000	100,000
200,000	200,000	200,000	200,000
250,000	250,000	250,000	250,000
-	-	-	-
125,031	125,031	125,031	125,031
-	-	-	-
-	-	-	-
-	-	-	-
<b>\$2,518,581</b>	<b>\$2,569,631</b>	<b>\$2,694,101</b>	<b>\$2,792,821</b>
3,855,920	3,014,510	2,124,270	1,266,940
1,115,740	1,135,370	1,207,620	1,258,020
-	-	-	-
(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(957,150)	(1,025,610)	(1,064,950)	(1,085,070)
<b>\$3,014,510</b>	<b>\$2,124,270</b>	<b>\$1,266,940</b>	<b>\$439,890</b>
<b>\$8,473,927</b>	<b>\$8,201,607</b>	<b>\$7,109,747</b>	<b>\$5,992,417</b>

### 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	2012	2013	2014	2015	2016
<b>Revenue</b>					
Sale of existing Fire Station 2	-	-	300,000	-	-
Rialto Bridge	122,720	-	-	-	-
<b>Total</b>	<b>\$122,720</b>	<b>-</b>	<b>\$300,000</b>	<b>-</b>	<b>-</b>
<b>Expense</b>					
Library expansion - Library Dept	96,320	-	-	-	-
Library expansion - PW Dept	83,000	-	-	-	-
Mehaffey Park operations	-	-	-	-	-
Service Center expansion	-	-	-	231,150	-
Fire Station 2, additional engine	-	-	-	808,520	-
Fire Station 6	-	1,028,560	-	-	-
Rialto Bridge project	107,230	-	-	-	-
Museum expansion – Cultural Svcs.	-	-	-	362,800	-
Museum expansion – Public Works	-	-	-	139,020	-
Loveland Sports Park	-	-	-	-	123,580
Youth Sports Park	-	-	-	-	-
Fairgrounds Park	-	-	-	-	-
North Lake Tennis Courts	-	3,000	-	-	-
<b>Total</b>	<b>\$286,550</b>	<b>\$1,031,560</b>	<b>-</b>	<b>\$1,541,490</b>	<b>\$123,580</b>

2017	2018	2019	2020	2021
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	64,000	-	-	-
-	-	-	-	66,890
-	-	-	-	-
-	\$64,000	-	-	\$66,890