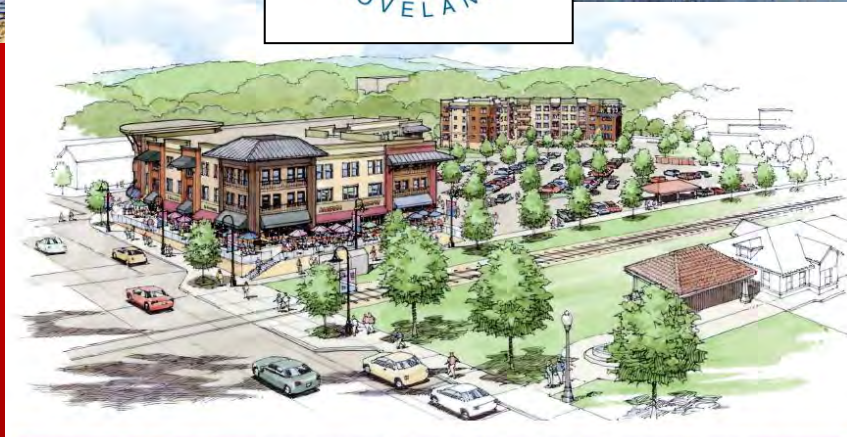


# City of Loveland, Ohio

## Comprehensive Annual Financial Report For the Year Ended December 31, 2013





# ***CITY OF LOVELAND, OHIO***

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
December 31, 2013

Prepared by:  
**Department of Finance**

Tom Vanderhorst  
Director of Finance



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CITY OF LOVELAND  
HAMILTON, CLERMONT AND WARREN COUNTIES, OHIO

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## *INTRODUCTORY SECTION*

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***Letter of Transmittal  
For the Year Ended December 31, 2013***

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**CITY OF LOVELAND**

**120 West Loveland Avenue • Loveland, Ohio 45140  
Tom Vanderhorst, Director of Finance**

phone (513) 683-0150

fax (513) 583-3040

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June 20, 2014

To the citizens of the City of Loveland, Ohio:

We are pleased to present the Comprehensive Annual Financial Report for the City of Loveland for the fiscal year ending December 31, 2013. This report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

This report is the City management's representations concerning the finances of the City of Loveland and management assumes full responsibility for the completeness and reliability of all information presented in this report. The City's financial statements have been audited by the office of the Auditor of the State of Ohio. The purpose of this independent audit was to provide reasonable assurance that the basic financial statements of the City for the year ended December 31, 2013, are free of material misstatements and findings. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall basic financial statement presentation.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

***Letter of Transmittal  
For the Year Ended December 31, 2013***

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**PROFILE OF THE CITY**

The City of Loveland is a vibrant southwestern Ohio community uniquely situated in three counties: Clermont, Hamilton, and Warren. The City covers approximately 5.2 square miles and serves a population of 12,160 residents. Both the nationally recognized Little Miami Scenic Bike Trail and the Little Miami State and National Scenic River run through its downtown.

The City operates under a Council-Manager form of government, which combines the political leadership of elected officials with managerial experience of an appointed local government manager. City Council is comprised of seven members elected from the City at large on a nonpartisan basis to serve overlapping four-year terms. The Mayor is selected from among the Council members to serve a two-year term as presiding officer at City Council meetings and as the official head of the City for legislative and ceremonial purposes. The City Council hires an appointed City Manager to be the City's full-time chief executive officer and they also appoint the Clerk of Council, City Solicitor, and Finance Director.

General legislative power lies with City Council as the elected representatives of the citizens. Acting as a whole, the Council is responsible for establishing City goals, adopting an annual budget, and passing other ordinances and resolutions necessary for governing citizens, as well as setting the strategic management direction of City policy. The City Manager is responsible for the overall administration of the City; implementing Council's objectives; preparing the annual budget and administering it upon adoption by Council; executing and overseeing all contracts for services and the purchase of materials, supplies and equipment; and keeping City Council advised on the needs and state of the City.

The City provides a wide range of municipal services, including police, planning and zoning, code enforcement, public works, parks and recreation, and general administration. Fire protection and emergency medical services are provided by the Loveland-Symmes Fire Department, which is a private fire company that contracts with the City of Loveland and nearby Symmes Township.

The City operates a waterworks system and storm water utility. The City contracts, currently with Rumpke, for the provision of curbside waste and recycling service for residents. Sewer service is provided by the Metropolitan Sewer District.

The City has established various boards and commissions to help in its many efforts to enhance the City. All of these boards and commissions are staffed by volunteers who live in Loveland and the following is a select list of boards and commissions in Loveland:

- Beautification Committee
- Civil Service Commission
- Community Improvement Corporation
- Finance Committee
- Planning and Zoning Commission
- Recreation Board
- Tree and Environment Committee

***Letter of Transmittal  
For the Year Ended December 31, 2013***

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**FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. The City's economy is diverse with a mix of residential, office, and retail uses and the City's primary employers are the Loveland City School District, OneSource Employee Management, McCormick Equipment Company, Robert McCabe Company, Kroger Limited Partnership and London Computer Systems. The City is also home to many recreational retail outlets that take advantage of the Little Miami State and National Scenic River and Little Miami Scenic Bike Trail.

The City has a robust and inclusive budget preparation and oversight process. Between 2010 and 2013, a series of decisions were made to reduce ongoing costs with the assistance of focus groups assembled from the citizenry. The 2013 Budget continued and accelerated a series of recommended budget cuts and cost reduction measures identified in 2010 in anticipation of significant reductions in State funding and State tax law reforms. These reductions and reforms included:

- Decreased property values resulting in lower property tax revenues.
- Reduced revenue sharing from the State of Ohio. Historically, the State has shared dollars with municipalities through the Local Government Fund. Revenue distributions from this fund were significantly reduced beginning July 1, 2012, resulting in a revenue loss of approximately \$79,000 during fiscal year 2012 and an additional \$62,155 in fiscal year 2013.
- Failure of a municipal income tax levy in November 2012 that proposed increasing Loveland's income tax rate from 1.0% to 1.25%.
- Elimination of the estate tax by the State of Ohio effective December 31, 2012.

In light of these cuts, the City trimmed an additional \$346,547 from its General Fund and Street Maintenance Fund in 2013, with most of these savings coming from the elimination of two staff positions and reductions in road rehabilitation and salt purchases. A number of other non-essential but valued services, ranging from tree planting to beautification, were reduced as well.

**MAJOR INITIATIVES**

Despite the aforementioned financial challenges mentioned above, the City continued to invest in core infrastructure during 2013, including the construction of a new water tower, a continued annual road rehabilitation program and sidewalk repair program and waterline and storm water infrastructure replacement projects. A description of the major capital projects for 2013 is provided below:

- The City began construction of a 1.0 million gallon elevated water tower along Union Cemetery Road and the replacement of a booster pump station which serves water utility customers. The City budgeted just under \$3.1 million for the projects which were designed to address low pressure zones in the City's pre-existing system.

***Letter of Transmittal***

***For the Year Ended December 31, 2013***

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- The City continued replacing aged four-inch waterlines in 2013. The Twightwee neighborhood benefited from this program in 2013 with the City utilizing the Ohio Department of Public Works' State Capital Improvement Program (SCIP) zero percent loan program to finance construction costs of the upgrade.
- To remediate flooding in the Stoneybrook neighborhood during heavy rain events, the City upgraded storm water infrastructure on Mohican Drive in 2013. This project was also financed using Ohio Department of Public Works SCIP zero interest loan program.

The City's investment in infrastructure remained strong, largely as a result of a strategic water system plan management and the pursuit of intergovernmental partnerships and low-cost funding sources.

During 2013, the City of Loveland was recognized for achievements in a variety of areas and by a diverse group of organizations which included:

- **Best Hometown in Ohio:** In the November 2013 issue of *Ohio Magazine*, Loveland was recognized as one of five best hometowns in the publication's eighth annual Ohio's Best Hometowns issue. Ohio Magazine selected Loveland because it serves as a hub of family-friendly outdoor activities, such as biking the Little Miami Bike Trail, exploring Nisbet Park, dining outdoors at trailside restaurants, fishing on Lake Isabella and canoeing on the Little Miami River. The town is also becoming a growing hub for artists. To determine the honorees, Ohio Magazine solicited nominations and conducted site visits across the state. The editors evaluated the nominees in six categories — Community Spirit, Education, Entertainment, Health and Safety, Business Environment, and Culture and Heritage — to help finalize their selections.
- **Certificate of Achievement for Excellence in Financial Reporting:** The City of Loveland was recognized by the Government Finance Officers Association for its 2012 Comprehensive Annual Financial Report. The Certificate of Achievement is the highest form of recognition in the area of government accounting and financial reporting and its attainment represents a significant accomplishment by a government and its management. This was the first year the City received this distinction.
- **GFOA Distinguished Budget Award:** The City compiles its Annual Budget in document form. The budget presents anticipated revenues and expenditures by fund and department by category with additional supporting documentation that explains the budgetary process and individual departmental goals. The City's 2013 budget was submitted to the Government Finance Officers Association (GFOA) and received the Distinguished Budget Presentation Award.
- **Certificate of Excellence in Performance Measurement:** The City of Loveland was recognized for superior performance management efforts with a Certificate of Excellence from the International City/County Management Association (ICMA) Center for Performance Measurement. Loveland was among 28 jurisdictions that received the highest level of distinction in 2013.

***Letter of Transmittal***

***For the Year Ended December 31, 2013***

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- **Loveland Police Department AAA Traffic Award:** The Loveland Police Division was awarded the Gold Service Award from the American Automobile Association (AAA) at the organization's annual awards banquet on December 3, 2013. Last year the Police Division also received a Gold Award in 2012. This is a national program that entails various safety efforts within a community, including traffic enforcement, traffic education in our schools, participation in multi-jurisdictional Task Forces, and customized initiatives designed to make streets safer.
- **Loveland Symmes Fire Department Accreditation:** The Loveland-Symmes Fire Department received Fire Accreditation from the Center for Public Safety Excellence Commission on Fire Accreditation International. With this achievement, the department joins an elite group of departments across the nation.
- **Insurance Service Office (ISO) Public Protection Classification for Building and Zoning Division:** The City's Building and Zoning Division reaffirmed the City of Loveland Class 3 rating for both residential and commercial properties. Among communities in Ohio, the Class 3 rating places Loveland in the 72<sup>nd</sup> percentile for residential and the 87<sup>th</sup> percentile for commercial, meaning Loveland is a leader in ensuring the safety of our residential and commercial structures.

**INTERNAL CONTROLS**

Accounting Controls

The City's budgetary accounting system was designed to provide reasonable assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated using the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City Administration and members of the Finance Department.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Control

Budgetary control is maintained within the personal services and non-personnel categories within each department through the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Purchase orders which result in an overrun above appropriated balances are not released until additional appropriations are made available via amendments to the annual appropriations ordinance.

***Letter of Transmittal  
For the Year Ended December 31, 2013***

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**RELEVANT FINANCIAL POLICIES**

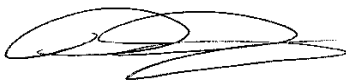
It is a goal of the City to develop, maintain, and implement financial accounting policies and procedures and protect and optimize the financial resources of the City. The City makes every reasonable effort to provide a sound accounting system for safeguarding the City's assets through the recording and reporting of financial transactions according to mandated laws and guidelines of the Federal law, Ohio Revised Codes, Generally Accepted Accounting Principles (GAAP), and the Codified Ordinances of the City of Loveland.

The City has a long-range capital improvement plan, five-year pro forma reports for major funds, and policies creating emergency reserves for the General Fund and other major funds in accordance with Government Finance Officers Association guidelines. The City also has policies regarding investments and debt limits.

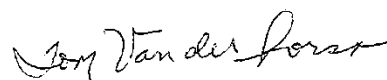
**ACKNOWLEDGMENTS**

This report could not have been completed without the assistance of the entire administrative staff of the various departments of the City. We would also like to acknowledge our auditors, the Auditor of the State of Ohio, and financial consultants Donald J. Schonhardt & Associates, Inc. for their help in formulating this report. Our sincere gratitude is also extended to the Loveland City Council and its Finance Committee for their continued interest and support in the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



David Duckworth  
City Manager



Tom Vanderhorst  
Finance Director



**CITY OF LOVELAND, OHIO**

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***List of Principal Officials  
For the Year Ended December 31, 2013***

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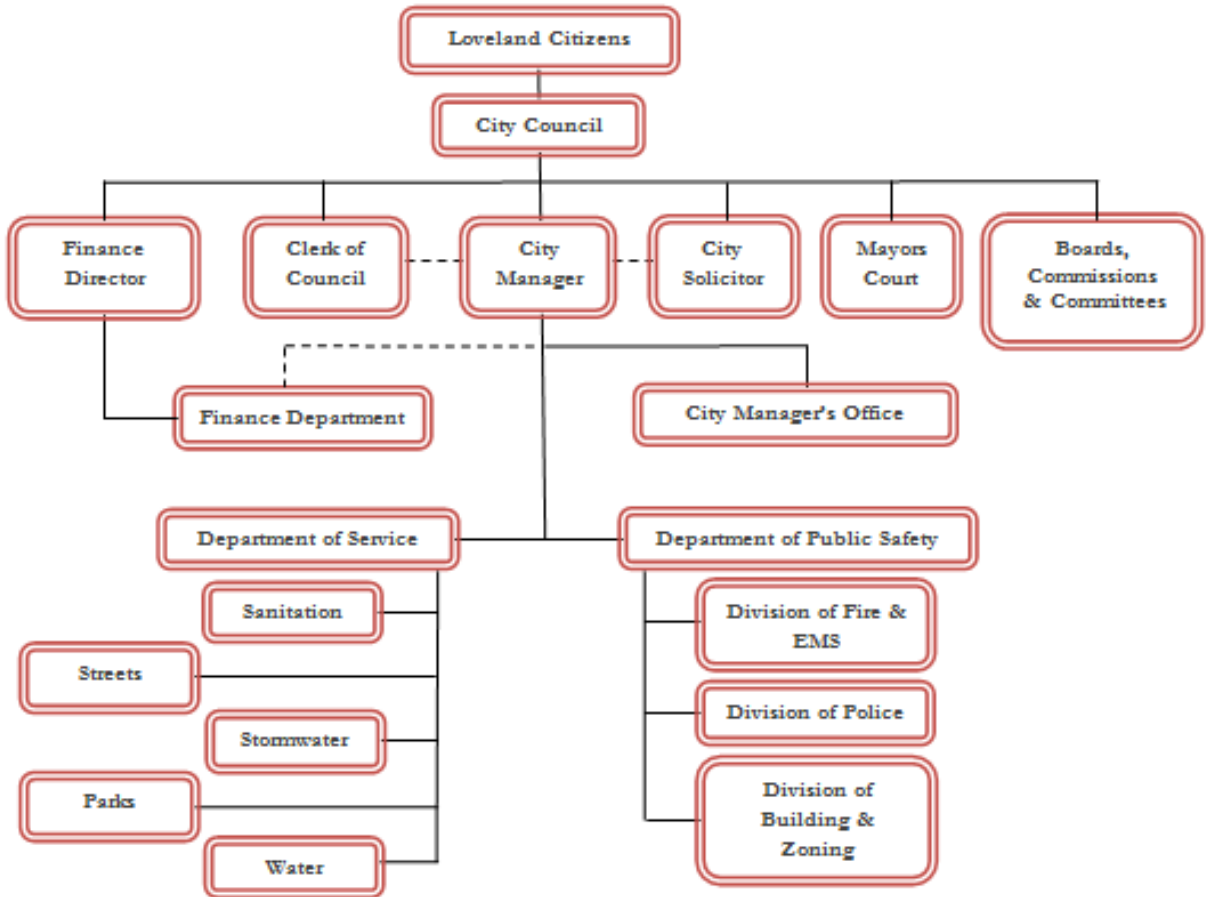
<b><i>Council</i></b>	<b><i>Title</i></b>	<b><i>Years of Service *</i></b>	<b><i>Term expires</i></b>
Linda Cox	Mayor	4 years, 1 month	December 2017
Mark Fitzgerald	Vice Mayor	7 years, 1 month	December 2015
Pam Gross	Council Member	1 month	December 2017
Paulette Leeper	Council Member	7 years, 1 month	December 2015
Ted Phelps	Council Member	1 month	December 2017
Angela Settell	Council Member	3 years, 1 month	December 2015
Rob Weisgerber	Council Member	15 years, 1 month	December 2017

<b><i>Appointed Officials</i></b>	<b><i>Title</i></b>
David Duckworth	Interim City Manager
Misty Cheshire	Clerk of Council
Franklin A. Klaine, Jr.	City Solicitor
Tom Vanderhorst	Finance Director

\* Denotes length of service with the City, not necessarily solely in the capacity which they now hold.

***City Organizational Chart  
For the Year Ended December 31, 2013***

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***Government Finance Officers Association of the United States and Canada  
Certificate of Achievement for Excellence in Financial Reporting***

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Loveland  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**



Executive Director/CEO



## *FINANCIAL SECTION*

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

City of Loveland  
Hamilton County  
120 West Loveland Avenue  
Loveland, Ohio 45140

To the City Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Loveland, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Loveland, Hamilton County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General fund, Paramedic fund, Fire & EMS fund, and Fire Protection fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 20, 2014



The discussion and analysis of the City of Loveland's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2013. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2013 are as follows:

- ❑ In total, net position increased \$1,335,299. Net position of governmental activities increased \$985,516, which represents a 5% increase from 2012. Net position of business-type activities increased \$349,783, or 3% from 2012.
- ❑ General revenues accounted for \$7,906,691 in revenue or 51% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,886,923 or 49% of total revenues of \$15,793,614.
- ❑ The City had \$8,141,941 in expenses related to governmental activities; only \$1,247,558 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7,906,691 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$5,714,303 in revenues and \$4,482,740 in expenditures. The general fund's fund balance increased from \$3,301,217 to \$4,371,670.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining and individual statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities and deferred outflows/inflows of resources, with the difference being reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The government-wide financial statements of the City are divided into two categories:

- ***Governmental Activities*** – Most of the City's programs and services are reported here including police protection, parks and recreation, planning, zoning, street maintenance and other governmental services.
- ***Business-Type Activities*** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer, storm water and sanitation services are reported as business-type activities.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

***Governmental Funds*** – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Proprietary Funds*** – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**CITY OF LOVELAND, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2013**

**Unaudited**

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following table provides a comparison of the City's net position at December 31, 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	Restated		Restated			
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$10,725,960	\$10,224,829	\$3,797,568	\$1,918,226	\$14,523,528	\$12,143,055
Capital Assets, Net	20,027,295	20,298,516	17,544,868	15,529,509	37,572,163	35,828,025
Total Assets	30,753,255	30,523,345	21,342,436	17,447,735	52,095,691	47,971,080
Deferred Outflows of Resources	22,078	27,597	82,574	92,288	104,652	119,885
Long-term Debt Outstanding	4,300,823	4,838,497	9,522,189	6,022,782	13,823,012	10,861,279
Other Liabilities	971,336	1,301,768	158,726	122,929	1,130,062	1,424,697
Total Liabilities	5,272,159	6,140,265	9,680,915	6,145,711	14,953,074	12,285,976
Deferred Inflows of Resources	2,822,716	2,715,735	0	0	2,822,716	2,715,735
Net Position						
Net Investment in Capital Assets	16,042,573	15,270,813	9,836,758	9,655,406	25,879,331	24,926,219
Restricted	2,679,663	3,250,298	0	0	2,679,663	3,250,298
Unrestricted	3,958,222	3,173,831	1,907,337	1,738,906	5,865,559	4,912,737
Total Net Position	\$22,680,458	\$21,694,942	\$11,744,095	\$11,394,312	\$34,424,553	\$33,089,254

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**CITY OF LOVELAND, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2013**

**Unaudited**

Changes in Net Position – The following table shows the changes in net position for fiscal year 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for Services and Sales	\$463,930	\$494,928	\$6,602,447	\$6,399,559	\$7,066,377	\$6,894,487
Operating Grants and Contributions	679,478	710,800	36,918	42,044	716,396	752,844
Capital Grants and Contributions	104,150	0	0	0	104,150	0
Total Program Revenues	1,247,558	1,205,728	6,639,365	6,441,603	7,886,923	7,647,331
General Revenues:						
Property Taxes	2,879,782	2,834,027	0	0	2,879,782	2,834,027
Municipal Income Taxes	3,598,230	3,566,706	0	0	3,598,230	3,566,706
Other Local Taxes	161,261	152,759	0	0	161,261	152,759
Intergovernmental, Unrestricted	793,951	874,364	0	0	793,951	874,364
Investment Earnings	37,912	32,693	0	0	37,912	32,693
Miscellaneous	435,555	232,421	0	0	435,555	232,421
Total General Revenues	7,906,691	7,692,970	0	0	7,906,691	7,692,970
Total Revenues	9,154,249	8,898,698	6,639,365	6,441,603	15,793,614	15,340,301
Program Expenses						
Security of Persons and Property	4,774,133	4,837,756	0	0	4,774,133	4,837,756
Leisure Time Activities	459,669	523,757	0	0	459,669	523,757
Community Environment	184,344	172,262	0	0	184,344	172,262
Transportation	925,791	905,724	0	0	925,791	905,724
General Government	1,625,043	1,954,219	0	0	1,625,043	1,954,219
Interest and Fiscal Charges	172,961	391,273	0	0	172,961	391,273
Water	0	0	1,371,256	2,008,015	1,371,256	2,008,015
Sewer	0	0	3,474,707	3,297,500	3,474,707	3,297,500
Stormwater	0	0	370,944	422,135	370,944	422,135
Sanitation	0	0	1,099,467	1,043,202	1,099,467	1,043,202
Total Expenses	8,141,941	8,784,991	6,316,374	6,770,852	14,458,315	15,555,843
Change in Net Position before Transfers	1,012,308	113,707	322,991	(329,249)	1,335,299	(215,542)
Transfers	(26,792)	215,616	26,792	(215,616)	0	0
Total Change in Net Position	985,516	329,323	349,783	(544,865)	1,335,299	(215,542)
Beginning Net Position - Restated	21,694,942	21,365,619	11,394,312	11,939,177	33,089,254	33,304,796
Ending Net Position	\$22,680,458	\$21,694,942	\$11,744,095	\$11,394,312	\$34,424,553	\$33,089,254

**Governmental Activities**

Net position of the City's governmental activities increased \$985,516, or 5% in 2013. An increase in capital grants can be attributed to a grant from Hamilton County for road improvements. The increase in net position can mostly be attributed to a decrease in general government, which can be attributed to lower salaries and related costs within the City Manager's Office as well as lower costs for general maintenance.

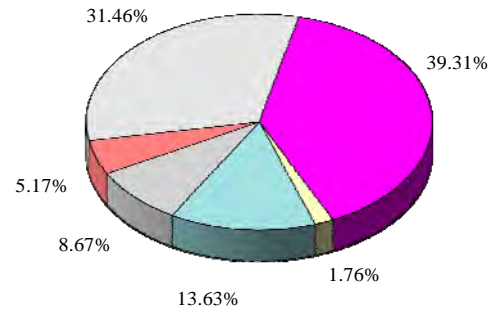
The City receives an income tax, which is based on 1.00% of all salaries, wages, commissions and other compensation and on net profits earned from businesses and residents living within the City.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2013***

***Unaudited***

Property taxes and income taxes made up 31% and 39% respectively of revenues for governmental activities for the City in fiscal year 2013. The City's reliance upon tax revenues is demonstrated by the following graph indicating 73% of total revenues from general tax revenues:

Revenue Sources	2013	Percent of Total
Property Taxes	\$2,879,782	31.46%
Municipal Income Taxes	3,598,230	39.31%
Other Local Taxes	161,261	1.76%
Program Revenues	1,247,558	13.63%
Intergovernmental, Unrestricted	793,951	8.67%
General Other	473,467	5.17%
<b>Total Revenue</b>	<b>\$9,154,249</b>	<b>100.00%</b>



***Business-Type Activities***

Net position of the business-type activities increased \$349,783 or 3%. Revenues remained consistent with the previous year. Decreases in expenses can be attributed to decreases in contractual costs in the Water department.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$6,405,322, which is an increase from last year's balance of \$5,552,194. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2013 and 2012:

	Fund Balance December 31, 2013	Fund Balance December 31, 2012	Increase (Decrease)
General	\$4,371,670	\$3,301,217	\$1,070,453
Paramedic	116,648	120,574	(3,926)
Fire and EMS	259,723	130,585	129,138
Fire Protection	48,069	12,025	36,044
Historic Loveland TIF	663,176	1,061,958	(398,782)
Nonmajor Governmental	946,036	925,835	20,201
<b>Total</b>	<b>\$6,405,322</b>	<b>\$5,552,194</b>	<b>\$853,128</b>

**CITY OF LOVELAND, OHIO**

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2013**

**Unaudited**

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*General Fund* – The City's General Fund balance change is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2013	2012	Increase
	Revenues	Revenues	(Decrease)
Property Taxes	\$779,895	\$782,061	(\$2,166)
Municipal Income Tax	3,722,897	3,496,995	225,902
Intergovernmental Revenue	548,031	643,271	(95,240)
Charges for Services	18,118	15,933	2,185
Licenses and Permits	308,081	287,483	20,598
Investment Earnings	0	(1,131)	1,131
Special Assessments	8,010	16,407	(8,397)
Fines and Forfeitures	114,969	127,220	(12,251)
All Other Revenue	214,302	135,525	78,777
Total	<u>\$5,714,303</u>	<u>\$5,503,764</u>	<u>\$210,539</u>

General Fund revenues increased approximately 4% when compared with the previous year. An increase in income tax receipts can be attributed to an overall improvement in economic conditions.

	2013	2012	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$2,586,647	\$2,539,869	\$46,778
Leisure Time Activities	344,336	405,289	(60,953)
Community Environment	184,730	183,688	1,042
General Government	1,367,027	1,765,734	(398,707)
Total	<u>\$4,482,740</u>	<u>\$4,894,580</u>	<u>(\$411,840)</u>

General Fund expenditures decreased \$411,840 from the prior year. A decrease in general government can be attributed to lower salaries and related costs within the City Manager's Office as well as lower costs for general maintenance.

*Paramedic Fund* – Revenues and expenditures in the Paramedic Fund remained consistent with the prior year, resulting in a stable fund balance.

*Fire and EMS Fund* – The Fire and EMS Fund balance increased \$129,138. Revenues remained consistent with the previous year. An increase in the amount of fire service contracted costs allocated to the Fire and EMS Fund resulted in an increase in expenditures. This fund reported \$215,000 of bond proceeds for the purchase of an ambulance.

*Fire Protection Fund* – Revenues and expenditures in the Fire Protection Fund remained consistent with the prior year, resulting in an increase in fund balance of \$36,044.



***Management's Discussion and Analysis  
For the Year Ended December 31, 2013***

***Unaudited***

*Historic Loveland TIF Fund* – The Historic Loveland TIF fund reported a decrease in fund balance of \$398,782, or 38%. 2013 revenues were minimal, and the decrease in fund balance can be attributed to transfers out for debt service requirements.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2013 the City amended its General Fund budget several times, none significant.

For the General Fund, final revenue estimates were 12% higher than original revenue estimates due to increases in anticipated income tax revenues. Actual budget basis revenues were not materially different from final estimates. Final budgeted expenditures were 8% higher than original estimates due to increases in budgeted stabilization reserve amounts. Actual budget basis expenditures were 12% less than final budget estimates due to controlled costs across all General Fund departments. The General Fund had an adequate fund balance to cover expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal 2013 the City had \$37,572,163 net of accumulated depreciation invested in land, buildings, improvements, infrastructure, equipment and vehicles. Of this total, \$20,027,295 was related to governmental activities and \$17,544,868 to the business-type activities. The following table shows fiscal year 2013 and 2012 balances:

	Governmental Activities		Increase (Decrease)
	2013	2012	
Land	\$3,768,719	\$3,768,719	\$0
Buildings	7,501,745	7,501,745	0
Improvements Other than Buildings	1,475,452	1,475,452	0
Machinery and Equipment	4,707,768	4,498,141	209,627
Infrastructure	20,109,595	19,715,482	394,113
Less: Accumulated Depreciation	(17,535,984)	(16,661,023)	(874,961)
Totals	<u>\$20,027,295</u>	<u>\$20,298,516</u>	<u>(\$271,221)</u>

**CITY OF LOVELAND, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2013**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2013	2012	
Land	\$920,027	\$847,082	\$72,945
Construction in Progress	2,123,251	0	2,123,251
Buildings and Improvements	2,607,324	2,607,324	0
Utility Structures in Service	21,564,312	21,211,715	352,597
Machinery and Equipment	673,485	688,520	(15,035)
Less: Accumulated Depreciation	(10,343,531)	(9,825,132)	(518,399)
Totals	<u>\$17,544,868</u>	<u>\$15,529,509</u>	<u>\$2,015,359</u>

The primary changes in governmental activities capital assets occurred in machinery and equipment and infrastructure. Purchases of machinery and equipment consisted of vehicle and equipment purchases in the street, police, and parks departments, while the increase in infrastructure can be attributed to routine street maintenance. In business-type activities capital assets, the Commerce Park Water tower project, Stoneybrook Stormwater improvements project, and West High Pump Station project contributed to an increase in construction in progress. For additional information on the City's capital assets see Note 8.

**Debt**

At December 31, 2013, the City had \$9,260,000 in bonds outstanding, \$755,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2013 and 2012:

	2013	Restated 2012
Governmental Activities:		
General Obligation Bonds	\$4,006,800	\$4,365,300
Compensated Absences	294,023	442,199
Police and Fire Pension Accrued Liability	0	30,998
Total Governmental Activities	<u>\$4,300,823</u>	<u>\$4,838,497</u>
Business-Type Activities:		
General Obligation Bonds	\$5,253,200	\$1,994,700
Premium on Refunding Bonds	87,240	10,881
Ohio Public Works Commission Loans	4,139,964	3,953,604
Compensated Absences	40,315	56,391
Capital Leases Payable	1,470	7,206
Total Business-Type Activities	<u>9,522,189</u>	<u>6,022,782</u>
Totals	<u>\$13,823,012</u>	<u>\$10,861,279</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. At December 31, 2013, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

**ECONOMIC FACTORS**

Revenue estimates contained in the City's 2013 budget were purposefully conservative to address revenue instability caused by the lingering effects of a weak regional and nationwide economy. Year-end revenue collections exceeded original budgeted revenues in several major funds with the City's General Fund's actual gross income tax revenues 13.08%, or about \$431,651, better than originally forecasted. This conservative budgeting approach has continued to benefit the City because any additional revenues received are not budgeted for expenditure until the following budget cycle. In this case, the additional ending fund balance for FY 2013 has the City well-positioned to invest in the infrastructure costs associated with a downtown development project for 2014. The City will continue to monitor budgeted expenditures and look for opportunities to increase revenues and share services where appropriate. General Fund budget cuts totaling nearly \$350,000 were adopted and largely executed in FY 2013 bringing total adopted budget cuts for the four-year budget period to \$850,000. In 2013, the City began to levy user's fees for recreation field usage to help offset costs associated with providing recreational services.

On May 6, 2014, the citizens approved a 1.75 mill Fire and EMS levy which is estimated to produce roughly \$500,000 annually beginning in 2015, which will address the previous structural insolvency in the Fire Funds which showed a deficit beginning in FY2016. Our current pro-forma statements for these funds, which include the new levy, now indicate they are structurally solvent until at least 2022 and we will be able to restore the administrative cost recovery to the General Fund beginning in 2015.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide citizens, taxpayers, investors, creditors and any other stakeholders with a general overview of the City's finances and to show the City's fiscal accountability for revenues received. If you have questions about this report or would like additional financial information please contact the Department of Finance, City of Loveland, 120 West Loveland Ave., Loveland, Ohio 45140.



**Statement of Net Position  
December 31, 2013**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Pooled Cash and Investments	\$ 3,466,148	\$ 3,601,785	\$ 7,067,933
Receivables:			
Taxes	3,600,912	0	3,600,912
Accounts	50,472	627,970	678,442
Intergovernmental	591,171	0	591,171
Interest	1,323	0	1,323
Special Assessments	8,079	0	8,079
Internal Balances	455,589	(455,589)	0
Inventory of Supplies at Cost	31,158	23,402	54,560
Land Held for Resale	2,519,341	0	2,519,341
Restricted Assets:			
Cash and Cash Equivalents	1,767	0	1,767
Capital Assets:			
Capital Assets Not Being Depreciated	3,768,719	3,043,278	6,811,997
Capital Assets Being Depreciated, Net	16,258,576	14,501,590	30,760,166
<b>Total Assets</b>	<b>30,753,255</b>	<b>21,342,436</b>	<b>52,095,691</b>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Debt Refunding	22,078	82,574	104,652
<b>Liabilities:</b>			
Accounts Payable	167,973	116,240	284,213
Accrued Wages and Benefits	118,375	20,113	138,488
Intergovernmental Payable	62	379	441
Accrued Interest Payable	29,926	21,994	51,920
Special Obligation Notes Payable	655,000	0	655,000
Long Term Liabilities:			
Due Within One Year	670,963	586,369	1,257,332
Due in More Than One Year	3,629,860	8,935,820	12,565,680
<b>Total Liabilities</b>	<b>5,272,159</b>	<b>9,680,915</b>	<b>14,953,074</b>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	2,822,716	0	2,822,716
<b>Net Position:</b>			
Net Investment in Capital Assets	16,042,573	9,836,758	25,879,331
Restricted For:			
Capital Projects	1,697,029	0	1,697,029
Streets and Highways	334,340	0	334,340
Public Safety	646,527	0	646,527
Community Development	1,767	0	1,767
Unrestricted	3,958,222	1,907,337	5,865,559
<b>Total Net Position</b>	<b>\$ 22,680,458</b>	<b>\$ 11,744,095</b>	<b>\$ 34,424,553</b>

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2013**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 4,774,133	\$ 181,463	\$ 22,309	\$ 0
Leisure Time Activities	459,669	29,500	0	0
Community Environment	184,344	158,425	0	0
Transportation	925,791	29,500	657,169	104,150
General Government	1,625,043	65,042	0	0
Interest and Fiscal Charges	172,961	0	0	0
<b>Total Governmental Activities</b>	<b>8,141,941</b>	<b>463,930</b>	<b>679,478</b>	<b>104,150</b>
<b>Business-Type Activities:</b>				
Water	1,371,256	1,532,906	0	0
Sewer	3,474,707	3,593,258	0	0
Stormwater	370,944	427,513	0	0
Sanitation	1,099,467	1,048,770	36,918	0
<b>Total Business-Type Activities</b>	<b>6,316,374</b>	<b>6,602,447</b>	<b>36,918</b>	<b>0</b>
<b>Totals</b>	<b>\$ 14,458,315</b>	<b>\$ 7,066,377</b>	<b>\$ 716,396</b>	<b>\$ 104,150</b>

**General Revenues and Transfers**

Property Taxes  
Municipal Income Taxes  
Other Local Taxes  
Intergovernmental, Unrestricted  
Investment Earnings  
Miscellaneous  
Transfers  
Total General Revenues and Transfers  
  
Change in Net Position  
  
Net Position Beginning of Year - Restated  
Net Position End of Year

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

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Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (4,570,361)	\$ 0	\$ (4,570,361)
(430,169)	0	(430,169)
(25,919)	0	(25,919)
(134,972)	0	(134,972)
(1,560,001)	0	(1,560,001)
(172,961)	0	(172,961)
<u>(6,894,383)</u>	<u>0</u>	<u>(6,894,383)</u>
0	161,650	161,650
0	118,551	118,551
0	56,569	56,569
0	(13,779)	(13,779)
<u>0</u>	<u>322,991</u>	<u>322,991</u>
\$ (6,894,383)	\$ 322,991	\$ (6,571,392)
2,879,782	0	2,879,782
3,598,230	0	3,598,230
161,261	0	161,261
793,951	0	793,951
37,912	0	37,912
435,555	0	435,555
(26,792)	26,792	0
<u>7,879,899</u>	<u>26,792</u>	<u>7,906,691</u>
985,516	349,783	1,335,299
<u>21,694,942</u>	<u>11,394,312</u>	<u>33,089,254</u>
\$ <u>22,680,458</u>	\$ <u>11,744,095</u>	\$ <u>34,424,553</u>

**CITY OF LOVELAND, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2013**

	General Fund	Paramedic Fund	Fire and EMS Fund	Fire Protection Fund
<b>Assets:</b>				
Pooled Cash and Investments	\$ 2,442,304	\$ 113,983	\$ 285,845	\$ 45,648
Receivables:				
Taxes	1,490,077	818,103	462,750	557,982
Accounts	49,897	0	0	0
Intergovernmental	151,752	45,730	32,239	34,515
Interest	0	0	0	0
Special Assessments	8,079	0	0	0
Interfund Loans Receivable	1,372,589	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Land Held for Resale	0	0	0	0
<b>Total Assets</b>	<b>\$ 5,514,698</b>	<b>\$ 977,816</b>	<b>\$ 780,834</b>	<b>\$ 638,145</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 109,641	\$ 1,565	\$ 28,523	\$ 445
Accrued Wages and Benefits Payable	108,174	0	0	0
Intergovernmental Payable	62	0	0	0
Interfund Loans Payable	0	0	0	0
Accrued Interest Payable	0	0	0	0
Special Obligation Notes Payable	0	0	0	0
<b>Total Liabilities</b>	<b>217,877</b>	<b>1,565</b>	<b>28,523</b>	<b>445</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	148,609	68,529	45,377	53,742
Property Tax Levy for Next Fiscal Year	776,542	791,074	447,211	535,889
<b>Total Deferred Inflows of Resources</b>	<b>925,151</b>	<b>859,603</b>	<b>492,588</b>	<b>589,631</b>
<b>Fund Balances:</b>				
Nonspendable	0	0	0	0
Restricted	0	116,648	259,723	48,069
Assigned	1,693,969	0	0	0
Unassigned	2,677,701	0	0	0
<b>Total Fund Balances</b>	<b>4,371,670</b>	<b>116,648</b>	<b>259,723</b>	<b>48,069</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 5,514,698</b>	<b>\$ 977,816</b>	<b>\$ 780,834</b>	<b>\$ 638,145</b>

See accompanying notes to the basic financial statements



**CITY OF LOVELAND, OHIO**

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Historic Loveland TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 124,969	\$ 453,399	\$ 3,466,148
0	272,000	3,600,912
0	575	50,472
0	326,935	591,171
0	1,323	1,323
0	0	8,079
0	344,488	1,717,077
0	31,158	31,158
0	1,767	1,767
<u>1,929,140</u>	<u>590,201</u>	<u>2,519,341</u>
<u>\$ 2,054,109</u>	<u>\$ 2,021,846</u>	<u>\$ 11,987,448</u>
\$ 7,379	\$ 20,420	\$ 167,973
0	10,201	118,375
0	0	62
711,488	550,000	1,261,488
17,066	0	17,066
<u>655,000</u>	<u>0</u>	<u>655,000</u>
<u>1,390,933</u>	<u>580,621</u>	<u>2,219,964</u>
0	223,189	539,446
0	<u>272,000</u>	<u>2,822,716</u>
0	<u>495,189</u>	<u>3,362,162</u>
0	31,158	31,158
663,176	1,201,683	2,289,299
0	0	1,693,969
0	(286,805)	2,390,896
<u>663,176</u>	<u>946,036</u>	<u>6,405,322</u>
<u>\$ 2,054,109</u>	<u>\$ 2,021,846</u>	<u>\$ 11,987,448</u>

***Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
December 31, 2013***

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<b>Total Governmental Fund Balances</b>		\$	6,405,322
<b><i>Amounts reported for governmental activities in the statement of net position are different because</i></b>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			20,027,295
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.			
Property Taxes	78,913		
Special Assessments	8,079		
Intergovernmental Revenues	452,454		539,446
			<hr/>
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General Obligation Bonds Payable	(4,006,800)		
Deferred Loss on Debt Defeasance	22,078		
Compensated Absences Payable	(294,023)		
Accrued Interest Payable	(12,860)		(4,291,605)
			<hr/>
<b><i>Net Position of Governmental Activities</i></b>		\$	<u>22,680,458</u>

See accompanying notes to the basic financial statements



**CITY OF LOVELAND, OHIO****Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2013**

	General Fund	Paramedic Fund	Fire and EMS Fund	Fire Protection Fund				
<b>Revenues:</b>								
Property Taxes	\$ 779,895	\$ 795,495	\$ 449,713	\$ 538,883				
Municipal Income Tax	3,722,897	0	0	0				
Intergovernmental Revenue	548,031	105,930	59,216	71,759				
Charges for Services	18,118	60,000	0	0				
Licenses and Permits	308,081	0	0	0				
Investment Earnings	0	0	0	0				
Special Assessments	8,010	0	0	0				
Fines and Forfeitures	114,969	0	0	0				
All Other Revenue	214,302	0	33,549	19,430				
<b>Total Revenue</b>	<b>5,714,303</b>	<b>961,425</b>	<b>542,478</b>	<b>630,072</b>				
<b>Expenditures:</b>								
Current:								
Security of Persons and Property	2,586,647	965,351	431,520	594,028				
Leisure Time Activities	344,336	0	0	0				
Community Environment	184,730	0	0	0				
Transportation	0	0	0	0				
General Government	1,367,027	0	0	0				
Capital Outlay	0	0	0	0				
Debt Service:								
Principal Retirement	0	0	0	0				
Interest & Fiscal Charges	0	0	0	0				
<b>Total Expenditures</b>	<b>4,482,740</b>	<b>965,351</b>	<b>431,520</b>	<b>594,028</b>				
Excess (Deficiency) of Revenues Over (Under) Expenditures					1,231,563	(3,926)	110,958	36,044
<b>Other Financing Sources (Uses):</b>								
Sale of Capital Assets	8,088	0	0	0				
General Obligation Bond Issuance	0	0	215,000	0				
Premium on Debt Issuance	0	0	4,704	0				
Transfers In	18,675	0	0	0				
Transfers Out	(187,873)	0	(201,524)	0				
<b>Total Other Financing Sources (Uses)</b>	<b>(161,110)</b>	<b>0</b>	<b>18,180</b>	<b>0</b>				
Net Change in Fund Balances	1,070,453	(3,926)	129,138	36,044				
<b>Fund Balances at Beginning of Year</b>	<b>3,301,217</b>	<b>120,574</b>	<b>130,585</b>	<b>12,025</b>				
Decrease in Inventory	0	0	0	0				
<b>Fund Balances End of Year</b>	<b>\$ 4,371,670</b>	<b>\$ 116,648</b>	<b>\$ 259,723</b>	<b>\$ 48,069</b>				

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

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Historic Loveland TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,118	\$ 321,281	\$ 2,887,385
0	0	3,722,897
61	798,101	1,583,098
0	0	78,118
0	29,500	337,581
9,648	28,264	37,912
0	84,892	92,902
0	6,494	121,463
1	168,273	435,555
<u>11,828</u>	<u>1,436,805</u>	<u>9,296,911</u>
0	637	4,578,183
0	100	344,436
0	0	184,730
0	712,908	712,908
116,488	246,579	1,730,094
160,307	186,815	347,122
0	573,500	573,500
27,730	174,444	202,174
<u>304,525</u>	<u>1,894,983</u>	<u>8,673,147</u>
(292,697)	(458,178)	623,764
0	0	8,088
0	0	215,000
0	15,912	20,616
0	726,541	745,216
(106,085)	(203,581)	(699,063)
<u>(106,085)</u>	<u>538,872</u>	<u>289,857</u>
(398,782)	80,694	913,621
1,061,958	925,835	5,552,194
0	(60,493)	(60,493)
<u>\$ 663,176</u>	<u>\$ 946,036</u>	<u>\$ 6,405,322</u>

**CITY OF LOVELAND, OHIO**

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***Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended December 31, 2013***

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<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$ 913,621
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital Outlay	641,517	
Depreciation Expense	(908,424)	(266,907)
The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.		(4,314)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Decrease in Property Tax Revenue	(7,603)	
Decrease in Income Tax Revenue	(124,667)	
Decrease in Intergovernmental Revenue	(5,519)	
Decrease in Special Assessments Revenue	(4,873)	(142,662)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.		
General Obligation Bond Issuance		(215,000)
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bond Principal Payment	573,500	
Amortization of Deferred Loss on Bond Refunding	(5,519)	
Police/Fire Accrued Pension Payment	30,998	598,979
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		14,116
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Compensated Absences	148,176	
Change in Inventory	(60,493)	87,683
<b><i>Change in Net Position of Governmental Activities</i></b>		<b><u>\$ 985,516</u></b>

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 771,248	\$ 776,014	\$ 776,210	\$ 196
Municipal Income Tax	3,300,000	3,700,000	3,731,651	31,651
Intergovernmental Revenue	522,751	608,585	612,385	3,800
Charges for Services	436,046	466,773	467,891	1,118
Licenses and Permits	218,000	294,000	304,794	10,794
Special Assessments	11,500	8,010	8,010	0
Fines and Forfeitures	140,000	112,000	114,025	2,025
All Other Revenues	56,800	122,425	142,341	19,916
Total Revenues	<u>5,456,345</u>	<u>6,087,807</u>	<u>6,157,307</u>	<u>69,500</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,688,958	2,771,566	2,631,541	140,025
Leisure Time Activities	408,857	406,575	344,680	61,895
Community Environment	185,693	202,641	190,223	12,418
General Government	1,940,110	2,251,612	1,793,825	457,787
Total Expenditures	<u>5,223,618</u>	<u>5,632,394</u>	<u>4,960,269</u>	<u>672,125</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	232,727	455,413	1,197,038	741,625
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	5,000	7,468	8,088	620
Transfers In	0	18,675	18,675	0
Transfers Out	(1,414,452)	(1,412,127)	(1,412,499)	(372)
Advances In	10,000	10,000	10,000	0
Advances Out	(86,000)	(459,000)	(459,000)	0
Total Other Financing Sources (Uses):	<u>(1,485,452)</u>	<u>(1,834,984)</u>	<u>(1,834,736)</u>	<u>248</u>
Net Change in Fund Balance	(1,252,725)	(1,379,571)	(637,698)	741,873
Fund Balance at Beginning of Year	1,705,929	1,705,929	1,705,929	0
Prior Year Encumbrances	24,014	24,014	24,014	0
Fund Balance at End of Year	<u>\$ 477,218</u>	<u>\$ 350,372</u>	<u>\$ 1,092,245</u>	<u>\$ 741,873</u>

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

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**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Paramedic Fund  
For the Year Ended December 31, 2013**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 759,006	\$ 791,074	\$ 791,265	\$ 191
Intergovernmental Revenue	97,676	105,930	105,930	0
Charges for Services	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Total Revenues	<u>916,682</u>	<u>957,004</u>	<u>957,195</u>	<u>191</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	<u>985,709</u>	<u>1,029,399</u>	<u>964,999</u>	<u>64,400</u>
Total Expenditures	<u>985,709</u>	<u>1,029,399</u>	<u>964,999</u>	<u>64,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,027)	(72,395)	(7,804)	64,591
Fund Balance at Beginning of Year	<u>121,787</u>	<u>121,787</u>	<u>121,787</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 52,760</u>	<u>\$ 49,392</u>	<u>\$ 113,983</u>	<u>\$ 64,591</u>

See accompanying notes to the basic financial statements



**CITY OF LOVELAND, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Fire and EMS Fund  
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
<b>Revenues:</b>				
Property Taxes	\$ 425,399	\$ 447,211	\$ 447,312	\$ 101
Intergovernmental Revenue	54,347	59,216	59,216	0
All Other Revenues	33,000	33,549	33,549	0
Total Revenues	512,746	539,976	540,077	101
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	677,807	681,141	648,123	33,018
Total Expenditures	677,807	681,141	648,123	33,018
Excess (Deficiency) of Revenues Over (Under) Expenditures	(165,061)	(141,165)	(108,046)	33,119
<b>Other Financing Sources (Uses):</b>				
General Obligation Bond Issuance	0	210,000	215,000	5,000
Premium on Debt Issuance	0	4,704	4,704	0
Transfers Out	0	(200,779)	(201,524)	(745)
Total Other Financing Sources (Uses):	0	13,925	18,180	4,255
Net Change in Fund Balance	(165,061)	(127,240)	(89,866)	37,374
Fund Balance at Beginning of Year	146,659	146,659	146,659	0
Fund Balance at End of Year	\$ (18,402)	\$ 19,419	\$ 56,793	\$ 37,374

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

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**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Fire Protection Fund  
For the Year Ended December 31, 2013**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Property Taxes	\$ 514,165	\$ 535,889	\$ 536,017	\$ 128
Intergovernmental Revenue	66,168	71,759	71,759	0
All Other Revenues	<u>18,660</u>	<u>19,430</u>	<u>19,430</u>	<u>0</u>
Total Revenues	<u>598,993</u>	<u>627,078</u>	<u>627,206</u>	<u>128</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	<u>627,901</u>	<u>634,433</u>	<u>593,982</u>	<u>40,451</u>
Total Expenditures	<u>627,901</u>	<u>634,433</u>	<u>593,982</u>	<u>40,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,908)	(7,355)	33,224	40,579
Fund Balance at Beginning of Year	<u>12,424</u>	<u>12,424</u>	<u>12,424</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (16,484)</u>	<u>\$ 5,069</u>	<u>\$ 45,648</u>	<u>\$ 40,579</u>

See accompanying notes to the basic financial statements



**CITY OF LOVELAND, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
<b>Assets:</b>			
<i>Current Assets:</i>			
Pooled Cash and Investments	\$ 2,537,766	\$ 859,370	\$ 113,223
Receivables:			
Accounts	133,171	360,788	39,160
Inventory of Supplies at Cost	23,402	0	0
<i>Total Current Assets</i>	<u>2,694,339</u>	<u>1,220,158</u>	<u>152,383</u>
<i>Non Current Assets:</i>			
Capital Assets:			
Capital Assets Not Being Depreciated	2,767,550	59,490	216,238
Capital Assets Being Depreciated, Net	9,899,246	1,130,460	3,435,604
<b>Total Assets</b>	<u>15,361,135</u>	<u>2,410,108</u>	<u>3,804,225</u>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Debt Refunding	6,074	0	76,500
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	31,818	8,254	3,487
Accrued Wages and Benefits	13,115	445	5,484
Intergovernmental Payable	379	0	0
Compensated Absences Payable - Current	7,558	0	9,160
Interfund Loans Payable	0	455,589	0
Accrued Interest Payable	16,565	7	5,396
Capital Leases Payable - Current	0	0	0
General Obligation Bonds Payable - Current	125,000	3,200	98,200
OPWC Loans Payable - Current	303,703	0	31,278
<i>Total Current Liabilities</i>	<u>498,138</u>	<u>467,495</u>	<u>153,005</u>
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	23,597	0	0
General Obligation Bonds Payable	4,127,240	0	980,000
OPWC Loans Payable	3,187,456	0	617,527
<b>Total Liabilities</b>	<u>7,836,431</u>	<u>467,495</u>	<u>1,750,532</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	6,620,661	1,186,750	2,001,337
Unrestricted	910,117	755,863	128,856
<b>Total Net Position</b>	<u>\$ 7,530,778</u>	<u>\$ 1,942,613</u>	<u>\$ 2,130,193</u>

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

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Sanitation	Total
\$ 91,426	\$ 3,601,785
94,851	627,970
0	23,402
<u>186,277</u>	<u>4,253,157</u>
0	3,043,278
36,280	14,501,590
<u>222,557</u>	<u>21,798,025</u>
<u>0</u>	<u>82,574</u>
72,681	116,240
1,069	20,113
0	379
0	16,718
0	455,589
26	21,994
1,470	1,470
6,800	233,200
0	334,981
<u>82,046</u>	<u>1,200,684</u>
0	23,597
0	5,107,240
0	3,804,983
<u>82,046</u>	<u>10,136,504</u>
28,010	9,836,758
112,501	1,907,337
<u>\$ 140,511</u>	<u>\$ 11,744,095</u>

**CITY OF LOVELAND, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
<b>Operating Revenues:</b>			
Charges for Services	\$ 1,523,264	\$ 3,592,835	\$ 418,533
Other Operating Revenue	15,656	423	8,980
<b>Total Operating Revenues</b>	<u>1,538,920</u>	<u>3,593,258</u>	<u>427,513</u>
<b>Operating Expenses:</b>			
Personal Services	421,675	50,115	77,485
Contractual Services	468,345	3,351,016	110,310
Materials and Supplies	44,753	17,288	15,673
Depreciation	333,437	56,125	128,341
<b>Total Operating Expenses</b>	<u>1,268,210</u>	<u>3,474,544</u>	<u>331,809</u>
Operating Income (Loss)	270,710	118,714	95,704
<b>Nonoperating Revenues (Expenses):</b>			
Intergovernmental Grants	0	0	0
Interest Expense	(103,046)	(163)	(39,135)
Loss on Disposal of Capital Assets	(6,014)	0	0
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(109,060)</u>	<u>(163)</u>	<u>(39,135)</u>
Income (Loss) Before Transfers and Contributions	161,650	118,551	56,569
<b>Transfers and Contributions:</b>			
Transfers Out	(11,078)	0	(29,536)
Capital Contributions	72,945	0	0
<b>Total Transfers and Contributions</b>	<u>61,867</u>	<u>0</u>	<u>(29,536)</u>
Change in Net Position	223,517	118,551	27,033
Net Position Beginning of Year - Restated	<u>7,307,261</u>	<u>1,824,062</u>	<u>2,103,160</u>
<b>Net Position End of Year</b>	<u>\$ 7,530,778</u>	<u>\$ 1,942,613</u>	<u>\$ 2,130,193</u>

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

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<u>Sanitation</u>	<u>Total</u>
\$ 1,047,964	\$ 6,582,596
806	25,865
<u>1,048,770</u>	<u>6,608,461</u>
76,800	626,075
996,226	4,925,897
16,422	94,136
9,516	527,419
<u>1,098,964</u>	<u>6,173,527</u>
(50,194)	434,934
36,918	36,918
(503)	(142,847)
0	(6,014)
<u>36,415</u>	<u>(111,943)</u>
(13,779)	322,991
(5,539)	(46,153)
0	72,945
<u>(5,539)</u>	<u>26,792</u>
(19,318)	349,783
159,829	11,394,312
<u>\$ 140,511</u>	<u>\$ 11,744,095</u>

**CITY OF LOVELAND, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$1,548,172	\$3,564,954	\$433,128
Cash Payments for Goods and Services	(512,671)	(3,367,849)	(126,444)
Cash Payments to Employees	(443,500)	(51,454)	(78,422)
Net Cash Provided by Operating Activities	592,001	145,651	228,262
<u>Cash Flows from Noncapital Financing Activities:</u>			
Intergovernmental Grants	0	0	0
Transfers Out to Other Funds	(11,078)	0	(29,536)
Advances Out to Other Funds	0	(55,000)	0
Net Cash Provided (Used) by Noncapital Financing Activities	(11,078)	(55,000)	(29,536)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(2,300,751)	0	(216,238)
OPWC Loan Issuance	329,517	0	203,448
OPWC Loan Retirement	(315,323)	0	(31,282)
Issuance of General Obligation Bonds	3,485,000	0	0
Premium on Bond Issuance	78,173	0	0
Principal Paid on General Obligation Bonds	(125,000)	(4,000)	(89,000)
Principal Paid on Capital Leases	0	0	0
Interest Paid on All Debt	(89,142)	(170)	(30,899)
Net Cash Provided (Used) for Capital and Related Financing Activities	1,062,474	(4,170)	(163,971)
Net Increase in Cash and Cash Equivalents	1,643,397	86,481	34,755
Cash and Cash Equivalents at Beginning of Year	894,369	772,889	78,468
Cash and Cash Equivalents at End of Year	\$2,537,766	\$859,370	\$113,223



**CITY OF LOVELAND, OHIO**

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<u>Sanitation</u>	<u>Total</u>
\$1,064,360	\$6,610,614
(942,018)	(4,948,982)
<u>(78,653)</u>	<u>(652,029)</u>
43,689	1,009,603
36,918	36,918
(5,539)	(46,153)
<u>0</u>	<u>(55,000)</u>
31,379	(64,235)
0	(2,516,989)
0	532,965
0	(346,605)
0	3,485,000
0	78,173
(8,500)	(226,500)
(5,736)	(5,736)
<u>(567)</u>	<u>(120,778)</u>
(14,803)	879,530
60,265	1,824,898
<u>31,161</u>	<u>1,776,887</u>
<u>\$91,426</u>	<u>\$3,601,785</u>

(Continued)

**CITY OF LOVELAND, OHIO**

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**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2013**

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	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
<u>Reconciliation of Operating Income (Loss) to</u>			
<u>Net Cash Provided by Operating Activities:</u>			
Operating Income (Loss)	\$270,710	\$118,714	\$95,704
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by Operating Activities:			
Depreciation Expense	333,437	56,125	128,341
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	9,252	(28,304)	5,615
Increase in Inventory	(1,597)	0	0
Increase in Accounts Payable	2,736	455	1,475
Decrease in Intergovernmental Payable	(712)	0	(1,936)
Decrease in Accrued Wages and Benefits	(5,057)	(1,339)	(1,629)
Increase (Decrease) in Compensated Absences	(16,768)	0	692
Total Adjustments	321,291	26,937	132,558
Net Cash Provided by Operating Activities	<u>\$592,001</u>	<u>\$145,651</u>	<u>\$228,262</u>

Schedule of Noncash Investing, Capital and Financing Activities:

During 2013, the Water Fund received \$72,945 of capital contributions from Governmental Activities.

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

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<u>Sanitation</u>	<u>Total</u>
(\$50,194)	\$434,934
9,516	527,419
15,590	2,153
0	(1,597)
70,730	75,396
(100)	(2,748)
(1,853)	(9,878)
0	(16,076)
<u>93,883</u>	<u>574,669</u>
<u>\$43,689</u>	<u>\$1,009,603</u>

**CITY OF LOVELAND, OHIO**

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***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2013***

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	<u>Agency</u>
<b>Assets:</b>	
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	\$ 17,295
<b>Total Assets</b>	<u>17,295</u>
<b>Liabilities:</b>	
Due to Others	<u>17,295</u>
<b>Total Liabilities</b>	<u>\$ 17,295</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Loveland, Ohio (the "City") is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Council-Manager form of government, was adopted on July 25, 1961.

The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police protection, parks and recreation, planning, zoning, street maintenance, and other governmental services. The City also provides refuse collection services (on a contractual basis) and owns and operates a water treatment and distribution system, a wastewater treatment and collection system and a storm water collection system, each of which is reported as an enterprise fund. In addition, the City has included the Community Improvement Corporation of Loveland (CIC) as a blended component unit.

The Community Improvement Corporation of Loveland (CIC), a non-profit organization, is an eleven-member board comprised of one City official, seven council members and three community representatives. Although it is legally separate from the City, the CIC is reported as if it were part of the primary government due to the fact that the CIC board is substantively the same as the City's governing body. The CIC is responsible for research and development of the City, including the assurance that mortgage payments will be made to foster such development, the acquisition, construction, equipment and improvement of buildings, structures and other properties, the acquisition of sites for such development, the lease, sale and subdivision of such sites and incurring of debt in order to carry out such development, and to make loans to any individual or business entity in order to carry out such development purpose for the City. Funding to finance the CIC comes from the sale of properties owned by the CIC and contributions from the City and private sources.

**B. Basis of Presentation - Fund Accounting**

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting (Continued)**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types are used by the City:

***Governmental Funds*** - are those funds through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

**General** - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Principal sources of revenue are municipal income taxes and shared tax revenues. Primary expenditures are for police protection, community environment and general government.

**Paramedic** - This fund is used to account for the City's paramedic services, which are funded by property taxes and fees.

**Fire and EMS** - This fund is used to account for costs primarily related to facility maintenance, insurance, utilities, dispatching and debt service for Fire and EMS services, which are funded by property taxes.

**Fire Protection** - This fund is used to account for the activities provided by the City's fire protection service funded by property taxes.

**Historic Loveland TIF** - This fund is used to account for the TIF monies being collected for the redevelopment of the Historic Loveland area.

***Proprietary Funds*** - The proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets, liabilities, and deferred outflows/inflows of resources associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting (Continued)**

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the City's major enterprise funds:

Water - This fund is used to account for the operation of the City's water treatment and distribution systems.

Sewer - This fund is used to account for the operation of the City's sewage treatment and collection systems.

Stormwater - This fund is used to account for the operation of the City's stormwater system.

Sanitation - This fund is used to account for the operation of the City's refuse collection system.

***Fiduciary Funds***

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City's fiduciary fund is an agency fund which accounts for the activity of the mayor's court. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

**C. Basis of Presentation - Financial Statements**

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide statement of net position. Interfund services provided and used are not eliminated through the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities, deferred outflows/inflows of resources and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred outflows/inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting (Continued)**

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Revenue considered susceptible to accrual at year end includes income taxes, interest on investments, and state levied locally shared taxes (including motor vehicle license fees, gasoline tax, and local government assistance). Other revenue, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

Special assessments receivable, which are measurable, but not available at December 31, are recorded as deferred inflows of resources. Property taxes which are measurable at December 31, 2013 but which are not intended to finance 2013 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by the government-wide statements, proprietary funds and the agency fund. Revenues are recognized when they are earned and expenses recognized when incurred.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however only governmental funds are required to be reported. The primary level of budgetary control is at the personal services and non-personal services object level within each fund. Budgetary modifications may only be made by ordinance of the City Council.

**1. Tax Budget**

By July 15, the Manager submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

**2. Estimated Resources**

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2013.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**3. Appropriations**

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the personal services and non-personal services object level within each fund. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund and Major Special Revenue Funds" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

**4. Encumbrances**

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at year end, however, are not reported as expenditures in the accompanying basic financial statements.

**5. Lapsing of Appropriations**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**6. Budgetary Basis of Accounting**

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures on the budgetary basis.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" for the General Fund and the Major Special Revenue Funds:

	Net Change in Fund Balance			
	General Fund	Paramedic Fund	Fire and EMS Fund	Fire Protection Fund
GAAP Basis (as reported)	\$1,070,453	(\$3,926)	\$129,138	\$36,044
Increase (Decrease):				
Accrued Revenues at December 31, 2013 received during 2014	(2,147,243)	(4,230)	(2,401)	(2,866)
Accrued Revenues at December 31, 2012 received during 2013	1,764,234	0	0	0
Accrued Expenditures at December 31, 2013 paid during 2014	217,877	1,565	28,523	445
Accrued Expenditures at December 31, 2012 paid during 2013	(253,109)	(1,213)	(16,074)	(399)
Outstanding Encumbrances	(1,800)	0	(229,052)	0
Perspective Difference:				
Activity of Funds Reclassified for GAAP Reporting Purposes	(1,288,110)	0	0	0
Budget Basis	<u>(\$637,698)</u>	<u>(\$7,804)</u>	<u>(\$89,866)</u>	<u>\$33,224</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, a repurchase agreement and the State Treasurer's Asset Reserve (STAR Ohio). STAR Ohio is considered a cash equivalent because it is a highly liquid investment with an original maturity date of three months or less.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintains its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' share of equity in pooled deposits and investments are considered to be cash equivalents. See Note 4 "Cash and Cash Equivalents."

**G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts which are reported at cost, which approximates fair value. Fair value is determined by quoted market prices. See Note 4, "Cash and Cash Equivalents."

The City invested funds in STAR Ohio during 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2013.

**H. Inventory**

On the government-wide financial statements and in the proprietary funds, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of governmental funds are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental funds when purchased.

**I. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life threshold of three or more years.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Capital Assets and Depreciation** (Continued)

**1. Property, Plant and Equipment - Governmental Activities**

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined at December 31, 1987 by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

**2. Property, Plant and Equipment – Business-Type Activities**

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

**3. Depreciation**

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (Years)
Land Improvements	20
Buildings	25 – 50
Building Improvements	20 – 30
Infrastructure	10 – 20
Machinery, Equipment, Furniture, Fixtures and Vehicles	3 – 30

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Long-Term Obligations**

Long-term liabilities were being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Bond Retirement Fund Water Fund, Sewer Fund Stormwater Fund, Sanitation Fund
Ohio Public Works Commission Loans	Water Fund, Stormwater Fund
Capital Leases	Sanitation Fund
Police/Fire Pension Accrued Liability	General Fund
Compensated Absences	General Fund Street Maintenance Fund Water Fund Sewer Fund Sanitation Fund Stormwater Fund

**K. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Compensated Absences** (Continued)

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government-wide statement of net position, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

Compensated absences are expensed in the water and stormwater enterprise funds when earned. The related liability is reported within the fund.

**L. Restricted Assets**

Certain cash and cash equivalents are classified as restricted on the balance sheet because these funds are being held by a trustee, an agent or by the City for specified purposes.

**M. Intergovernmental Revenues**

In governmental funds, grants awarded on a non-reimbursement basis, entitlements and shared revenues are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are made.

Grants received for proprietary fund operations are recognized as revenues when measurable and earned. Such resources restricted for the construction of capital assets are recorded as contributed capital.

**N. Pensions**

The provision for pension cost is recorded when the related payroll is accrued and the obligation is incurred.

**O. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented in the financial statements.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

*Nonspendable* – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

*Restricted* – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

*Assigned* – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

*Unassigned* – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. Net Position**

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**R. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**S. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution, wastewater collection and treatment, storm water collection and refuse collection. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. The City had no special or extraordinary items to report during 2013.

**U. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 – RESTATEMENT OF NET POSITION**

Adjustments were necessary to beginning of year net position due to the reclassification of Ohio Public Works Commission Loans payable from Governmental Activities to Business Type Activities. This reclassification resulted in changes to beginning of year net position as detailed below:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Water Fund</u>	<u>Stormwater Fund</u>
Net Position at December 31, 2012	\$19,701,668	\$13,387,586	\$9,108,837	\$2,294,858
OPWC Loan Reclassification	1,993,274	(1,993,274)	(1,801,576)	(191,698)
Net Position, as Restated	<u>\$21,694,942</u>	<u>\$11,394,312</u>	<u>\$7,307,261</u>	<u>\$2,103,160</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 3 – FUND BALANCE**

**A. Classification**

Fund balance is classified as nonspendable, restricted, committed, assigned, and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Paramedic Fund	Fire and EMS Fund	Fire Protection Fund	Historic Loveland TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>							
Supplies Inventory	\$0	\$0	\$0	\$0	\$0	\$31,158	\$31,158
Total Nonspendable	0	0	0	0	0	31,158	31,158
<b>Restricted:</b>							
Fire and EMS Services	0	116,648	259,723	48,069	0	0	424,440
Street Maintenance	0	0	0	0	0	127,321	127,321
Law Enforcement	0	0	0	0	0	6,609	6,609
Court Computer Improvements	0	0	0	0	0	9,262	9,262
Community Environment	0	0	0	0	0	1,767	1,767
Debt Retirement	0	0	0	0	0	38,568	38,568
Capital Improvements	0	0	0	0	663,176	1,018,156	1,681,332
Total Restricted	0	116,648	259,723	48,069	663,176	1,201,683	2,289,299
<b>Assigned:</b>							
Fiscal 2014 Budget Deficit	345,710	0	0	0	0	0	345,710
Budget Stabilization	1,156,201	0	0	0	0	0	1,156,201
Nature Preserve/Playground	61,510	0	0	0	0	0	61,510
Employee Leave Pay	130,548	0	0	0	0	0	130,548
Total Assigned	1,693,969	0	0	0	0	0	1,693,969
<b>Unassigned (Deficits):</b>							
	2,677,701	0	0	0	0	(286,805)	2,390,896
Total Fund Balances	\$4,371,670	\$116,648	\$259,723	\$48,069	\$663,176	\$946,036	\$6,405,322

**B. Stabilization Arrangements**

Resolutions have been passed by City Council establishing emergency reserves for the General Fund, Fire and EMS Fund, Water Fund, and Stormwater Fund. The General Fund emergency reserve balance shall not be less than 15% of regular General Fund operating revenues. The emergency reserve balance in the Fire and EMS Fund shall be a minimum of 5% of normal operating expenditures. The Water Fund and Stormwater Fund emergency reserves shall each be a minimum of 10% of normal operating expenses. In cases of fiscal emergency, expenditures from the reserves shall be made pursuant only to a Resolution of City Council.

At December 31, 2013, Emergency Reserve balances for the General Fund, Fire and EMS Fund, Stormwater Fund, and Water Fund were \$1,007,635, \$108,729, \$39,837, and \$222,386, respectively. The General, Fire and EMS, and Stormwater Fund reserves are reported in the General Fund. The Water Fund emergency reserve is reported within the Water Fund.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 4 - CASH AND CASH EQUIVALENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the City into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

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**NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)**

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$5,217,798 and the bank balance was \$5,291,156. Federal depository insurance covered \$5,201,959 of the bank balance and \$89,197 was collateralized by the financial institutions' public entity deposit pools in the manner described above.

**B. Investments**

The City's investments at December 31, 2013 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>less than 1</u>	<u>1-3</u>
Repurchase Agreements	\$629,451	N/A	\$629,451	\$0
STAR Ohio	100,073	AAAm <sup>1</sup>	100,073	0
Money Market Fund	17,044	AA+ <sup>1</sup> /Aaa <sup>2</sup>	17,044	0
FHLB	601,298	AA+ <sup>1</sup> /Aaa <sup>2</sup>	401,046	200,252
FHLMC	521,331	AA+ <sup>1</sup> /Aaa <sup>2</sup>	0	521,331
Total Investments	<u>\$1,869,197</u>		<u>\$1,147,614</u>	<u>\$721,583</u>

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)**

**B. Investments** (Continued)

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date, the City has no policy beyond that of the Ohio Revised Code.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 61% are in Federal and State Securities, 34% is invested in a repurchase agreement, and the remaining 5% is in STAR Ohio.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the City's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the City.

**NOTE 5 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2013 were levied after October 1, 2012 on assessed values as of January 1, 2012, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed for tax year 2008 for Clermont County, 2012 for Warren County, and 2011 for Hamilton County. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

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**NOTE 5 – TAXES (Continued)**

**A. Property Taxes (Continued)**

The County Treasurers collect property taxes on behalf of all taxing districts in the counties including the City of Loveland. The County Auditors periodically remit to the City its portion of the taxes collected.

The assessed values upon which the 2013 property tax receipts were based were as follows:

	County		
	Hamilton	Clermont	Warren
Real Property:			
Residential/Agricultural	\$208,065,490	\$52,548,040	\$23,222,220
Personal Property:			
Public Utility Personal Property	4,622,060	970,370	238,390
Total Assessed Value	<u>\$212,687,550</u>	<u>\$53,518,410</u>	<u>\$23,460,610</u>
Tax Rate/Assessed Value	\$10.35/\$1,000	\$9.9/\$1,000	\$10.07/\$1,000

**B. Income Tax**

The City levies a tax of 1.00% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

For 2013, all income tax proceeds were recorded in the General Fund. In prior years, income taxes were recorded in an Income Tax Fund and transferred to appropriate funds in accordance with City Ordinances.

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2013 consisted of property and income taxes, accounts receivable, special assessments, interest, and intergovernmental receivables arising from shared revenues.



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 7 – TRANSFERS AND INTERFUND ACTIVITY**

**A. Transfers**

Following is a summary of transfers in and out for all funds for 2013:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$18,675	\$187,873
Fire and EMS Fund	0	201,524
Historic Loveland TIF Fund	0	106,085
Nonmajor Governmental Funds	726,541	203,581
Total Governmental Funds	745,216	699,063
Enterprise Funds:		
Water Fund	0	11,078
Stormwater Fund	0	29,536
Sanitation Fund	0	5,539
Total Enterprise Funds	0	46,153
Totals	\$745,216	\$745,216

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. The General Fund, Fire and EMS Fund, Historic Loveland TIF Fund, Nonmajor Governmental Funds, and Enterprise Funds provided transfers to the Debt Service Fund during the year to retire a portion of debt paid by Governmental Activities. In addition, a residual fund balance in the Reserves of Loveland TIF Fund was transferred to the General Fund.

**B. Interfund Activity**

Interfund balances at December 31, 2013 consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
Governmental Funds:		
General Fund	\$1,372,589	\$0
Historic Loveland TIF Fund	0	711,488
Nonmajor Governmental Funds	344,488	550,000
Total Governmental Funds	1,717,077	1,261,488
Enterprise Fund:		
Sewer Fund	0	455,589
Totals	\$1,717,077	\$1,717,077

The interfund loan balances result from the General Fund and Special Projects Fund advances of monies to other funds to assist with cashflow.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 8 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2013:

*Historical Cost:*

Class	December 31, 2012	Additions	Deletions	December 31, 2013
<i>Capital assets not being depreciated:</i>				
Land	\$3,768,719	\$0	\$0	\$3,768,719
<i>Capital assets being depreciated:</i>				
Buildings	7,501,745	0	0	7,501,745
Improvements Other than Buildings	1,475,452	0	0	1,475,452
Machinery and Equipment	4,498,141	247,404	(37,777)	4,707,768
Infrastructure	19,715,482	394,113	0	20,109,595
Total Cost	\$36,959,539	\$641,517	(\$37,777)	\$37,563,279

*Accumulated Depreciation:*

Class	December 31, 2012	Additions	Deletions	December 31, 2013
Buildings	(\$1,989,742)	(\$153,144)	\$0	(\$2,142,886)
Improvements Other than Buildings	(1,162,336)	(35,844)	0	(1,198,180)
Machinery and Equipment	(3,332,081)	(373,656)	33,463	(3,672,274)
Infrastructure	(10,176,864)	(345,780)	0	(10,522,644)
Total Depreciation	(\$16,661,023)	(\$908,424) *	\$33,463	(\$17,535,984)
<i>Net Value:</i>	\$20,298,516			\$20,027,295

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$332,412
Leisure Time Activities	115,233
Transportation	431,345
General Government	29,434
Total Depreciation Expense	\$908,424

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 8 - CAPITAL ASSETS (Continued)**

**B. Business-Type Activities Capital Assets**

Summary by category of changes in business-type activities capital assets at December 31, 2013:

*Historical Cost:*

Class	December 31, 2012	Additions	Deletions	December 31, 2013
<i>Capital assets not being depreciated:</i>				
Land	\$847,082	\$72,945	\$0	\$920,027
Construction In Progress	0	2,123,251	0	2,123,251
Subtotal	847,082	2,196,196	0	3,043,278
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	2,607,324	0	0	2,607,324
Utility Structures in Service	21,211,715	352,597	0	21,564,312
Machinery and Equipment	688,520	0	(15,035)	673,485
Total Cost	\$25,354,641	\$2,548,793	(\$15,035)	\$27,888,399

*Accumulated Depreciation:*

Class	December 31, 2012	Additions	Deletions	December 31, 2013
Buildings and Improvements	(\$1,415,629)	(\$69,180)	\$0	(\$1,484,809)
Utility Structures in Service	(8,015,675)	(394,543)	0	(8,410,218)
Machinery and Equipment	(393,828)	(63,696)	9,020	(448,504)
Total Depreciation	(\$9,825,132)	(\$527,419)	\$9,020	(\$10,343,531)

*Net Value:*

\$15,529,509	\$17,544,868
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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. Ohio Public Employees Retirement System (“OPERS”)**

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, “*Accounting for Pensions by State and Local Government Employers.*”

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2013, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2013 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 13.0% for calendar year 2013. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2013, 2012, and 2011 were \$214,532, \$182,712 and \$198,879, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2013 were \$3,439 made by the City and \$2,456 made by the plan members.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

All City full-time police officers participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164, by calling (614) 228-2975, or by visiting [www.op-f.org](http://www.op-f.org).

From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.0% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, employers were required to contribute 19.5% for police officers. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions used to fund pension obligations from January 1, 2013 through May 31, 2013 was 14.81% for police officers. The portion of employer contributions used to fund pension obligations from June 1, 2013 through December 31, 2013 was 16.65% for police officers. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2013, 2012, and 2011 were \$303,177, \$162,843 and \$160,260 for police officers, which were equal to the required contributions for each year.

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System (“OPERS”)**

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

**A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 1.0% for calendar year 2013. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2013, 2012, and 2011 were \$16,502, \$73,085 and \$79,551, respectively, which were equal to the required contributions for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”) (Continued)**

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at [www.op-f.org](http://www.op-f.org).

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% of covered payroll for police. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2013, the portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013 for police officers. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2013, 2012, and 2011 were \$69,034, \$86,211 and \$84,843 for police, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 11 – COMPENSATED ABSENCES**

All full-time City employees earn sick leave at the rate of 10 hours per calendar month of active service, up to a limit of 1,424 hours. Upon retirement from the City any employee, with 15 years of active service, receives one hour of monetary compensation for every two hours of unused sick leave. A retiring employee’s payout may not exceed 1,248 hours of unused sick leave. The monetary compensation is the hourly rate of compensation of the employee at the time of retirement.

All full-time City employees earn vacation at varying rates based upon length of service. An employee may carry forward up to one year of vacation credit, plus six days, to the next year. Upon separation from the City, the employee (or his estate) is paid for his accumulated unused vacation leave balance, which is not to exceed the carryover for one year.

The City records a liability for accumulated unpaid vacation and sick leave benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the Due in More Than One Year account on the Entity Wide Statement of Net Position. The amount decreased from a beginning year balance of \$442,199 to a year-end balance of \$294,023.

At December 31, 2013 the total accumulated unpaid sick leave time recorded in the Governmental Activities was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	9,238	\$144,860
Vacation/Compensatory	<u>4,680</u>	<u>149,163</u>
Total	<u><u>13,918</u></u>	<u><u>\$294,023</u></u>

Compensated absences attributable to the Enterprise Funds of \$40,315 have been recorded within the Enterprise Funds and are not included in the above figures.

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**CITY OF LOVELAND, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 12 - NOTES PAYABLE**

Note Payable activity of the City for the year ended December 31, 2013, was as follows:

	Issue Date	Balance January 1, 2013	Issued	(Retired)	Balance December 31, 2013
Capital Projects Notes Payable:					
3.00% Recreation Land Acquisition	02/16/12	\$690,000	\$0	(\$690,000)	\$0
3.00% Recreation Land Acquisition	02/13/13	0	655,000	0	655,000
Total Capital Project Notes Payable		<u>\$690,000</u>	<u>\$655,000</u>	<u>(\$690,000)</u>	<u>\$655,000</u>

These notes are special obligation revenue notes issued in anticipation of revenues realized from the sale of property acquired with the proceeds of the notes.

**NOTE 13 - LONG-TERM OBLIGATIONS**

Long-term obligations of the City at December 31, 2013 were as follows:

		Restated Balance December 31, 2012	Issued	(Retired)	Balance December 31, 2013	Amount Due Within One Year
<b>Governmental Activities:</b>						
General Obligation Bonds:						
2003 City Hall-HVAC System	3.00%	\$10,000	\$0	(\$10,000)	\$0	\$0
2003 Fire Truck Acquisition	3.00%	80,000	0	(80,000)	0	0
2005 Various Purpose Refunding Bonds	4.25%	895,000	0	(165,000)	730,000	170,000
2005 North End T.I.F.	4.16%	150,000	0	(75,000)	75,000	75,000
2007 Christman Park Land T.I.F.	4.13%	550,000	0	(25,000)	525,000	30,000
2007 P.W. Buildings	4.13%	250,000	0	(45,000)	205,000	50,000
2009 Street Dump Truck	1.00%	15,300	0	(8,500)	6,800	6,800
2009 Lever Park	1.00%	60,000	0	(30,000)	30,000	30,000
2011 HVAC	2-4.6%	290,000	0	(10,000)	280,000	10,000
2011 Parking and Municipal Real Estate	2-4.6%	1,350,000	0	(55,000)	1,295,000	55,000
2012 Various Purpose Refunding Bonds	1-2.5%	715,000	0	(70,000)	645,000	65,000
2013 Ambulance	1-1.5%	0	215,000	0	215,000	30,000
Total General Obligation Bonds		<u>4,365,300</u>	<u>215,000</u>	<u>(\$73,500)</u>	<u>4,006,800</u>	<u>521,800</u>
Other Long-Term Obligations:						
Compensated Absences		442,199	(11,336)	(136,840)	294,023	149,163
Police and Firemen's Pension Accrued Liability		30,998	0	(30,998)	0	0
Total Other Long-Term Obligations		<u>473,197</u>	<u>(11,336)</u>	<u>(167,838)</u>	<u>294,023</u>	<u>149,163</u>
Total Governmental Activities		<u>\$4,838,497</u>	<u>\$203,664</u>	<u>(\$741,338)</u>	<u>\$4,300,823</u>	<u>\$670,963</u>

**CITY OF LOVELAND, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 13 - LONG-TERM OBLIGATIONS (Continued)**

Long-term obligations of the City at December 31, 2013 were as follows:

		Restated Balance December 31, 2012	Issued	(Retired)	Balance December 31, 2013	Amount Due Within One Year
<b>Business-Type Activities:</b>						
General Obligation Bonds:						
2003 Stormwater System	3.00%	\$95,000	\$0	(\$45,000)	\$50,000	\$50,000
2005 Stormwater System	4.48%	130,000	0	(10,000)	120,000	15,000
2007 Stormwater System	4.25%	235,000	0	(10,000)	225,000	10,000
2009 Water Refunding Bonds	1.00%	805,000	0	(125,000)	680,000	125,000
2009 Stormwater Dump Truck	1.00%	7,200	0	(4,000)	3,200	3,200
2009 Sewer Dump Truck	1.00%	7,200	0	(4,000)	3,200	3,200
2009 Sanitation Dump Truck	1.00%	15,300	0	(8,500)	6,800	6,800
2012 Stormwater System Refunding	1-2.50%	630,000	0	(15,000)	615,000	15,000
2012 Stormwater System Refunding	1-2.75%	70,000	0	(5,000)	65,000	5,000
2013 Water Tower Bond	1-4.00%	0	3,485,000	0	3,485,000	0
Bond Premium		10,881	78,173	(1,814)	87,240	0
Total General Obligation Bonds		<u>2,005,581</u>	<u>3,563,173</u>	<u>(228,314)</u>	<u>5,340,440</u>	<u>233,200</u>
Ohio Public Works Commission Loans:						
1993 Hanna Avenue Waterline	0.00%	5,748	0	(5,748)	0	0
1994 East Loveland Avenue	3.00%	51,477	0	(20,132)	31,345	20,741
1994 West Booster	3.00%	40,936	0	(28,760)	12,176	12,176
1995 Lever Water Tower	3.00%	189,318	0	(35,643)	153,675	36,720
1996 Maderia Road Waterline	0.00%	126,668	0	(28,149)	98,519	28,147
1999 State Route 48 North	3.00%	171,573	0	(22,376)	149,197	23,052
2002 West Loveland Waterline	0.00%	150,000	0	(15,000)	135,000	15,000
2003 West Loveland Avenue Storm Drainage	0.00%	191,698	0	(16,670)	175,028	16,666
2004 Elyision Extension	0.00%	297,940	0	(23,836)	274,104	23,831
2005 Walker Extension	0.00%	248,724	0	(19,133)	229,591	19,133
2007 Downtown Water Line	0.00%	365,253	0	(24,350)	340,903	24,350
2008 Broadway and Hanna	0.00%	153,939	0	(9,621)	144,318	9,621
2011 Waterline Replacement	0.00%	455,910	0	(23,380)	432,530	23,380
2011 Bellwood Storm Drainage	0.00%	284,941	0	(14,612)	270,329	14,612
2012 Wall Street Waterline	0.00%	444,566	0	(24,030)	420,536	24,030
2012 Park Center Waterline	0.00%	238,746	95,525	(8,357)	325,914	16,714
2012 Fallis Road Waterline	0.00%	536,167	0	(26,808)	509,359	26,808
2013 Twilight Waterline	0.00%	0	233,992	0	233,992	0
2013 Stonybrook Storm Drainage	0.00%	0	203,448	0	203,448	0
Total Ohio Public Works Commission Loans		<u>3,953,604</u>	<u>532,965</u>	<u>(346,605)</u>	<u>4,139,964</u>	<u>334,981</u>
Other Long-Term Obligations:						
Compensated Absences		56,391	22,092	(38,168)	40,315	16,718
Capital Leases		7,206	0	(5,736)	1,470	1,470
Total Other Long-Term Obligations		<u>63,597</u>	<u>22,092</u>	<u>(43,904)</u>	<u>41,785</u>	<u>18,188</u>
Total Business-Type Activities		<u>\$6,022,782</u>	<u>\$4,118,230</u>	<u>(\$618,823)</u>	<u>\$9,522,189</u>	<u>\$586,369</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 13 - LONG-TERM OBLIGATIONS (Continued)**

**A. Principal and Interest Requirements**

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2013, follows:

Years	<b>Business-Type Activities</b>				<b>Governmental Activities</b>	
	<u>General Obligation Bonds</u>		<u>OPWC Loans</u>		<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$233,200	\$166,011	\$334,981	\$9,667	\$521,800	\$138,897
2015	235,000	159,098	314,485	6,993	430,000	122,627
2016	235,000	153,113	305,743	4,974	435,000	109,513
2017	235,000	146,479	293,584	3,055	455,000	97,849
2018	250,000	139,471	240,122	1,389	225,000	80,699
2019-2023	1,235,000	603,055	1,082,515	603	925,000	313,226
2024-2028	930,000	459,140	755,591	0	670,000	164,966
2029-2033	970,000	305,400	375,503	0	345,000	32,200
2034-2037	930,000	94,600	0	0	0	0
Totals	<u>\$5,253,200</u>	<u>\$2,226,367</u>	<u>\$3,702,524</u>	<u>\$26,681</u>	<u>\$4,006,800</u>	<u>\$1,059,977</u>

**B. Ohio Public Works Commission Loans**

*Twightwee Waterlines* – In 2013 the City obtained financing through the Ohio Public Works Commission for waterline improvements in the Twightwee subdivision at an interest rate of 0%. This loan is received by the City in increments as the project is completed. As of December 31, 2013, the City had received \$233,992 from OPWC. Subsequent amounts will be received in future years. As of December 31, 2013 the loan has not been finalized and there is no amortization schedule for the loan.

*Stoneybrook Storm Water* – In 2013 the City obtained financing through the Ohio Public Works Commission for storm water system improvements in the Stoneybrook subdivision at an interest rate of 0%. This loan is received by the City in increments as the project is completed. As of December 31, 2013, the City had received \$203,448 from OPWC. Subsequent amounts will be received in future years. As of December 31, 2013 the loan has not been finalized and there is no amortization schedule for the loan.

**C. Defeasance of General Obligation Debt**

In May of 2005 The City issued \$1,715,000 of Various Purpose Refunding General Obligation Bonds to defease the \$1,586,079 of General Obligation Bonds for Various Purposes dated October 1, 1997. The net proceeds of the 2005 Various Purpose Refunding General Obligation Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, was and will be used to pay the principal and interest on the refunded bonds. The refunded General Obligation Bonds, which have a balance of \$720,000 at December 31, 2013, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advanced refunding.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

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**NOTE 13 - LONG-TERM OBLIGATIONS (Continued)**

**C. Defeasance of General Obligation Debt (Continued)**

In June of 2012 The City issued \$1,415,000 of Various Purpose Refunding General Obligation Bonds to defease \$560,000 of General Obligation Bonds for Stormwater System Improvements dated August 1, 2003, \$55,000 of General Obligation Bonds for Stormwater Improvements dated June 1, 2005 and \$670,000 of Various Purpose General Obligation Bonds dated October 1, 2002. The net proceeds of the 2012 Various Purpose Refunding General Obligation Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, was and will be used to pay the principal and interest on the refunded bonds. The refunded General Obligation Bonds, which have a balance of \$1,230,000 at December 31, 2013, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advanced refunding.

**NOTE 14 - CAPITAL LEASE COMMITMENTS**

The City leases a wood chipper for the sanitation department. The cost of the leased asset and the related liability are accounted for in the Enterprise Funds and Business-type Activities capital assets and long-term debt accounts. The original cost of the asset under capital lease is \$27,570.

The following is a schedule of the future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2013:

<u>Year Ending December 31,</u>	<u>Business-Type Capital Lease</u>
2014	<u>\$1,485</u>
Minimum Lease Payments	1,485
Less: Amount representing interest at the City's incremental borrowing rate of interest	<u>(15)</u>
Present value of minimum lease payments	<u><u>\$1,470</u></u>

**NOTE 15 - INSURANCE AND RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Government belongs to the Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

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**NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)**

As authorized by Section 9.833 of the Ohio Revised Code, the OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 92 members as of December 31, 2012 (the latest information available.)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available.)

	<u>2012</u>	<u>2011</u>
Assets	\$1,152,610	\$1,459,791
Liabilities	<u>(1,615,537)</u>	<u>(1,283,527)</u>
Members' Equity	<u>\$(462,927)</u>	<u>\$176,264</u>

The City also pays unemployment claims to the State of Ohio as incurred.

The City continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 16 - COMPLIANCE AND ACCOUNTABILITY**

The fund deficit of \$286,805 in the Recreation Land TIF Fund (capital projects fund) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The General Fund provides transfers when cash is required, not when accruals occur.

**NOTE 17 - CONTINGENCIES**

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES  
INCLUDE THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS  
AND FIDUCIARY FUNDS.*

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to trusts or major capital projects) that are legally restricted or committed to expenditures for specified purposes.

**Sick Leave Reserve/Escrow Fund**

To account for reserve balances set aside for budget stabilization as well as for payouts to retirees for sick, vacation and compensatory time accrued through their employment with the City. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

**Street Maintenance Fund**

To account for revenues distributed by the State from the motor vehicle registration and gasoline tax. Expenditures may only be used for City street construction, maintenance and repair.

**Enforcement and Education Fund**

To account for resources used to educate the public regarding laws governing the operation of motor vehicles while under the influence of alcohol.

**Permissive Motor Vehicle License Tax Fund**

To account for permissive auto license taxes levied for street construction, maintenance and repair.

**State Highway Fund**

To account for revenues distributed by the State from the motor vehicle registration and gasoline tax designated for construction, maintenance and repair of State highways located within the City.

**Community Improvement Corporation Fund**

To account for the activities of the Loveland Community Improvement Corporation (CIC). The CIC of Loveland serves an economic development agency by advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the City.

**Mayors Court Computer Fund**

To account for the assessment fee charged to each issued citation to be used only for the purchase and maintenance of computerizing the Mayor's Court operations.

**Lighting District Fund**

To account for assessments to be used for electric utility charges.



***Debt Service Funds***

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The Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment levies when the government is obligated in some manner for payment.

**General Bond Retirement Fund**

To account for the accumulation of resources to be used for the retirement of general obligation debt.

***Capital Projects Funds***

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The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

**Issue II Improvement Fund**

To account for road and bridge construction projects, partially funded by state grants from the Ohio Public Works Commission, pursuant to Auditor of State specifications. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**Recreation Capital Improvement Fund**

To account for impact fees to be used for improvements to City parks. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**Recreation Land TIF Fund**

To account for service payments (in lieu of taxes) as a result of a tax increment financing agreement. Proceeds from the Christman Land TIF bond issuance were used to purchase land in the TIF district which will be developed into a City park.

**North End TIF Fund**

To account for service payments (in lieu of taxes) as a result of a tax increment financing agreement. Proceeds from the North End TIF bond issuance were used to complete improvements around project sites in the north end of the City.

**Reserves of Loveland TIF Fund**

To account for service payments (in lieu of taxes) as a result of a tax increment financing agreement. These monies pay for improvements in the Reserves of Loveland housing development. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**Special Projects Fund**

This fund is used to account for the accumulation of resources for the City's various capital projects.

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Pooled Cash and Investments	\$ 308,010	\$ 145,389	\$ 453,399
Receivables:			
Taxes	0	272,000	272,000
Accounts	575	0	575
Intergovernmental	311,238	15,697	326,935
Interest	0	1,323	1,323
Interfund Loans Receivable	0	344,488	344,488
Inventory of Supplies, at Cost	31,158	0	31,158
Restricted Assets:			
Cash and Cash Equivalents	1,767	0	1,767
Land Held for Resale	0	590,201	590,201
<b>Total Assets</b>	<b>\$ 652,748</b>	<b>\$ 1,369,098</b>	<b>\$ 2,021,846</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 20,370	\$ 50	\$ 20,420
Accrued Wages and Benefits Payable	10,201	0	10,201
Interfund Loans Payable	200,000	350,000	550,000
<b>Total Liabilities</b>	<b>230,571</b>	<b>350,050</b>	<b>580,621</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	207,492	15,697	223,189
Property Tax Levy for Next Fiscal Year	0	272,000	272,000
<b>Total Deferred Inflows of Resources</b>	<b>207,492</b>	<b>287,697</b>	<b>495,189</b>
<b>Fund Balances:</b>			
Nonspendable	31,158	0	31,158
Restricted	183,527	1,018,156	1,201,683
Unassigned	0	(286,805)	(286,805)
<b>Total Fund Balances</b>	<b>214,685</b>	<b>731,351</b>	<b>946,036</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 652,748</b>	<b>\$ 1,369,098</b>	<b>\$ 2,021,846</b>

**CITY OF LOVELAND, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 321,281	\$ 321,281
Intergovernmental Revenue	752,546	0	45,555	798,101
Licenses and Permits	29,500	0	0	29,500
Investment Earnings	0	0	28,264	28,264
Special Assessments	33,095	0	51,797	84,892
Fines and Forfeitures	6,494	0	0	6,494
All Other Revenue	19,425	0	148,848	168,273
<b>Total Revenues</b>	<b>841,060</b>	<b>0</b>	<b>595,745</b>	<b>1,436,805</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	637	0	0	637
Leisure Time Activities	0	0	100	100
Transportation	712,908	0	0	712,908
General Government	37,889	0	208,690	246,579
Capital Outlay	0	0	186,815	186,815
Debt Service:				
Principal Retirement	0	573,500	0	573,500
Interest & Fiscal Charges	0	174,444	0	174,444
<b>Total Expenditures</b>	<b>751,434</b>	<b>747,944</b>	<b>395,605</b>	<b>1,894,983</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	89,626	(747,944)	200,140	(458,178)
<b>Other Financing Sources (Uses):</b>				
Premium on Debt Issuance	0	15,912	0	15,912
Transfers In	0	726,541	0	726,541
Transfers Out	(56,665)	0	(146,916)	(203,581)
<b>Total Other Financing Sources (Uses)</b>	<b>(56,665)</b>	<b>742,453</b>	<b>(146,916)</b>	<b>538,872</b>
Net Change in Fund Balances	32,961	(5,491)	53,224	80,694
<b>Fund Balances at Beginning of Year</b>	<b>242,217</b>	<b>5,491</b>	<b>678,127</b>	<b>925,835</b>
Decrease in Inventory	(60,493)	0	0	(60,493)
<b>Fund Balances End of Year</b>	<b>\$ 214,685</b>	<b>\$ 0</b>	<b>\$ 731,351</b>	<b>\$ 946,036</b>

**CITY OF LOVELAND, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2013**

	Street Maintenance Fund	Enforcement and Education Fund	Permissive Motor Vehicle License Tax Fund	State Highway Fund
<b>Assets:</b>				
Pooled Cash and Investments	\$ 178,525	\$ 6,534	\$ 32,905	\$ 42,716
Receivables:				
Accounts	0	75	0	0
Intergovernmental	226,920	0	67,239	17,079
Inventory of Supplies, at Cost	31,158	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
<b>Total Assets</b>	<u>\$ 436,603</u>	<u>\$ 6,609</u>	<u>\$ 100,144</u>	<u>\$ 59,795</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 13,952	\$ 0	\$ 0	\$ 6,418
Accrued Wages and Benefits Payable	10,201	0	0	0
Interfund Loans Payable	200,000	0	0	0
<b>Total Liabilities</b>	<u>224,153</u>	<u>0</u>	<u>0</u>	<u>6,418</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	151,280	0	44,826	11,386
<b>Total Deferred Inflows of Resources</b>	<u>151,280</u>	<u>0</u>	<u>44,826</u>	<u>11,386</u>
<b>Fund Balances:</b>				
Nonspendable	31,158	0	0	0
Restricted	30,012	6,609	55,318	41,991
<b>Total Fund Balances</b>	<u>61,170</u>	<u>6,609</u>	<u>55,318</u>	<u>41,991</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 436,603</u>	<u>\$ 6,609</u>	<u>\$ 100,144</u>	<u>\$ 59,795</u>

**CITY OF LOVELAND, OHIO**

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Community Improvement Corporation Fund	Mayors Court Computer Fund	Lighting District Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 8,762	\$ 38,568	\$ 308,010
0	500	0	575
0	0	0	311,238
0	0	0	31,158
<u>1,767</u>	<u>0</u>	<u>0</u>	<u>1,767</u>
<u>\$ 1,767</u>	<u>\$ 9,262</u>	<u>\$ 38,568</u>	<u>\$ 652,748</u>
\$ 0	\$ 0	\$ 0	\$ 20,370
0	0	0	10,201
<u>0</u>	<u>0</u>	<u>0</u>	<u>200,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>230,571</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>207,492</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>207,492</u>
0	0	0	31,158
<u>1,767</u>	<u>9,262</u>	<u>38,568</u>	<u>183,527</u>
<u>1,767</u>	<u>9,262</u>	<u>38,568</u>	<u>214,685</u>
<u>\$ 1,767</u>	<u>\$ 9,262</u>	<u>\$ 38,568</u>	<u>\$ 652,748</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013**

	Street Maintenance Fund	Enforcement and Education Fund	Permissive Motor Vehicle License Tax Fund	State Highway Fund
<b>Revenues:</b>				
Intergovernmental Revenue	\$ 470,638	\$ 0	\$ 246,862	\$ 35,046
Licenses and Permits	0	0	29,500	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	610	0	0
All Other Revenue	11,287	0	0	8,138
<b>Total Revenues</b>	<u>481,925</u>	<u>610</u>	<u>276,362</u>	<u>43,184</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	637	0	0
Transportation	390,200	0	297,569	25,139
General Government	0	0	0	0
<b>Total Expenditures</b>	<u>390,200</u>	<u>637</u>	<u>297,569</u>	<u>25,139</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	91,725	(27)	(21,207)	18,045
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(56,665)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(56,665)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	35,060	(27)	(21,207)	18,045
<b>Fund Balances at Beginning of Year</b>	86,603	6,636	76,525	23,946
Decrease in Inventory	(60,493)	0	0	0
<b>Fund Balances End of Year</b>	<u>\$ 61,170</u>	<u>\$ 6,609</u>	<u>\$ 55,318</u>	<u>\$ 41,991</u>

**CITY OF LOVELAND, OHIO**

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Community Improvement Corporation Fund	Mayors Court Computer Fund	Lighting District Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 752,546
0	0	0	29,500
0	0	33,095	33,095
0	5,884	0	6,494
0	0	0	19,425
<u>0</u>	<u>5,884</u>	<u>33,095</u>	<u>841,060</u>
0	0	0	637
0	0	0	712,908
<u>2,000</u>	<u>5,670</u>	<u>30,219</u>	<u>37,889</u>
<u>2,000</u>	<u>5,670</u>	<u>30,219</u>	<u>751,434</u>
(2,000)	214	2,876	89,626
<u>0</u>	<u>0</u>	<u>0</u>	<u>(56,665)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(56,665)</u>
(2,000)	214	2,876	32,961
3,767	9,048	35,692	242,217
<u>0</u>	<u>0</u>	<u>0</u>	<u>(60,493)</u>
<u>\$ 1,767</u>	<u>\$ 9,262</u>	<u>\$ 38,568</u>	<u>\$ 214,685</u>

**CITY OF LOVELAND, OHIO**

**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2013**

	Recreation Land TIF Fund	North End TIF Fund	Special Projects Fund	Total Nonmajor Capital Projects Funds
<b>Assets:</b>				
Pooled Cash and Investments	\$ 63,195	\$ 28,003	\$ 54,191	\$ 145,389
Receivables:				
Taxes	0	272,000	0	272,000
Intergovernmental	0	15,697	0	15,697
Interest	0	0	1,323	1,323
Interfund Loans Receivable	0	0	344,488	344,488
Land Held for Resale	0	0	590,201	590,201
<b>Total Assets</b>	<b>\$ 63,195</b>	<b>\$ 315,700</b>	<b>\$ 990,203</b>	<b>\$ 1,369,098</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 50	\$ 50
Interfund Loans Payable	350,000	0	0	350,000
<b>Total Liabilities</b>	<b>350,000</b>	<b>0</b>	<b>50</b>	<b>350,050</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	0	15,697	0	15,697
Property Tax Levy for Next Fiscal Year	0	272,000	0	272,000
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>287,697</b>	<b>0</b>	<b>287,697</b>
<b>Fund Balances:</b>				
Restricted	0	28,003	990,153	1,018,156
Unassigned	(286,805)	0	0	(286,805)
<b>Total Fund Balances</b>	<b>(286,805)</b>	<b>28,003</b>	<b>990,153</b>	<b>731,351</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 63,195</b>	<b>\$ 315,700</b>	<b>\$ 990,203</b>	<b>\$ 1,369,098</b>





**CITY OF LOVELAND, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2013**

	Issue II Improvement Fund	Recreation Capital Improvement Fund	Recreation Land TIF Fund	North End TIF Fund
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 272,531
Intergovernmental Revenue	0	0	0	39,108
Investment Earnings	0	0	0	0
Special Assessments	0	0	0	0
All Other Revenue	0	0	0	0
<b>Total Revenue</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>311,639</u>
<b>Expenditures:</b>				
Current:				
Leisure Time Activities	0	100	0	0
General Government	0	0	0	208,690
Capital Outlay	19,692	0	0	0
<b>Total Expenditures</b>	<u>19,692</u>	<u>100</u>	<u>0</u>	<u>208,690</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,692)	(100)	0	102,949
<b>Other Financing Sources (Uses):</b>				
Transfers Out	0	0	(48,002)	(80,239)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>(48,002)</u>	<u>(80,239)</u>
Net Change in Fund Balances	(19,692)	(100)	(48,002)	22,710
<b>Fund Balances (Deficits) at Beginning of Year</b>	<u>19,692</u>	<u>100</u>	<u>(238,803)</u>	<u>5,293</u>
<b>Fund Balances (Deficits) End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (286,805)</u>	<u>\$ 28,003</u>

**CITY OF LOVELAND, OHIO**

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Reserves of Loveland TIF Fund	Special Projects Fund	Total Nonmajor Capital Project Funds
\$ 48,750	\$ 0	\$ 321,281
6,447	0	45,555
0	28,264	28,264
0	51,797	51,797
0	148,848	148,848
<u>55,197</u>	<u>228,909</u>	<u>595,745</u>
0	0	100
0	0	208,690
5,561	161,562	186,815
<u>5,561</u>	<u>161,562</u>	<u>395,605</u>
49,636	67,347	200,140
(18,675)	0	(146,916)
<u>(18,675)</u>	<u>0</u>	<u>(146,916)</u>
30,961	67,347	53,224
(30,961)	922,806	678,127
<u>\$ 0</u>	<u>\$ 990,153</u>	<u>\$ 731,351</u>

**CITY OF LOVELAND, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 771,248	\$ 776,014	\$ 776,210	\$ 196
Municipal Income Tax	3,300,000	3,700,000	3,731,651	31,651
Intergovernmental Revenue	522,751	608,585	612,385	3,800
Charges for Services	436,046	466,773	467,891	1,118
Licenses and Permits	218,000	294,000	304,794	10,794
Special Assessments	11,500	8,010	8,010	0
Fines and Forfeitures	140,000	112,000	114,025	2,025
All Other Revenue	56,800	122,425	142,341	19,916
Total Revenues	5,456,345	6,087,807	6,157,307	69,500
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	2,140,077	2,208,485	2,125,647	82,838
Other Expenditures	548,881	563,081	505,894	57,187
Total Security of Persons and Property	2,688,958	2,771,566	2,631,541	140,025
Leisure Time Activities:				
Parks and Recreation:				
Personal Services	258,669	224,557	197,350	27,207
Other Expenditures	150,188	182,018	147,330	34,688
Total Leisure Time Activities	408,857	406,575	344,680	61,895
Community Environment:				
Building and Zoning:				
Personal Services	128,543	138,840	135,737	3,103
Other Expenditures	57,150	63,801	54,486	9,315
Total Community Environment	185,693	202,641	190,223	12,418

(Continued)

**CITY OF LOVELAND, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2013***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government:				
City Council:				
Personal Services	60,845	60,948	60,793	155
Other Expenditures	<u>9,000</u>	<u>9,000</u>	<u>6,739</u>	<u>2,261</u>
Total City Council	69,845	69,948	67,532	2,416
City Manager:				
Personal Services	410,985	393,183	384,600	8,583
Other Expenditures	<u>17,100</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total City Manager	428,085	393,183	384,600	8,583
Mayor's Court:				
Personal Services	78,766	78,990	79,395	(405)
Other Expenditures	<u>36,200</u>	<u>31,392</u>	<u>26,703</u>	<u>4,689</u>
Total Mayor's Court	114,966	110,382	106,098	4,284
Administration:				
Personal Services	5,500	5,500	5,466	34
Other Expenditures	<u>22,805</u>	<u>22,805</u>	<u>14,523</u>	<u>8,282</u>
Total Administration	28,305	28,305	19,989	8,316
Finance and Income Tax:				
Personal Services	329,960	339,235	339,993	(758)
Other Expenditures	<u>236,850</u>	<u>13,350</u>	<u>7,272</u>	<u>6,078</u>
Total Finance and Income Tax	566,810	352,585	347,265	5,320
Solicitor:				
Other Expenditures	<u>120,000</u>	<u>65,000</u>	<u>47,479</u>	<u>17,521</u>
Total Solicitor	120,000	65,000	47,479	17,521

(Continued)

**CITY OF LOVELAND, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2013***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Operations:				
Personal Services	19,150	69,183	70,210	(1,027)
Other Expenditures	573,103	1,143,180	730,472	412,708
Total General Operations	592,253	1,212,363	800,682	411,681
Engineer:				
Personal Services	16,346	16,346	17,575	(1,229)
Other Expenditures	3,500	3,500	2,605	895
Total Engineer	19,846	19,846	20,180	(334)
Total General Government	1,940,110	2,251,612	1,793,825	457,787
Total Expenditures	5,223,618	5,632,394	4,960,269	672,125
Excess (Deficiency) of Revenues Over (Under) Expenditures	232,727	455,413	1,197,038	741,625
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	5,000	7,468	8,088	620
Transfers In	0	18,675	18,675	0
Transfers Out	(1,414,452)	(1,412,127)	(1,412,499)	(372)
Advances In	10,000	10,000	10,000	0
Advances Out	(86,000)	(459,000)	(459,000)	0
Total Other Financing Sources (Uses)	(1,485,452)	(1,834,984)	(1,834,736)	248
Net Change in Fund Balance	(1,252,725)	(1,379,571)	(637,698)	741,873
Fund Balance at Beginning of Year	1,705,929	1,705,929	1,705,929	0
Prior Year Encumbrances	24,014	24,014	24,014	0
Fund Balance at End of Year	\$ 477,218	\$ 350,372	\$ 1,092,245	\$ 741,873

**CITY OF LOVELAND, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Special Revenue Fund  
For the Year Ended December 31, 2013***

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	PARAMEDIC FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 759,006	\$ 791,074	\$ 791,265	\$ 191
Intergovernmental Revenue	97,676	105,930	105,930	0
Charges for Services	60,000	60,000	60,000	0
Total Revenues	<u>916,682</u>	<u>957,004</u>	<u>957,195</u>	<u>191</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Other Expenditures	<u>985,709</u>	<u>1,029,399</u>	<u>964,999</u>	<u>64,400</u>
Total Expenditures	<u>985,709</u>	<u>1,029,399</u>	<u>964,999</u>	<u>64,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,027)	(72,395)	(7,804)	64,591
Fund Balance at Beginning of Year	<u>121,787</u>	<u>121,787</u>	<u>121,787</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 52,760</u>	<u>\$ 49,392</u>	<u>\$ 113,983</u>	<u>\$ 64,591</u>

**CITY OF LOVELAND, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Special Revenue Fund  
For the Year Ended December 31, 2013**

	<b>FIRE &amp; EMS FUND</b>			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 425,399	\$ 447,211	\$ 447,312	\$ 101
Intergovernmental Revenue	54,347	59,216	59,216	0
All Other Revenues	33,000	33,549	33,549	0
Total Revenues	<u>512,746</u>	<u>539,976</u>	<u>540,077</u>	<u>101</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Other Expenditures	<u>677,807</u>	<u>681,141</u>	<u>648,123</u>	<u>33,018</u>
Total Expenditures	<u>677,807</u>	<u>681,141</u>	<u>648,123</u>	<u>33,018</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(165,061)	(141,165)	(108,046)	33,119
<b>Other Financing Sources (Uses):</b>				
General Obligation Bond Issuance	0	210,000	215,000	5,000
Premium on Debt Issuance	0	4,704	4,704	0
Transfers Out	0	(200,779)	(201,524)	(745)
Total Other Financing Sources (Uses)	<u>0</u>	<u>13,925</u>	<u>18,180</u>	<u>4,255</u>
Net Change in Fund Balance	(165,061)	(127,240)	(89,866)	37,374
Fund Balance at Beginning of Year	<u>146,659</u>	<u>146,659</u>	<u>146,659</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (18,402)</u>	<u>\$ 19,419</u>	<u>\$ 56,793</u>	<u>\$ 37,374</u>



**CITY OF LOVELAND, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Special Revenue Fund  
For the Year Ended December 31, 2013***

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 514,165	\$ 535,889	\$ 536,017	\$ 128
Intergovernmental Revenue	66,168	71,759	71,759	0
All Other Revenues	18,660	19,430	19,430	0
Total Revenues	<u>598,993</u>	<u>627,078</u>	<u>627,206</u>	<u>128</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Other Expenditures	<u>627,901</u>	<u>634,433</u>	<u>593,982</u>	<u>40,451</u>
Total Expenditures	<u>627,901</u>	<u>634,433</u>	<u>593,982</u>	<u>40,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,908)	(7,355)	33,224	40,579
Fund Balance at Beginning of Year	<u>12,424</u>	<u>12,424</u>	<u>12,424</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (16,484)</u>	<u>\$ 5,069</u>	<u>\$ 45,648</u>	<u>\$ 40,579</u>

**CITY OF LOVELAND, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund  
For the Year Ended December 31, 2013***

**HISTORIC LOVELAND TIF FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$ 2,118	\$ 2,118	\$ 0
Intergovernmental Revenue	61	61	0
All Other Revenues	1	1	0
Total Revenues	<u>2,180</u>	<u>2,180</u>	<u>0</u>
<b>Expenditures:</b>			
Capital Outlay:			
Other Expenditures	<u>226,594</u>	<u>180,763</u>	<u>45,831</u>
Total Capital Outlay	226,594	180,763	45,831
Debt Service:			
Principal Retirement	710,585	710,585	0
Interest and Fiscal Charges	<u>7,830</u>	<u>7,830</u>	<u>0</u>
Total Expenditures	<u>945,009</u>	<u>899,178</u>	<u>45,831</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(942,829)	(896,998)	45,831
<b>Other Financing Sources (Uses):</b>			
Proceeds from Special Obligation Notes	664,648	664,648	0
Transfers Out	(106,085)	(106,085)	0
Advances In	<u>300,000</u>	<u>300,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>858,563</u>	<u>858,563</u>	<u>0</u>
Net Change in Fund Balance	(84,266)	(38,435)	45,831
Fund Balance at Beginning of Year	<u>140,149</u>	<u>140,149</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 55,883</u>	<u>\$ 101,714</u>	<u>\$ 45,831</u>

**CITY OF LOVELAND, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>SICK LEAVE RESERVE/ESCROW FUND</b>			
<b>Revenues:</b>			
All Other Revenues	\$ 72,760	\$ 72,760	\$ 0
Total Revenues	<u>72,760</u>	<u>72,760</u>	<u>0</u>
<b>Expenditures:</b>			
General Government:			
Personal Services	84,915	1,420	83,495
Other Expenditures	<u>595,000</u>	<u>7,856</u>	<u>587,144</u>
Total Expenditures	<u>679,915</u>	<u>9,276</u>	<u>670,639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(607,155)	63,484	670,639
<b>Other Financing Sources (Uses):</b>			
Transfers In	<u>1,224,626</u>	<u>1,224,626</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>1,224,626</u>	<u>1,224,626</u>	<u>0</u>
Net Change in Fund Balance	617,471	1,288,110	670,639
Fund Balance at Beginning of Year	<u>60,149</u>	<u>60,149</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 677,620</u>	<u>\$ 1,348,259</u>	<u>\$ 670,639</u>

**CITY OF LOVELAND, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 455,775	\$ 466,866	\$ 11,091
All Other Revenues	<u>12,980</u>	<u>11,287</u>	<u>(1,693)</u>
Total Revenues	<u>468,755</u>	<u>478,153</u>	<u>9,398</u>
<b>Expenditures:</b>			
Transportation:			
Personal Services	287,482	285,580	1,902
Other Expenditures	<u>194,363</u>	<u>111,517</u>	<u>82,846</u>
Total Expenditures	<u>481,845</u>	<u>397,097</u>	<u>84,748</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,090)	81,056	94,146
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(58,365)	(56,665)	1,700
Advances In	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>1,635</u>	<u>3,335</u>	<u>1,700</u>
Net Change in Fund Balance	(11,455)	84,391	95,846
Fund Balance at Beginning of Year	74,763	74,763	0
Prior Year Encumbrances	<u>13,752</u>	<u>13,752</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 77,060</u>	<u>\$ 172,906</u>	<u>\$ 95,846</u>

**CITY OF LOVELAND, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 319	\$ 535	\$ 216
Total Revenues	<u>319</u>	<u>535</u>	<u>216</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Other Expenditures	<u>3,796</u>	<u>637</u>	<u>3,159</u>
Total Expenditures	<u>3,796</u>	<u>637</u>	<u>3,159</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,477)	(102)	3,375
Fund Balance at Beginning of Year	<u>6,636</u>	<u>6,636</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,159</u>	<u>\$ 6,534</u>	<u>\$ 3,375</u>

**CITY OF LOVELAND, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 240,625	\$ 246,530	\$ 5,905
Licenses and Permits	<u>29,000</u>	<u>29,500</u>	<u>500</u>
Total Revenues	<u>269,625</u>	<u>276,030</u>	<u>6,405</u>
<b>Expenditures:</b>			
Transportation:			
Other Expenditures	<u>311,882</u>	<u>297,569</u>	<u>14,313</u>
Total Expenditures	<u>311,882</u>	<u>297,569</u>	<u>14,313</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,257)	(21,539)	20,718
Fund Balance at Beginning of Year	<u>54,444</u>	<u>54,444</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,187</u>	<u>\$ 32,905</u>	<u>\$ 20,718</u>

**CITY OF LOVELAND, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

---

	STATE HIGHWAY FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 34,134	\$ 34,762	\$ 628
All Other Revenues	<u>8,138</u>	<u>8,138</u>	<u>0</u>
Total Revenues	<u>42,272</u>	<u>42,900</u>	<u>628</u>
<b>Expenditures:</b>			
Transportation:			
Other Expenditures	<u>39,765</u>	<u>33,721</u>	<u>6,044</u>
Total Expenditures	<u>39,765</u>	<u>33,721</u>	<u>6,044</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,507	9,179	6,672
Fund Balance at Beginning of Year	<u>18,537</u>	<u>18,537</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,044</u>	<u>\$ 27,716</u>	<u>\$ 6,672</u>

**CITY OF LOVELAND, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>
<b>Expenditures:</b>			
General Government:			
Other Expenditures	<u>          2,884</u>	<u>          2,000</u>	<u>          884</u>
Total Expenditures	<u>          2,884</u>	<u>          2,000</u>	<u>          884</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,884)</u>	<u>(2,000)</u>	<u>          884</u>
Fund Balance at Beginning of Year	<u>          3,767</u>	<u>          3,767</u>	<u>          0</u>
Fund Balance at End of Year	<u>\$          883</u>	<u>\$          1,767</u>	<u>\$          884</u>



**CITY OF LOVELAND, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	<u>\$ 4,859</u>	<u>\$ 5,874</u>	<u>\$ 1,015</u>
Total Revenues	<u>4,859</u>	<u>5,874</u>	<u>1,015</u>
<b>Expenditures:</b>			
General Government:			
Other Expenditures	<u>9,559</u>	<u>5,670</u>	<u>3,889</u>
Total Expenditures	<u>9,559</u>	<u>5,670</u>	<u>3,889</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,700)	204	4,904
Fund Balance at Beginning of Year	<u>8,558</u>	<u>8,558</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,858</u>	<u>\$ 8,762</u>	<u>\$ 4,904</u>

**CITY OF LOVELAND, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Special Assessments	<u>\$ 33,095</u>	<u>\$ 33,095</u>	<u>\$ 0</u>
Total Revenues	<u>33,095</u>	<u>33,095</u>	<u>0</u>
<b>Expenditures:</b>			
General Government:			
Other Expenditures	<u>51,037</u>	<u>30,219</u>	<u>20,818</u>
Total Expenditures	<u>51,037</u>	<u>30,219</u>	<u>20,818</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,942)	2,876	20,818
Fund Balance at Beginning of Year	<u>35,692</u>	<u>35,692</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,750</u>	<u>\$ 38,568</u>	<u>\$ 20,818</u>

**CITY OF LOVELAND, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Fund  
For the Year Ended December 31, 2013***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Debt Service:			
Principal Retirement	1,119,919	573,500	546,419
Interest and Fiscal Charges	<u>318,372</u>	<u>174,444</u>	<u>143,928</u>
Total Expenditures	<u>1,438,291</u>	<u>747,944</u>	<u>690,347</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,438,291)	(747,944)	690,347
<b>Other Financing Sources (Uses):</b>			
Debt Issuance Premium	15,912	15,912	0
Transfers In	<u>1,422,379</u>	<u>726,541</u>	<u>(695,838)</u>
Total Other Financing Sources (Uses)	<u>1,438,291</u>	<u>742,453</u>	<u>(695,838)</u>
Net Change in Fund Balance	0	(5,491)	(5,491)
Fund Balance at Beginning of Year	<u>5,491</u>	<u>5,491</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,491</u>	<u>\$ 0</u>	<u>\$ (5,491)</u>

**CITY OF LOVELAND, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2013**

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>
<b>Expenditures:</b>			
Capital Outlay:			
Other Expenditures	<u>          19,692</u>	<u>          19,692</u>	<u>          0</u>
Total Expenditures	<u>          19,692</u>	<u>          19,692</u>	<u>          0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>          (19,692)</u>	<u>          (19,692)</u>	<u>          0</u>
Fund Balance at Beginning of Year	<u>          19,692</u>	<u>          19,692</u>	<u>          0</u>
Fund Balance at End of Year	<u><u>\$          0</u></u>	<u><u>\$          0</u></u>	<u><u>\$          0</u></u>

**CITY OF LOVELAND, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2013**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Leisure Time Activities:			
Other Expenditures	<u>100</u>	<u>100</u>	<u>0</u>
Total Expenditures	<u>100</u>	<u>100</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100)	(100)	0
Fund Balance at Beginning of Year	<u>100</u>	<u>100</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF LOVELAND, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2013***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>			
Debt Service:			
Interest and Fiscal Charges	<u>31,480</u>	<u>0</u>	<u>31,480</u>
Total Expenditures	<u>31,480</u>	<u>0</u>	<u>31,480</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,480)	0	31,480
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(48,238)	(48,002)	236
Advances In	<u>99,000</u>	<u>99,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>50,762</u>	<u>50,998</u>	<u>236</u>
Net Change in Fund Balance	19,282	50,998	31,716
Fund Balance at Beginning of Year	<u>12,197</u>	<u>12,197</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 31,479</u>	<u>\$ 63,195</u>	<u>\$ 31,716</u>

**CITY OF LOVELAND, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2013**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)			
<b>Revenues:</b>						
Property Taxes	\$ 272,531	\$ 272,531	\$ 0			
Intergovernmental Revenue	39,108	39,108	0			
Total Revenues	311,639	311,639	0			
<b>Expenditures:</b>						
General Government:						
Other Expenditures	437,233	423,425	13,808			
Total Expenditures	437,233	423,425	13,808			
Excess (Deficiency) of Revenues Over (Under) Expenditures				(125,594)	(111,786)	13,808
<b>Other Financing Sources (Uses):</b>						
Transfers Out	(80,625)	(80,239)	386			
Total Other Financing Sources (Uses)	(80,625)	(80,239)	386			
Net Change in Fund Balance	(206,219)	(192,025)	14,194			
Fund Balance at Beginning of Year	220,028	220,028	0			
Fund Balance at End of Year	\$ 13,809	\$ 28,003	\$ 14,194			

**CITY OF LOVELAND, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2013***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$ 48,750	\$ 48,750	\$ 0
Intergovernmental Revenue	<u>6,447</u>	<u>6,447</u>	<u>0</u>
Total Revenues	<u>55,197</u>	<u>55,197</u>	<u>0</u>
<b>Expenditures:</b>			
Capital Outlay:			
Other Expenditures	<u>34,219</u>	<u>34,219</u>	<u>0</u>
Total Expenditures	<u>34,219</u>	<u>34,219</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,978	20,978	0
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(18,675)	(18,675)	0
Advances Out	<u>(40,000)</u>	<u>(40,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(58,675)</u>	<u>(58,675)</u>	<u>0</u>
Net Change in Fund Balance	(37,697)	(37,697)	0
Fund Balance at Beginning of Year	<u>37,697</u>	<u>37,697</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



**CITY OF LOVELAND, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2013**

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	SPECIAL PROJECTS FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Investment Earnings	\$ 16,000	\$ 19,827	\$ 3,827
Special Assessments	52,806	52,806	0
All Other Revenues	<u>32,360</u>	<u>32,360</u>	<u>0</u>
Total Revenues	<u>101,166</u>	<u>104,993</u>	<u>3,827</u>
<b>Expenditures:</b>			
Capital Outlay:			
Other Expenditures	<u>196,718</u>	<u>179,942</u>	<u>16,776</u>
Total Expenditures	<u>196,718</u>	<u>179,942</u>	<u>16,776</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,552)	(74,949)	20,603
<b>Other Financing Sources (Uses):</b>			
Advances In	<u>85,000</u>	<u>85,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>85,000</u>	<u>85,000</u>	<u>0</u>
Net Change in Fund Balance	(10,552)	10,051	20,603
Fund Balance at Beginning of Year	<u>29,105</u>	<u>29,105</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,553</u>	<u>\$ 39,156</u>	<u>\$ 20,603</u>

***Fiduciary Funds***

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Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

***Agency Fund***

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**Mayor's Court Fund**

To account for the collection and distribution of court fines and forfeitures.

**CITY OF LOVELAND, OHIO**

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***Statement of Changes in Assets and Liabilities  
Agency Fund  
For the Year Ended December 31, 2013***

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	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013
<u>Mayor's Court Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$16,409	\$172,022	(\$171,136)	\$17,295
Total Assets	\$16,409	\$172,022	(\$171,136)	\$17,295
Liabilities:				
Due to Others	\$16,409	\$172,022	(\$171,136)	\$17,295
Total Liabilities	\$16,409	\$172,022	(\$171,136)	\$17,295



*STATISTICAL SECTION*

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## *STATISTICAL TABLES*

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This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

### *Contents*

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<b>Financial Trends</b>	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 14 – S 16
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue source, the income tax.	
<b>Debt Capacity</b>	S 18 – S 25
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 26 – S 29
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 30 – S 35
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
<b>Sources Note:</b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

## *City of Loveland*

*Net Position by Component  
Last Ten Years  
(accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$15,025,079	\$14,207,002	\$15,395,203	\$14,830,399
Restricted	2,256,742	4,498,421	3,969,165	4,200,529
Unrestricted	1,875,058	(341,243)	(616,173)	(707,089)
Total Governmental Activities Net Position	<u>\$19,156,879</u>	<u>\$18,364,180</u>	<u>\$18,748,195</u>	<u>\$18,323,839</u>
<b>Business-type Activities:</b>				
Net Investment in Capital Assets	\$9,046,790	\$11,316,432	\$11,557,627	\$12,277,363
Restricted	0	0	0	0
Unrestricted	3,974,151	3,658,025	3,440,553	3,406,114
Total Business-type Activities Net Position	<u>\$13,020,941</u>	<u>\$14,974,457</u>	<u>\$14,998,180</u>	<u>\$15,683,477</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$24,071,869	\$25,523,434	\$26,952,830	\$27,107,762
Restricted	2,256,742	4,498,421	3,969,165	4,200,529
Unrestricted	5,849,209	3,316,782	2,824,380	2,699,025
Total Primary Government Net Position	<u>\$32,177,820</u>	<u>\$33,338,637</u>	<u>\$33,746,375</u>	<u>\$34,007,316</u>

\*Restated

Source: Finance Director's Office



*City of Loveland*

2008	2009	2010	2011	*	2012	2013
\$13,937,128	\$13,217,802	\$13,337,321	\$13,154,734	\$15,270,813	\$16,042,573	
3,305,252	3,906,402	4,083,734	3,572,372	3,250,298	2,679,663	
851,135	1,935,108	2,127,266	2,645,239	3,173,831	3,958,222	
<u>\$18,093,515</u>	<u>\$19,059,312</u>	<u>\$19,548,321</u>	<u>\$19,372,345</u>	<u>\$21,694,942</u>	<u>\$22,680,458</u>	
\$12,231,619	\$12,778,863	\$12,477,954	\$12,112,597	\$9,655,406	\$9,836,758	
0	0	0	0	0	0	
2,621,728	1,808,016	1,403,373	1,819,854	1,738,906	1,907,337	
<u>\$14,853,347</u>	<u>\$14,586,879</u>	<u>\$13,881,327</u>	<u>\$13,932,451</u>	<u>\$11,394,312</u>	<u>\$11,744,095</u>	
\$26,168,747	\$25,996,665	\$25,815,275	\$25,267,331	\$24,926,219	\$25,879,331	
3,305,252	3,906,402	4,083,734	3,572,372	3,250,298	2,679,663	
3,472,863	3,743,124	3,530,639	4,465,093	4,912,737	5,865,559	
<u>\$32,946,862</u>	<u>\$33,646,191</u>	<u>\$33,429,648</u>	<u>\$33,304,796</u>	<u>\$33,089,254</u>	<u>\$34,424,553</u>	

## City of Loveland

### Changes in Net Position Last Ten Years (accrual basis of accounting)

	2004	2005	2006	2007
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property	\$4,723,497	\$3,719,720	\$4,346,319	\$4,612,689
Leisure Time Activities	386,777	403,470	450,602	767,098
Community Environment	212,333	171,196	190,075	202,433
Transportation	955,931	940,464	955,852	822,605
General Government	2,257,395	3,979,065	2,509,016	3,377,258
Interest and Fiscal Charges	260,819	297,141	404,929	216,768
<i>Total Governmental Activities Expenses</i>	<u>8,796,752</u>	<u>9,511,056</u>	<u>8,856,793</u>	<u>9,998,851</u>
Business-type Activities:				
Water	1,096,374	1,432,013	1,473,226	1,217,657
Sewer	1,663,969	1,755,232	2,047,054	2,048,683
Stormwater	780,199	793,667	433,421	410,702
Sanitation	815,904	959,381	852,792	1,121,598
<i>Total Business-type Activities Expenses</i>	<u>4,356,446</u>	<u>4,940,293</u>	<u>4,806,493</u>	<u>4,798,640</u>
<i>Total Primary Government Expenses</i>	<u><u>\$13,153,198</u></u>	<u><u>\$14,451,349</u></u>	<u><u>\$13,663,286</u></u>	<u><u>\$14,797,491</u></u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$220,522	\$210,744	\$212,250	\$187,830
Leisure Time Activities	28,025	35,672	28,500	11,500
Community Environment	98,771	127,866	108,819	100,258
Transportation	27,525	35,171	29,000	12,001
General Government	13,200	9,248	14,562	14,430
Operating Grants and Contributions	524,188	560,818	594,683	668,860
Capital Grants and Contributions	1,977,365	620,895	1,260,667	1,132,005
<i>Total Governmental Activities Program Revenues</i>	<u>2,889,596</u>	<u>1,600,414</u>	<u>2,248,481</u>	<u>2,126,884</u>

*City of Loveland*

2008	2009	2010	2011	2012	2013
\$5,343,477	\$5,029,548	\$5,337,088	\$5,110,699	\$4,837,756	\$4,774,133
517,700	535,168	944,693	509,744	523,757	459,669
203,022	209,411	236,337	221,506	172,262	184,344
1,035,895	1,104,950	1,334,262	1,019,091	905,724	925,791
2,801,985	2,345,473	2,062,417	2,068,656	1,954,219	1,625,043
240,374	191,634	192,228	344,242	391,273	172,961
<u>10,142,453</u>	<u>9,416,184</u>	<u>10,107,025</u>	<u>9,273,938</u>	<u>8,784,991</u>	<u>8,141,941</u>
1,422,913	1,539,006	1,546,890	1,483,481	2,008,015	1,371,256
2,764,222	2,488,670	3,065,893	3,002,905	3,297,500	3,474,707
557,324	506,995	444,412	479,090	422,135	370,944
1,089,836	1,129,758	1,187,767	982,682	1,043,202	1,099,467
<u>5,834,295</u>	<u>5,664,429</u>	<u>6,244,962</u>	<u>5,948,158</u>	<u>6,770,852</u>	<u>6,316,374</u>
<u>\$15,976,748</u>	<u>\$15,080,613</u>	<u>\$16,351,987</u>	<u>\$15,222,096</u>	<u>\$15,555,843</u>	<u>\$14,458,315</u>
\$180,356	\$192,611	\$198,239	\$189,146	\$192,509	\$181,463
20,000	0	0	0	26,505	29,500
92,605	57,371	81,992	135,082	178,239	158,425
18,000	5,250	13,692	13,748	26,505	29,500
21,180	15,180	57,206	70,734	71,170	65,042
671,422	864,967	573,445	663,752	710,800	679,478
835,491	286,503	948,474	29,910	0	104,150
<u>1,839,054</u>	<u>1,421,882</u>	<u>1,873,048</u>	<u>1,102,372</u>	<u>1,205,728</u>	<u>1,247,558</u>

(continued)

## City of Loveland

### Changes in Net Position Last Ten Years (accrual basis of accounting)

	2004	2005	2006	2007
<b>Business-type Activities:</b>				
<b>Charges for Services</b>				
Water	1,659,578	1,700,946	1,726,449	1,634,041
Sewer	1,467,664	1,712,197	1,973,690	2,143,691
Stormwater	423,649	382,111	414,910	384,368
Sanitation	863,869	927,371	969,340	795,395
Operating Grants and Contributions	0	0	22,187	26,839
Capital Grants and Contributions	0	2,422,415	0	205,322
<i>Total Business-type Activities Program Revenues</i>	<u>4,414,760</u>	<u>7,145,040</u>	<u>5,106,576</u>	<u>5,189,656</u>
<i>Total Primary Government Program Revenues</i>	<u>7,304,356</u>	<u>8,745,454</u>	<u>7,355,057</u>	<u>7,316,540</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(5,907,156)	(7,910,642)	(6,608,312)	(7,871,967)
Business-type Activities	58,314	2,204,747	300,083	391,016
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$5,848,842)</u>	<u>(\$5,705,895)</u>	<u>(\$6,308,229)</u>	<u>(\$7,480,951)</u>
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental Activities:</b>				
Property Taxes	\$2,193,680	\$2,100,856	\$2,438,196	\$2,985,089
Municipal Income Taxes	2,685,636	2,443,582	2,730,911	2,965,645
Other Local Taxes	114,216	128,096	128,247	132,328
Intergovernmental, Unrestricted	1,395,463	1,452,550	709,874	882,095
Investment Earnings	98,358	253,651	343,815	407,997
Miscellaneous	1,403,131	487,977	364,924	368,738
Transfers	183,795	251,231	276,360	(294,281)
<i>Total Governmental Activities</i>	<u>8,074,279</u>	<u>7,117,943</u>	<u>6,992,327</u>	<u>7,447,611</u>
<b>Business-type Activities:</b>				
Transfers	(183,795)	(251,231)	(276,360)	294,281
<i>Total Business-type Activities</i>	<u>(183,795)</u>	<u>(251,231)</u>	<u>(276,360)</u>	<u>294,281</u>
<i>Total Primary Government</i>	<u>\$7,890,484</u>	<u>\$6,866,712</u>	<u>\$6,715,967</u>	<u>\$7,741,892</u>
<b>Change in Net Position</b>				
Governmental Activities	\$2,167,123	(\$792,699)	\$384,015	(\$424,356)
Business-type Activities	(125,481)	1,953,516	23,723	685,297
<i>Total Primary Government Change in Net Position</i>	<u>\$2,041,642</u>	<u>\$1,160,817</u>	<u>\$407,738</u>	<u>\$260,941</u>

Source: Finance Director's Office

*City of Loveland*

2008	2009	2010	2011	2012	2013
1,266,286	1,386,316	1,433,636	1,534,373	1,619,459	1,532,906
2,329,042	2,349,649	2,882,618	3,259,099	3,280,557	3,593,258
388,463	359,229	402,697	437,022	446,027	427,513
1,209,719	948,542	1,078,338	1,098,143	1,053,516	1,048,770
32,983	539,008	32,822	47,017	42,044	36,918
116,009	0	0	0	0	0
<u>5,342,502</u>	<u>5,582,744</u>	<u>5,830,111</u>	<u>6,375,654</u>	<u>6,441,603</u>	<u>6,639,365</u>
<u>7,181,556</u>	<u>7,004,626</u>	<u>7,703,159</u>	<u>7,478,026</u>	<u>7,647,331</u>	<u>7,886,923</u>
(8,303,399)	(7,994,302)	(8,233,977)	(8,171,566)	(7,579,263)	(6,894,383)
(491,793)	(81,685)	(414,851)	427,496	(329,249)	322,991
<u>(\$8,795,192)</u>	<u>(\$8,075,987)</u>	<u>(\$8,648,828)</u>	<u>(\$7,744,070)</u>	<u>(\$7,908,512)</u>	<u>(\$6,571,392)</u>
\$3,072,053	\$3,205,528	\$3,348,829	\$2,787,525	\$2,834,027	\$2,879,782
2,824,928	3,102,429	3,575,815	3,363,631	3,566,706	3,598,230
131,863	138,338	142,245	181,457	152,759	161,261
1,086,197	1,367,957	867,124	860,409	874,364	793,951
159,585	166,647	60,479	75,345	32,693	37,912
460,112	794,417	437,793	350,851	232,421	435,555
338,337	184,783	290,701	376,372	215,616	(26,792)
<u>8,073,075</u>	<u>8,960,099</u>	<u>8,722,986</u>	<u>7,995,590</u>	<u>7,908,586</u>	<u>7,879,899</u>
(338,337)	(184,783)	(290,701)	(376,372)	(215,616)	26,792
<u>(338,337)</u>	<u>(184,783)</u>	<u>(290,701)</u>	<u>(376,372)</u>	<u>(215,616)</u>	<u>26,792</u>
<u>\$7,734,738</u>	<u>\$8,775,316</u>	<u>\$8,432,285</u>	<u>\$7,619,218</u>	<u>\$7,692,970</u>	<u>\$7,906,691</u>
(\$230,324)	\$965,797	\$489,009	(\$175,976)	\$329,323	\$985,516
(830,130)	(266,468)	(705,552)	51,124	(544,865)	349,783
<u>(\$1,060,454)</u>	<u>\$699,329</u>	<u>(\$216,543)</u>	<u>(\$124,852)</u>	<u>(\$215,542)</u>	<u>\$1,335,299</u>

## *City of Loveland*

*Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2004	2005	2006	2007
<b>General Fund</b>				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	12,134	13,136	10,889	17,993
Unreserved	(125,450)	89,881	(85,676)	(102,504)
<i>Total General Fund</i>	<u>(113,316)</u>	<u>103,017</u>	<u>(74,787)</u>	<u>(84,511)</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Unassigned	0	0	0	0
Reserved	112,326	86,525	253,614	78,232
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	3,368,396	3,579,051	3,030,043	2,977,059
Debt Service Funds	0	0	0	0
Capital Projects Funds	305,102	393,671	287,646	726,388
<i>Total All Other Governmental Funds</i>	<u>3,785,824</u>	<u>4,059,247</u>	<u>3,571,303</u>	<u>3,781,679</u>
<i>Total Governmental Funds</i>	<u><u>\$3,672,508</u></u>	<u><u>\$4,162,264</u></u>	<u><u>\$3,496,516</u></u>	<u><u>\$3,697,168</u></u>

Source: Finance Director's Office

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

*City of Loveland*

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2008	2009	2010	2011	2012	2013
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	16,986	60,149	1,693,969
0	0	0	2,863,996	3,241,068	2,677,701
250	24,505	54,291	0	0	0
(168,501)	2,001,983	2,563,780	0	0	0
(168,251)	2,026,488	2,618,071	2,880,982	3,301,217	4,371,670
\$0	\$0	\$0	\$2,600,937	\$2,610,992	\$31,158
0	0	0	937,726	781,979	2,289,299
0	0	0	(938,059)	(1,141,994)	(286,805)
75,330	114,103	134,303	0	0	0
2,301,279	696,367	691,493	0	0	0
0	0	0	0	0	0
556,079	854,876	576,303	0	0	0
2,932,688	1,665,346	1,402,099	2,600,604	2,250,977	2,033,652
\$2,764,437	\$3,691,834	\$4,020,170	\$5,481,586	\$5,552,194	\$6,405,322

## *City of Loveland*

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2004	2005	2006	2007
<b>Revenues:</b>				
Property Taxes	\$2,224,092	\$2,090,574	\$2,389,645	\$2,964,146
Municipal Income Tax	2,713,016	2,400,335	2,743,318	3,097,973
Intergovernmental Revenue	2,470,746	3,321,930	2,127,895	2,682,436
Charges for Services	73,200	69,248	74,562	74,432
Licenses and Permits	154,321	198,709	166,319	123,759
Investment Earnings	92,287	242,767	325,297	430,665
Special Assessments	0	0	0	0
Fines and Forfeitures	160,522	150,744	152,250	127,828
All Other Revenue	592,061	512,486	364,924	368,738
<b>Total Revenues</b>	<b>8,480,245</b>	<b>8,986,793</b>	<b>8,344,210</b>	<b>9,869,977</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,169,504	3,816,152	4,032,737	4,367,726
Leisure Time Activities	286,076	296,215	340,382	330,872
Community Environment	212,333	171,196	190,075	202,433
Transportation	638,273	583,054	569,508	707,969
General Government	2,265,405	1,988,533	2,374,938	3,239,895
Capital Outlay	1,955,506	2,446,662	856,324	1,981,773
Debt Service:				
Principal Retirement	340,582	481,995	545,991	603,658
Interest and Fiscal Charges	249,784	301,384	403,130	209,385
<b>Total Expenditures</b>	<b>10,117,463</b>	<b>10,085,191</b>	<b>9,313,085</b>	<b>11,643,711</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,637,218)	(1,098,398)	(968,875)	(1,773,734)



*City of Loveland*

2008	2009	2010	2011	2012	2013
\$3,073,984	\$3,214,895	\$3,457,467	\$2,720,526	\$2,875,721	\$2,887,385
2,807,415	3,104,703	3,483,522	3,447,047	3,496,995	3,722,897
1,891,950	2,349,684	2,600,644	1,577,254	1,559,656	1,583,098
81,180	75,180	81,769	144,706	75,933	78,118
130,605	62,621	95,684	307,596	313,988	337,581
164,384	166,704	60,997	75,345	32,693	37,912
0	0	35,437	81,369	112,305	92,902
120,356	132,611	138,239	129,146	132,509	121,463
460,112	513,636	437,793	350,851	232,421	435,555
<u>8,729,986</u>	<u>9,620,034</u>	<u>10,391,552</u>	<u>8,833,840</u>	<u>8,832,221</u>	<u>9,296,911</u>

4,990,380	4,768,110	4,753,802	4,865,064	4,542,557	4,578,183
350,259	415,471	607,256	391,113	405,289	344,436
203,022	209,411	236,337	209,694	183,688	184,730
644,154	697,418	686,513	595,393	646,133	712,908
2,720,210	2,325,495	1,910,296	2,074,607	2,087,152	1,730,094
426,210	160,224	1,369,902	318,937	226,810	347,122
629,211	652,671	683,162	685,212	643,828	573,500
246,205	187,969	188,266	329,285	347,441	202,174
<u>10,209,651</u>	<u>9,416,769</u>	<u>10,435,534</u>	<u>9,469,305</u>	<u>9,082,898</u>	<u>8,673,147</u>

(1,479,665)	203,265	(43,982)	(635,465)	(250,677)	623,764
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## *City of Loveland*

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2004	2005	2006	2007
<b>Other Financing Sources (Uses):</b>				
Sale of Assets	3,231,848	0	0	0
Other Financing Sources - Capital Leases	135,046	0	0	0
Ohio Public Works Commission Loan Issuance	398,002	461,360	0	487,003
Issuance of General Obligation Bonds	0	0	0	1,150,000
Refunding General Obligation Bonds Issued	0	2,529,181	0	0
Premium on General Obligation Bonds	0	0	0	903
Payment to Refunded Bond Escrow Agent	0	(1,657,828)	0	0
Transfers In	1,571,412	1,933,090	2,455,672	2,681,575
Transfers Out	(1,387,617)	(1,681,859)	(2,179,312)	(2,346,922)
<b>Total Other Financing Sources (Uses)</b>	<u>3,948,691</u>	<u>1,583,944</u>	<u>276,360</u>	<u>1,972,559</u>
<b>Net Change in Fund Balance</b>	<u>\$2,311,473</u>	<u>\$485,546</u>	<u>(\$692,515)</u>	<u>\$198,825</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	8.72%	8.44%	12.14%	7.90%

Source: Finance Director's Office

*City of Loveland*

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2008	2009	2010	2011	2012	2013
0	337,309	90,866	11,400	9,505	8,088
0	0	0	0	0	0
192,423	0	0	0	75,698	0
0	190,800	0	1,700,000	0	215,000
0	0	0	0	715,000	0
0	2,355	0	0	0	20,616
0	0	0	0	(704,589)	0
2,998,318	1,833,531	840,449	946,651	889,160	745,216
(2,659,981)	(1,648,748)	(549,748)	(570,279)	(673,544)	(699,063)
530,760	715,247	381,567	2,087,772	311,230	289,857
(\$948,905)	\$918,512	\$337,585	\$1,452,307	\$60,553	\$913,621
10.16%	9.37%	8.77%	10.99%	11.59%	9.66%

## *City of Loveland*

### *Income Tax Revenues by Source, Governmental Funds Last Ten Years*

<b>Tax year</b>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Income Tax Rate	1.00%	1.00%	1.00%	1.00%
Total Tax Collected	\$2,521,810	\$2,602,265	\$2,708,828	\$3,097,973
Income Tax Receipts				
Withholding	1,459,107	1,467,191	1,568,743	1,698,902
Percentage	58%	57%	58%	55%
Corporate	250,230	245,288	268,232	433,910
Percentage	10%	9%	10%	14%
Individuals	812,473	889,786	871,853	965,161
Percentage	32%	34%	32%	31%

Source: City Income Tax Department

*City of Loveland*

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2008	2009	2010	2011	2012	2013
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
\$3,083,907	\$3,085,883	\$2,728,206	\$3,155,299	\$3,338,486	\$3,572,018
1,779,420	1,744,064	1,655,743	1,855,112	1,848,693	1,969,933
58%	57%	61%	59%	55%	55%
284,731	311,667	277,815	359,024	454,367	451,949
9%	10%	10%	11%	14%	13%
1,019,756	1,030,152	794,648	941,163	1,035,426	1,150,136
33%	33%	29%	30%	31%	32%

## City of Loveland

### Income Tax Statistics Current Year and Nine Years Ago

#### Calendar Year 2013

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,140	27.65%	\$9,837,569	3.03%
20,000 - 49,999	971	23.55%	33,186,521	10.21%
50,000 - 74,999	526	12.76%	32,307,787	9.94%
75,000 - 99,999	428	10.38%	36,927,227	11.36%
Over 100,000	1,058	25.66%	212,711,221	65.46%
Total	4,123	100.00%	\$324,970,325	100.00%

#### Local Taxes Paid by Residents

Taxes Paid to Loveland

Taxes Credited to Other Municipalities

#### Tax Dollars

\$3,557,350

1,662,608

\$5,219,958

#### Calendar Year 2004

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,930	38.64%	\$12,534,951	5.17%
20,000 - 49,999	1,256	25.15%	42,232,641	17.43%
50,000 - 74,999	678	13.58%	41,640,963	17.19%
75,000 - 99,999	454	9.09%	39,172,236	16.17%
Over 100,000	676	13.54%	106,692,139	44.04%
Total	4,994	100.00%	\$242,272,930	100.00%

#### Local Taxes Paid by Residents

Taxes Paid to Loveland

Taxes Credited to Other Municipalities

#### Tax Dollars

\$2,521,809

1,344,293

\$3,866,102

Source: City Income Tax Department



## *City of Loveland*

### *Ratios of Outstanding Debt By Type Last Ten Years*

	2004	2005	2006	2007
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$3,585,000	\$4,183,770	\$3,859,289	\$4,629,808
Capital Leases	301,589	154,688	99,768	42,841
<b>Business-type Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$2,935,000	\$3,050,000	\$2,895,000	\$3,015,000
Ohio Public Works Commission Loans	2,458,099	2,711,385	2,495,394	2,763,737
Capital Leases	172,339	116,560	79,658	42,890
Total Primary Government	<u>\$9,452,027</u>	<u>\$10,216,403</u>	<u>\$9,429,109</u>	<u>\$10,494,276</u>
<b>Population</b> <sup>(2)</sup>				
City of Loveland	N/A	N/A	N/A	N/A
Outstanding Debt Per Capita	N/A	N/A	N/A	N/A
<b>Income</b> <sup>(3)</sup>				
Personal	N/A	N/A	N/A	N/A
Percentage of Personal Income	N/A	N/A	N/A	N/A

**Sources:**

- (1) Finance Director's Office
- (2) US Bureau of Census of Population
- (3) City Income Tax Department



*City of Loveland*

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2008	2009	2010	2011	2012	2013
\$4,245,327 14,514	\$4,016,646 0	\$3,568,665 0	\$4,853,800 0	\$4,365,300 0	\$4,006,800 0
\$2,835,000 2,716,949 28,397	\$2,524,593 2,489,278 23,088	\$2,322,493 2,259,616 18,005	\$2,128,895 2,787,751 12,714	\$2,005,581 3,953,604 7,206	\$5,340,440 4,139,964 1,470
<u>\$9,840,187</u>	<u>\$9,053,605</u>	<u>\$8,168,779</u>	<u>\$9,783,160</u>	<u>\$10,331,691</u>	<u>\$13,488,674</u>
11,990 \$821	12,057 \$751	12,081 \$676	12,160 \$805	12,160 \$850	12,160 \$1,109
309,797,300 3.18%	308,573,200 2.93%	291,930,200 2.80%	329,104,400 2.97%	354,133,758 2.92%	355,735,000 3.79%

## *City of Loveland*

### *Ratios of General Bonded Debt Outstanding Last Ten Years*

Year	2004	2005	2006	2007
<b>Population</b> <sup>(1)</sup>	N/A	N/A	N/A	N/A
<b>Estimated Actual Value</b> <sup>(2)</sup>	\$713,153,129	\$815,190,737	\$846,637,383	\$852,016,118
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$6,520,000	\$7,233,770	\$6,754,289	\$7,644,808
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$17,860	\$17,860	\$17,860	\$2,000
<b>Net General Bonded Debt</b>	\$6,502,140	\$7,215,910	\$6,736,429	\$7,642,808
<b>Ratio of Net Bonded Debt to Estimated Actual Value</b>	0.91%	0.89%	0.80%	0.90%
<b>Net Bonded Debt per Capita</b>	N/A	N/A	N/A	N/A

**Source:**

- (1) U.S. Bureau of Census of Population
- (2) County Auditor
- (3) Includes all general obligation bonded debt
- (4) Includes only Debt Service funds available for general obligation bonded debt.

*City of Loveland*

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2008	2009	2010	2011	2012	2013
11,990	12,057	12,081	12,160	12,160	12,160
\$881,770,754	\$869,841,435	\$868,174,531	\$815,086,437	\$817,585,218	\$598,830,208
\$7,080,327	\$6,541,239	\$5,891,158	\$6,982,695	\$6,370,881	\$9,347,240
\$2,000	\$2,000	\$2,914	\$61,516	\$5,491	\$0
\$7,078,327	\$6,539,239	\$5,888,244	\$6,921,179	\$6,365,390	\$9,347,240
0.80%	0.75%	0.68%	0.85%	0.78%	1.56%
\$590.35	\$542.36	\$487.40	\$569.18	\$523.47	\$768.69



## *City of Loveland*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2013*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Loveland (1)</u>	<u>Amount Applicable to the City of Loveland</u>
<b>Direct:</b>			
City of Loveland	\$4,006,800	100.00%	\$4,006,800
<b>Overlapping:</b>			
Hamilton County	64,345,000	1.17%	752,837
Loveland City School District	17,169,092	33.92%	5,823,756
Sycamore Community School District	52,574,985	1.12%	588,840
Little Miami School District	58,322,725	2.49%	1,452,236
Great Oaks Career Center	14,695,000	1.52%	223,364
		Subtotal	<u>8,841,033</u>
		Total	<u><u>\$12,847,833</u></u>

**Source:** Hamilton County Auditor, Warren County Auditor, Clermont County Auditor

(1) Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

## *City of Loveland*

### *Debt Limitations Last Ten Years*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$248,480,494	\$285,407,532	\$294,272,802	\$295,162,276
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	26,090,452	29,967,791	30,898,644	30,992,039
City Debt Outstanding (2)	3,585,000	4,183,770	3,859,289	4,629,808
Less: Applicable Debt Service Fund Amounts	<u>(17,860)</u>	<u>(17,860)</u>	<u>(17,860)</u>	<u>(2,000)</u>
Net Indebtedness Subject to Limitation	<u>3,567,140</u>	<u>4,165,910</u>	<u>3,841,429</u>	<u>4,627,808</u>
Overall Legal Debt Margin	<u>\$22,523,312</u>	<u>\$25,801,881</u>	<u>\$27,057,215</u>	<u>\$26,364,231</u>
Debt Margin as a Percentage of Debt Limit	86.33%	86.10%	87.57%	85.07%
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$248,480,494	\$285,407,532	\$294,272,802	\$295,162,276
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	13,666,427	15,697,414	16,185,004	16,233,925
City Debt Outstanding (2)	3,585,000	4,183,770	3,859,289	4,629,808
Less: Applicable Debt Service Fund Amounts	<u>(17,860)</u>	<u>(17,860)</u>	<u>(17,860)</u>	<u>(2,000)</u>
Net Indebtedness Subject to Limitation	<u>3,567,140</u>	<u>4,165,910</u>	<u>3,841,429</u>	<u>4,627,808</u>
Overall Legal Debt Margin	<u>\$10,099,287</u>	<u>\$11,531,504</u>	<u>\$12,343,575</u>	<u>\$11,606,117</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.  
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: Finance Director's Office

*City of Loveland*

2008	2009	2010	2011	2012	2013
\$308,724,620	\$307,784,940	\$306,931,824	\$288,674,650	\$289,666,570	\$212,653,220
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
32,416,085	32,317,419	32,227,842	30,310,838	30,414,990	22,328,588
4,245,327	4,016,646	3,568,665	4,853,800	4,365,300	4,006,800
(2,000)	(2,000)	(2,914)	(61,516)	(5,491)	0
4,243,327	4,014,646	3,565,751	4,792,284	4,359,809	4,006,800
\$28,172,758	\$28,302,773	\$28,662,091	\$25,518,554	\$26,055,181	\$18,321,788
86.91%	87.58%	88.94%	84.19%	85.67%	82.06%
\$308,724,620	\$307,784,940	\$306,931,824	\$288,674,650	\$289,666,570	\$212,653,220
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
16,979,854	16,928,172	16,881,250	15,877,106	15,931,661	11,695,927
4,245,327	4,016,646	3,568,665	4,853,800	4,365,300	4,006,800
(2,000)	(2,000)	(2,914)	(61,516)	(5,491)	0
4,243,327	4,014,646	3,565,751	4,792,284	4,359,809	4,006,800
\$12,736,527	\$12,913,526	\$13,315,499	\$11,084,822	\$11,571,852	\$7,689,127

# *City of Loveland*

## *Demographic and Economic Statistics Last Six Years*

Calendar Year	2008	2009	2010	2011
<b>Population</b> (1)				
City of Loveland	11,990	12,057	12,081	12,160
Hamilton County	802,374	802,374	802,374	802,374
<b>Income</b> (2)				
Total Personal	309,797,300	308,573,200	291,930,200	329,104,400
Per Capita	25,838	25,593	24,164	27,065
<b>Unemployment Rate</b> (3)				
Federal	5.8%	9.3%	9.6%	8.9%
State	6.6%	10.2%	10.1%	8.6%
Hamilton County	5.6%	8.8%	9.5%	8.6%
<b>Civilian Work Force Estimates</b> (3)				
State	5,986,400	5,970,200	5,897,600	5,806,000
Hamilton County	438,200	438,800	431,400	430,600

Information is not available in this format for years prior to 2008

**Sources:**

- (1) US Bureau of Census of Population
- (2) City Income Tax Department
- (3) State Department of Labor Statistics



*City of Loveland*

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<u>2012</u>	<u>2013</u>
12,160	12,160
802,374	802,374
354,133,758	355,735,000
29,123	29,255
7.8%	7.4%
6.7%	7.4%
7.0%	7.1%
5,696,700	5,766,000
408,600	403,300



## *City of Loveland*

### *Principal Employers Current Year and Nine Years Ago*

2013

<u>Employer</u>	<u>Nature of Business</u>	<u>Rank (1)</u>
Loveland Schools	Education	1
Onesource Employee Management	Business Management	2
Pure Romance Parties Inc	Retail	3
McCormick Equipment Company	Warehouse Equipment	4
Robert McCabe Company Inc.	Home Improvement	5
Kroger Limited Partnership	Retail	6
London Computer Systems	Computer Software	7
Pioneer Cladding and Glazing	Manufacturing	8
International Paper Company	Paper and Packaging	9
Tristate Valves and Controls Inc.	Manufacturing	10

2004

<u>Employer</u>	<u>Nature of Business</u>	<u>Rank (1)</u>
Loveland Schools	Education	1
Fed Ex	Shipping	2
Kroger Limited Partnership	Retail	3
SST Bearing	Manufacturing	4
City of Loveland	Government	5
Boyko	Healthcare	6
HumaCare	Business Management	7
Rand Loveland	Construction	8
MC-2 Sportswear	Retail	9
Amano Cincinnati Inc	Manufacturing	10

Total

Total Employment within the City

(1) Based on total payroll. Total employment is unavailable.

Source: City Income Tax Department

## *City of Loveland*

### *Full Time Equivalent Employees by Function Last Six Years*

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental Activities</b>				
General Government				
Finance	3.00	3.00	6.00	6.50
Income Tax	5.00	5.00	2.00	0.00
Mayor's Court	1.00	1.00	1.00	1.00
City Manager's Office	2.25	2.00	2.75	3.25
Council/Clerk of Council	1.00	1.00	1.00	1.00
Security of Persons and Property				
Police	23.50	22.25	22.75	21.75
Community Environment				
Engineering	1.00	1.00	1.00	1.00
Building and Zoning	2.00	2.00	2.00	2.00
<b>Business-Type Activities</b>				
Utilities, Streets, Storm, Sanitation and Parks (Public Works Department)				
	<u>17.50</u>	<u>18.00</u>	<u>17.50</u>	<u>15.25</u>
<i>Total Employees</i>	<u><u>56.25</u></u>	<u><u>55.25</u></u>	<u><u>56.00</u></u>	<u><u>51.75</u></u>

**Method:** 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Information is not available in this format for years prior to 2008

Source: Finance Director's Office

*City of Loveland*

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<u>2012</u>	<u>2013</u>
5.50	5.00
0.00	0.00
1.00	1.00
2.75	2.50
1.00	1.00
21.75	21.00
1.00	1.50
2.00	2.00
<u>15.50</u>	<u>14.25</u>
<u>50.50</u>	<u>48.25</u>

# City of Loveland

## Operating Indicators by Function Last Six Years

	2008	2009	2010	2011
<b>Governmental Activities</b>				
General Government				
Court				
Number of Criminal Cases	334	189	234	288
Number of Traffic Cases	1,629	1,230	1,327	1,314
Licenses and Permits				
Number of Residential Building Permits	124	114	115	129
Number of Commercial Building Permits	71	48	42	54
Number of Residential Building Inspections	274	205	141	386
Number of Commercial Building Inspections	240	54	89	50
Security of Persons and Property				
Police				
Number of Calls for Service	8,166	10,647	10,402	11,460
Number of Criminal Arrests	622	665	612	789
Number of DUI Arrests	41	38	35	24
Number of Traffic Accidents	162	150	153	161
Transportation				
Street				
Number of Streets Resurfaced	1	0	3	5
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	5,860	5,855	4,858	4,830
Daily Average Consumption (MGD)	1.462M	1.717M	1.792M	1.304M
Peak Daily Consumption (MGD)	2.57M	2.87M	3.17M	2.21M

Information is not available in this format for years prior to 2008

Source: Finance Director's Office

*City of Loveland*

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<u>2012</u>	<u>2013</u>
297	204
1,221	1,199
133	149
77	60
379	421
121	177
10,507	12,275
536	630
26	36
180	156
6	6
4,875	4,891
1.258M	1.230M
2.52M	1.80M

# City of Loveland

## Capital Asset Statistics by Function Last Six Years

	2008	2009	2010	2011
<b>Governmental Activities</b>				
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	12	12	12	13
Fire/EMS				
Vehicles	12	12	12	12
Transportation				
Street				
Number of Paved Streets	198	198	198	199
Total Paved Miles	102	102	102	102
Signal Controlled Intersections	12	12	13	13
Licensed Vehicles	10	10	10	12
Leisure Time Activities				
Parks and Recreation				
Land (acres)	96	96	99	99
Buildings	5	5	5	5
Parks	10	10	10	10
Playgrounds	7	7	7	7
Tennis Courts	7	7	7	7
Skate Board Park	1	1	1	1
Baseball/Softball Diamonds	10	10	10	10
Basketball Courts	3	3	3	3
Soccer Fields	8	8	8	8
<b>Business-Type Activities</b>				
Utilities				
Water				
Water Towers	3	3	3	3
Waterlines (Miles)	76	76	76	76
Water Treatment Plants	1	1	1	1
Buildings	8	8	8	8
Licensed Vehicles	5	5	5	5
Pump Stations	3	3	3	3
Storage Capacity (thousands of gallons)	4,000	4,000	4,000	4,000

Information is not available in this format for years prior to 2008

Source: Finance Director's Office



*City of Loveland*

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<u>2012</u>	<u>2013</u>
1	1
13	14
15	15
206	202
104	102
13	13
13	13
99	99
5	5
10	10
7	7
7	7
1	1
10	10
3	3
8	8
3	3
76	76
1	1
8	8
5	5
3	3
4,000	4,000





Dave Yost • Auditor of State



CITY OF LOVELAND  
HAMILTON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Loveland  
Hamilton County  
120 West Loveland Avenue  
Loveland, Ohio 45140

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Loveland, Hamilton County, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 20, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 20, 2014





# Dave Yost • Auditor of State

**CITY OF LOVELAND**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 12, 2014**