

# City of Loveland, Ohio

## Comprehensive Annual Financial Report

For the Year Ended December 31, 2012







# Dave Yost • Auditor of State

City Council  
City of Loveland  
120 West Loveland Avenue  
Loveland, Ohio 45140

We have reviewed the *Independent Auditors' Report* of the City of Loveland, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Loveland is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 26, 2013

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

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
December 31, 2012

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, 2012***

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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 7, 2013

To the citizens of the City of Loveland, Ohio:

We are pleased to present the first Comprehensive Annual Financial Report for the City of Loveland for the fiscal year ending December 31, 2012. 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 Bastin and Company LLC, a licensed certified public accountancy firm. 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, 2012, 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, 2012***

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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 of Loveland operates under a Council-Manager form of government, which combines the strong political leadership of elected officials with strong 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 City Council is responsible for establishing City goals, adopting an annual budget, and passing other ordinances and resolutions necessary for governing the City, as well as setting the 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 stormwater 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, 2012***

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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, Kroger, Federal Express, London Computer Systems, Recruit Military, the City of Loveland and Eads Fence Company. 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 2012, a series of decisions were made to reduce ongoing costs with the assistance of focus groups assembled from the citizenry. The 2012 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.
- 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 \$257,500—or about 5%—from its General Fund in 2012, with most of these savings coming from reductions in unsustainable employee benefits and shifting a higher percentage of healthcare costs to employees. A number of other non-essential but valued services, ranging from the quarterly resident newsletter to the Rhythm on the River Concert Series, were also discontinued as well.

**MAJOR INITIATIVES**

The City of Loveland continued to invest in core infrastructure last year, including the completion of three major capital projects, the annual road rehabilitation project, the sidewalk maintenance project, and land acquisition for the construction of a 1 million gallon water tower on Union Cemetery Road. A description of the major capital projects for 2012 is provided below:

- The City partnered with the Ohio Department of Transportation for resurfacing work along South State Route 48 from Loveland Miamiville Road to the White Pillars subdivision, in front of St. Columban Parish.
- The City replaced aging and often-broken waterlines along Fallis Road from Betty Ray Drive to Tiger Trail. This was paid for from the Ohio State Capital Improvement Program zero interest loan programs.

***Letter of Transmittal  
For the Year Ended December 31, 2012***

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- The City continued the replacement of aging, four-inch waterlines on Park, Elm and Center streets, continuing work in one of Loveland's oldest neighborhoods. This was also paid for from a 0% Ohio State Capital Improvement Program loan. The project included investments in sidewalks and stormwater drainage infrastructures.
- The City learned last year that property next to the 0.5 million gallon water tower in the Commerce Park had inadequate soils for the planned 1.0 million gallon tower. Accordingly, alternative sites were identified and property acquired along Union Cemetery for the construction of an additional water tower that addresses low pressure zones in the City's current system design.

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 2012, the City of Loveland was recognized for achievements in a variety of areas and by a diverse group of organizations which included:

- **Certificate of Excellence in Performance Measurement:** The City of Loveland was recognized for its superior performance management efforts with a Certificate of Excellence from the International City/County Management Association (ICMA) Center for Performance Measurement. Loveland was among 26 jurisdictions nationally receiving the highest level of distinction in 2012.
- **Citizen Participation Award:** The City of Loveland was recognized by the Ohio City/County Managers Association (OCMA) at its annual February conference for its budget sustainability focus groups.
- **AAA Gold Service Award:** The Loveland Police Department was awarded the Gold Service Award from the American Automobile Association (AAA) at the organization's annual awards banquet. 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.



***Letter of Transmittal  
For the Year Ended December 31, 2012***

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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 provides 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, Bastin & Company LLC, and financial consultants Donald J. Schonhardt & Associates, Inc. for their help in formulating this report. Our sincere gratitude is 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,



Tom M. Carroll  
City Manager



Tom Vanderhorst  
Finance Director

**CITY OF LOVELAND, OHIO**

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***List of Principal Officials  
For the Year Ended December 31, 2012***

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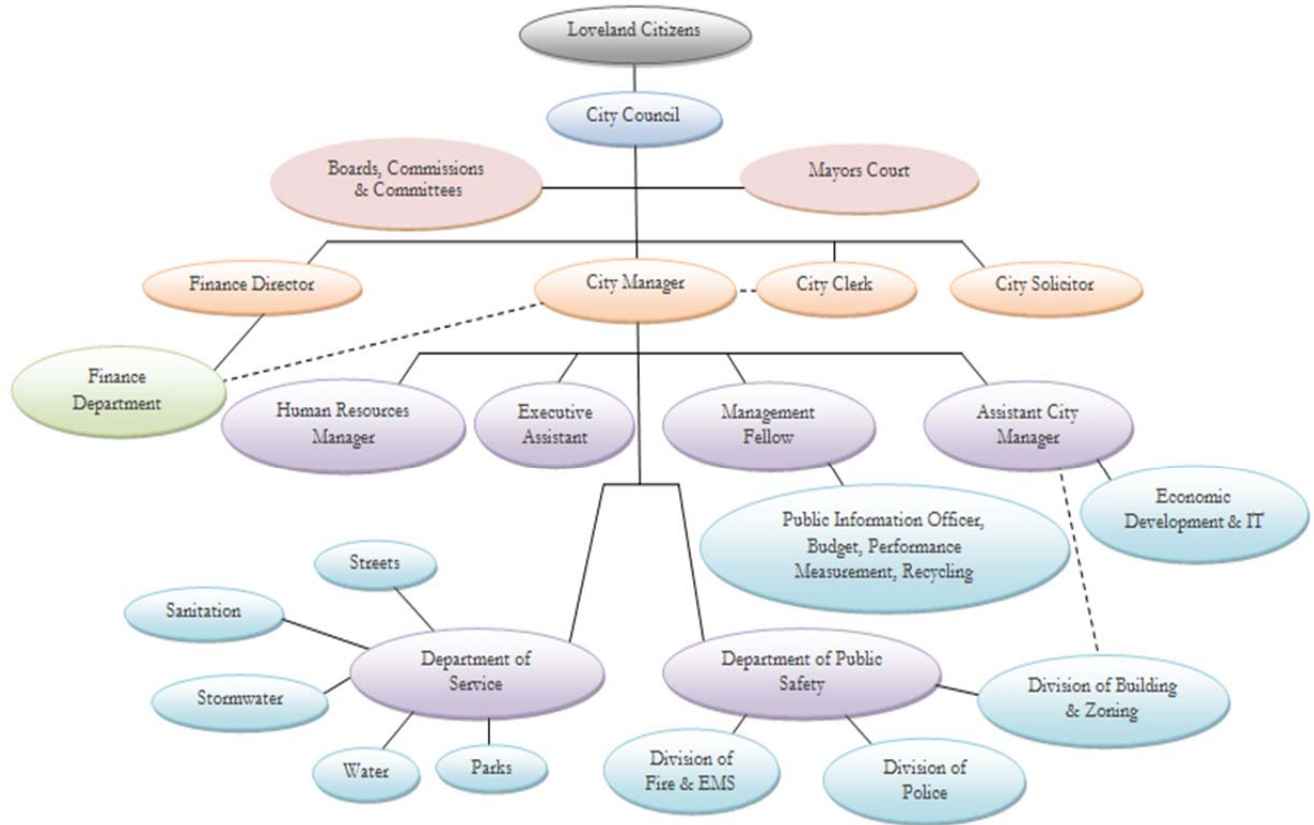
<b><i>Council</i></b>	<b><i>Title</i></b>	<b><i>Years of Service *</i></b>	<b><i>Term expires</i></b>
Robert Weisgerber	Mayor	15.5	December 2013
David Bednar	Vice Mayor	11.5	December 2013
Linda Cox	Council Member	3.5	December 2013
Mark Fitzgerald	Council Member	5.5	December 2015
Angela Settell	Council Member	1.5	December 2015
Paulette Leeper	Council Member	2.5	December 2015
Brenton Zuch	Council Member	5	December 2013

<b><i>Appointed Officials</i></b>	<b><i>Title</i></b>
Tom Carroll	City Manager
Misty Cheshire	Clerk of Council
Franklin A. Klaine, Jr.	City Solicitor
Douglas Duckett	Human Resources Manager
Corey Schmidt	Management Fellow
Tom Vanderhorst	Finance Director
Myra Kroeger	Assistant Finance Director
Linda Collins	Financial Analyst
Michelle Byrde	Utility Billing
Dawn Everett	Finance Clerk
Rachel Clemons	Finance Clerk
Scott Wisby	Public Works Director
Cindy Klopfenstein	City Engineer
Jason Brock	Maintenance Crew Leader
Bill Eubanks	Maintenance Crew Leader
Eva Parker	Building and Zoning Coordinator
Tim Sabransky	Chief of Police
Dennis S. Rahe	Assistant Chief of Police
Jose Alejandro	Police Sergeant
Mike Szpak	Police Sergeant
Tim Wilmes	Police Sergeant
Mel Bacon	Clerk of Courts
Tina Bunnell	LEADS/RCIC Systems Administrator/ IT
Kevin Corbett	Detective

\* 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, 2012**

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## *FINANCIAL SECTION*

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# Bastin & Company, LLC

*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

The Honorable Members of City Council  
City of Loveland, Ohio

### **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, Ohio (the City) as of and for the year ended December 31, 2012, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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, as of December 31, 2012, 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 and EMS Fund, and Fire Protection Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 2 to the financial statements, during 2012, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.

*Bastin & Company, L L C*

Cincinnati, Ohio  
June 7, 2013



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, 2012. 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 2012 are as follows:

- ❑ In total, net position decreased \$215,542. Net position of governmental activities increased \$329,323, which represents a 2% increase from 2011. Net position of business-type activities decreased \$544,865 from 2011.
- ❑ General revenues accounted for \$7,692,970 in revenue or 50% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,647,331 or 50% of total revenues of \$15,340,301.
- ❑ The City had \$8,784,991 in expenses related to governmental activities; only \$1,205,728 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$7,692,970 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$5,513,269 in revenues and other financing sources and \$5,093,034 in expenditures and other financing uses. The general fund's fund balance increased from \$2,880,982 to \$3,301,217.

## **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.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**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, 2012 and 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$10,224,829	\$9,471,597	\$1,918,226	\$2,017,567	\$12,143,055	\$11,489,164
Capital Assets, Net	20,298,516	20,693,322	15,529,509	15,005,551	35,828,025	35,698,873
Total Assets	30,523,345	30,164,919	17,447,735	17,023,118	47,971,080	47,188,037
Deferred Outflows of Resources	27,597	33,116	92,288	8,502	119,885	41,618
Long-term Debt Outstanding	6,831,771	7,428,058	4,029,508	2,995,432	10,861,279	10,423,490
Other Liabilities	1,301,768	986,855	122,929	103,737	1,424,697	1,090,592
Total Liabilities	8,133,539	8,414,913	4,152,437	3,099,169	12,285,976	11,514,082
Deferred Inflows of Resources	2,715,735	2,410,777	0	0	2,715,735	2,410,777
Net Position						
Net Investment in Capital Assets	13,277,539	13,154,734	11,648,680	12,112,597	24,926,219	25,267,331
Restricted	3,250,298	3,572,372	0	0	3,250,298	3,572,372
Unrestricted	3,173,831	2,645,239	1,738,906	1,819,854	4,912,737	4,465,093
Total Net Position	\$19,701,668	\$19,372,345	\$13,387,586	\$13,932,451	\$33,089,254	\$33,304,796

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**CITY OF LOVELAND, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Unaudited**

Changes in Net Position – The following table shows the changes in net position for fiscal year 2012 and 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services and Sales	\$494,928	\$336,060	\$6,399,559	\$6,328,637	\$6,894,487	6,664,697
Operating Grants and Contributions	710,800	663,752	42,044	47,017	752,844	710,769
Capital Grants and Contributions	0	29,910	0	0	0	29,910
Total Program Revenues	1,205,728	1,029,722	6,441,603	6,375,654	7,647,331	7,405,376
General Revenues:						
Property Taxes	2,834,027	2,787,525	0	0	2,834,027	2,787,525
Municipal Income Taxes	3,566,706	3,363,631	0	0	3,566,706	3,363,631
Other Local Taxes	152,759	181,457	0	0	152,759	181,457
Intergovernmental, Unrestricted	874,364	860,409	0	0	874,364	860,409
Investment Earnings	32,693	75,345	0	0	32,693	75,345
Miscellaneous	232,421	350,851	0	0	232,421	350,851
Total General Revenue	7,692,970	7,619,218	0	0	7,692,970	7,619,218
Total Revenues	8,898,698	8,648,940	6,441,603	6,375,654	15,340,301	15,024,594
Program Expenses						
Security of Persons and Property	4,837,756	5,110,699	0	0	4,837,756	5,110,699
Leisure Time Activities	523,757	509,744	0	0	523,757	509,744
Community Environment	172,262	221,506	0	0	172,262	221,506
Transportation	905,724	1,019,091	0	0	905,724	1,019,091
General Government	1,954,219	1,996,006	0	0	1,954,219	1,996,006
Interest and Fiscal Charges	391,273	344,242	0	0	391,273	344,242
Water	0	0	2,008,015	1,483,481	2,008,015	1,483,481
Sewer	0	0	3,297,500	3,002,905	3,297,500	3,002,905
Stormwater	0	0	422,135	479,090	422,135	479,090
Sanitation	0	0	1,043,202	982,682	1,043,202	982,682
Total Expenses	8,784,991	9,201,288	6,770,852	5,948,158	15,555,843	15,149,446
Excess (Deficiency) before Transfers	113,707	(552,348)	(329,249)	427,496	(215,542)	(124,852)
Transfers	215,616	376,372	(215,616)	(376,372)	0	0
Total Change in Net Position	329,323	(175,976)	(544,865)	51,124	(215,542)	(124,852)
Beginning Net Position	19,372,345	19,548,321	13,932,451	13,881,327	33,304,796	33,429,648
Ending Net Position	\$19,701,668	\$19,372,345	\$13,387,586	\$13,932,451	\$33,089,254	\$33,304,796

**Governmental Activities**

Net position of the City's governmental activities increased \$329,323, or 2% in 2012. Revenues remained consistent with the prior year. The increase in net position can mostly be attributed to a decrease in security of persons and property which was the result of an overall decrease in operating costs for police, fire and emergency medical services.

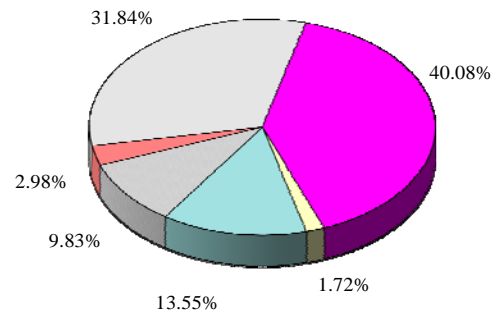
The City receives an income tax, which is based on 1.00% of all salaries, wages, commissions and other compensation and on net profits earned from businesses and residents living within the City.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Unaudited**

Property taxes and income taxes made up 32% and 40% respectively of revenues for governmental activities for the City in fiscal year 2012. The City's reliance upon tax revenues is demonstrated by the following graph indicating 74% of total revenues from general tax revenues:

Revenue Sources	2012	Percent of Total
Property Taxes	\$2,834,027	31.84%
Municipal Income Taxes	3,566,706	40.08%
Other Local Taxes	152,759	1.72%
Program Revenues	1,205,728	13.55%
Intergovernmental, Unrestricted	874,364	9.83%
General Other	265,114	2.98%
<b>Total Revenue</b>	<b>\$8,898,698</b>	<b>100.00%</b>



**Business-Type Activities**

Net position of the business-type activities decreased \$544,865 or 4%. Revenues remained consistent with the previous year. Increases in expenses can be attributed in part to increases in contractual costs paid to the Metropolitan Sewer District.

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

The City's governmental funds reported a combined fund balance of \$5,552,194, which is an increase from last year's balance of \$5,481,586. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2012 and 2011:

	Fund Balance December 31, 2012	Fund Balance December 31, 2011	Increase (Decrease)
General	\$3,301,217	\$2,880,982	\$420,235
Paramedic	120,574	264,911	(144,337)
Fire and EMS	130,585	7,688	122,897
Fire Protection	12,025	34,536	(22,511)
General Bond Retirement	5,491	61,516	(56,025)
Historic Loveland TIF	1,061,958	1,223,642	(161,684)
Nonmajor Governmental	920,344	1,008,311	(87,967)
<b>Total</b>	<b>\$5,552,194</b>	<b>\$5,481,586</b>	<b>\$70,608</b>

**CITY OF LOVELAND, OHIO**

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**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:

	2012	2011	Increase
	Revenues	Revenues	(Decrease)
Property Taxes	\$782,061	\$820,943	(\$38,882)
Municipal Income Tax	3,496,995	3,447,047	49,948
Intergovernmental Revenue	643,271	650,719	(7,448)
Charges for Services	15,933	12,056	3,877
Licenses and Permits	287,483	261,948	25,535
Investment Earnings	(1,131)	1,131	(2,262)
Special Assessments	16,407	31,900	(15,493)
Fines and Forfeitures	127,220	124,326	2,894
All Other Revenue	135,525	101,851	33,674
Total	<u>\$5,503,764</u>	<u>\$5,451,921</u>	<u>\$51,843</u>

General Fund revenues remained consistent when compared with the previous year, increasing approximately 1%. Decreases in property taxes can be attributed to the phase out of tangible personal property taxes as well as property value reassessments.

	2012	2011	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$2,539,869	\$2,712,175	(\$172,306)
Leisure Time Activities	405,289	391,113	14,176
Community Environment	183,688	209,694	(26,006)
General Government	1,765,734	1,724,332	41,402
Total	<u>\$4,894,580</u>	<u>\$5,037,314</u>	<u>(\$142,734)</u>

General Fund expenditures decreased \$142,734 from the prior year. Prior year purchases of vehicles in the police department resulted in the subsequent decrease in security of persons and property in the current year.

*Paramedic Fund* – Revenues and expenditures in the Paramedic Fund remained consistent with the prior year. Fund balance decreased \$144,337 as expenditures continued to outpace revenues.

*Fire and EMS Fund* – The Fire and EMS Fund balance increased \$122,897. Revenues remained consistent with the previous year. The increase in fund balance can be attributed to a decrease in amounts paid to the General Fund for overhead costs.

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

***Management's Discussion and Analysis  
For the Year Ended December 31, 2012***

***Unaudited***

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*General Bond Retirement Fund* – The City's General Bond Retirement Fund reports transfers from other funds and the payment of principal and interest on the City's outstanding debt. This results in a stable fund balance from year to year.

*Historic Loveland TIF Fund* – The Historic Loveland TIF fund reported a decrease in fund balance of \$161,684, or 13%. 2012 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 2012 the City amended its General Fund budget several times, none significant.

For the General Fund, original revenue estimates and final revenue estimates were not materially different. Actual budget basis revenues were 5% higher than final estimates due to increases in estate tax collections. Original and final budgeted expenditures were not materially different. Actual budget basis expenditures were 21% 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 2012 the City had \$35,828,025 net of accumulated depreciation invested in land, buildings, improvements, infrastructure, equipment and vehicles. Of this total, \$20,298,516 was related to governmental activities and \$15,529,509 to the business-type activities. The following table shows fiscal year 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$3,768,719	\$3,751,815	\$16,904
Buildings	7,501,745	7,490,975	10,770
Improvements Other than Buildings	1,475,452	1,475,452	0
Machinery and Equipment	4,498,141	4,423,620	74,521
Infrastructure	19,715,482	19,403,088	312,394
Less: Accumulated Depreciation	(16,661,023)	(15,851,628)	(809,395)
Totals	<u>\$20,298,516</u>	<u>\$20,693,322</u>	<u>(\$394,806)</u>

**CITY OF LOVELAND, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2012	2011	
Land	\$847,082	\$721,263	\$125,819
Buildings and Improvements	2,607,324	2,607,324	0
Utility Structures in Service	21,211,715	20,380,943	830,772
Machinery and Equipment	688,520	599,540	88,980
Less: Accumulated Depreciation	(9,825,132)	(9,303,519)	(521,613)
Totals	<u>\$15,529,509</u>	<u>\$15,005,551</u>	<u>\$523,958</u>

The primary change in governmental activities occurred in infrastructure, which can be attributed to routine street maintenance. Water line projects resulted in the increase in utility structures in business-type activities capital assets. For additional information on the City's capital assets see Note 8.

**Debt**

At December 31, 2012, the City had \$6,360,000 in bonds outstanding, \$800,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2012 and 2011:

	2012	2011
Governmental Activities:		
General Obligation Bonds	\$4,365,300	\$4,853,800
Ohio Public Works Commission Loans	1,993,274	2,027,904
Compensated Absences	442,199	514,544
Police and Fire Pension Accrued Liability	30,998	31,810
Total Governmental Activities	<u>\$6,831,771</u>	<u>\$7,428,058</u>
Business-Type Activities:		
General Obligation Bonds	\$1,994,700	\$2,116,200
Premium on Refunding Bonds	10,881	12,695
Ohio Public Works Commission Loans	1,960,330	759,847
Compensated Absences	56,391	93,976
Capital Leases Payable	7,206	12,714
Total Business-Type Activities	<u>4,029,508</u>	<u>2,995,432</u>
Totals	<u>\$10,861,279</u>	<u>\$10,423,490</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, 2012, 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 2012 budget were purposefully conservative due to the unknown lingering effects of the Great Recession on the City and the region. Year-end revenue collections were better than budgeted in several funds, especially the General Fund where actual income tax revenues were 10.6% or about \$340,000 better than expected. The conservative budgeting approach used during the budgeting process will benefit the City because of the failure of an income tax rate increase in November 2012, the continued lowering of property tax digest values, cuts in the local government fund by the State and the structural deficit in the fire fund's 5-year pro-forma. Due to the clear message sent from voters, the City will continue to trim budgeted expenditures as has been done for the last four fiscal years, continue to look for opportunities to increase revenues and share services where appropriate. General Fund budget cuts totaling nearly \$350,000 were adopted in the 2013 budget bringing total adopted budget cuts for the four-year budget period to \$850,000.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Department of Finance, City of Loveland, 120 West Loveland Ave., Loveland, Ohio 45140.



**CITY OF LOVELAND, OHIO**

**Statement of Net Position  
December 31, 2012**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Pooled Cash and Investments	\$ 2,740,324	\$ 1,776,887	\$ 4,517,211
Receivables:			
Taxes	3,711,688	0	3,711,688
Accounts	46,955	630,123	677,078
Intergovernmental	566,741	0	566,741
Interest	1,135	0	1,135
Special Assessments	13,961	0	13,961
Internal Balances	510,589	(510,589)	0
Inventory of Supplies at Cost	91,651	21,805	113,456
Land Held for Resale	2,519,341	0	2,519,341
Restricted Assets:			
Cash and Cash Equivalents	3,767	0	3,767
Cash and Cash Equivalents with Fiscal Agent	18,677	0	18,677
Capital Assets:			
Capital Assets Not Being Depreciated	3,768,719	847,082	4,615,801
Capital Assets Being Depreciated, Net	16,529,797	14,682,427	31,212,224
<b>Total Assets</b>	<b>30,523,345</b>	<b>17,447,735</b>	<b>47,971,080</b>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Debt Refunding	27,597	92,288	119,885
<b>Liabilities:</b>			
Accounts Payable	122,000	81,986	203,986
Accrued Wages and Benefits	203,996	29,991	233,987
Intergovernmental Payable	222,368	3,127	225,495
Matured Bonds and Interest Payable	18,677	0	18,677
Accrued Interest Payable	44,727	7,825	52,552
General Obligation Notes Payable	690,000	0	690,000
Long Term Liabilities:			
Due Within One Year	947,854	336,142	1,283,996
Due in More Than One Year	5,883,917	3,693,366	9,577,283
<b>Total Liabilities</b>	<b>8,133,539</b>	<b>4,152,437</b>	<b>12,285,976</b>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	2,715,735	0	2,715,735
<b>Net Position:</b>			
Net Investment in Capital Assets	13,277,539	11,648,680	24,926,219
Restricted For:			
Capital Projects	2,435,454	0	2,435,454
Debt Service	19,719	0	19,719
Other Purposes	795,125	0	795,125
Unrestricted	3,173,831	1,738,906	4,912,737
<b>Total Net Position</b>	<b>\$ 19,701,668</b>	<b>\$ 13,387,586</b>	<b>\$ 33,089,254</b>

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

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**Statement of Activities  
For the Year Ended December 31, 2012**

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	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities:</b>			
Security of Persons and Property	\$ 4,837,756	\$ 192,509	\$ 27,537
Leisure Time Activities	523,757	26,505	0
Community Environment	172,262	178,239	0
Transportation	905,724	26,505	683,263
General Government	1,954,219	71,170	0
Interest and Fiscal Charges	391,273	0	0
<b>Total Governmental Activities</b>	<b>8,784,991</b>	<b>494,928</b>	<b>710,800</b>
<b>Business-Type Activities:</b>			
Water	2,008,015	1,619,459	0
Sewer	3,297,500	3,280,557	0
Stormwater	422,135	446,027	0
Sanitation	1,043,202	1,053,516	42,044
<b>Total Business-Type Activities</b>	<b>6,770,852</b>	<b>6,399,559</b>	<b>42,044</b>
<b>Totals</b>	<b>\$ 15,555,843</b>	<b>\$ 6,894,487</b>	<b>\$ 752,844</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  
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
\$ (4,617,710)	\$ 0	\$ (4,617,710)
(497,252)	0	(497,252)
5,977	0	5,977
(195,956)	0	(195,956)
(1,883,049)	0	(1,883,049)
(391,273)	0	(391,273)
<u>(7,579,263)</u>	<u>0</u>	<u>(7,579,263)</u>
0	(388,556)	(388,556)
0	(16,943)	(16,943)
0	23,892	23,892
0	52,358	52,358
0	(329,249)	(329,249)
<u>\$ (7,579,263)</u>	<u>\$ (329,249)</u>	<u>\$ (7,908,512)</u>
2,834,027	0	2,834,027
3,566,706	0	3,566,706
152,759	0	152,759
874,364	0	874,364
32,693	0	32,693
232,421	0	232,421
215,616	(215,616)	0
<u>7,908,586</u>	<u>(215,616)</u>	<u>7,692,970</u>
329,323	(544,865)	(215,542)
19,372,345	13,932,451	33,304,796
<u>\$ 19,701,668</u>	<u>\$ 13,387,586</u>	<u>\$ 33,089,254</u>

**CITY OF LOVELAND, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2012**

	General Fund	Paramedic Fund	Fire and EMS Fund
<b>Assets:</b>			
Pooled Cash and Investments	\$ 1,790,092	\$ 121,787	\$ 146,659
Receivables:			
Taxes	1,707,247	785,571	440,794
Accounts	46,465	0	0
Intergovernmental	148,013	45,082	30,915
Interest	0	0	0
Special Assessments	12,952	0	0
Interfund Loans Receivable	923,589	0	0
Inventory of Supplies, at Cost	0	0	0
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0
Land Held for Resale	0	0	0
<b>Total Assets</b>	<b>\$ 4,628,358</b>	<b>\$ 952,440</b>	<b>\$ 618,368</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 63,413	\$ 1,213	\$ 15,241
Accrued Wages and Benefits Payable	188,863	0	0
Intergovernmental Payable	833	0	833
Matured Bonds and Interest Payable	0	0	0
Interfund Loans Payable	0	0	0
Accrued Interest Payable	0	0	0
General Obligation Notes Payable	0	0	0
<b>Total Liabilities</b>	<b>253,109</b>	<b>1,213</b>	<b>16,074</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	302,784	71,647	46,310
Property Tax Levy for Next Fiscal Year	771,248	759,006	425,399
<b>Total Deferred Inflows of Resources</b>	<b>1,074,032</b>	<b>830,653</b>	<b>471,709</b>
<b>Fund Balances:</b>			
Nonspendable	0	0	0
Restricted	0	120,574	130,585
Assigned	60,149	0	0
Unassigned	3,241,068	0	0
<b>Total Fund Balances</b>	<b>3,301,217</b>	<b>120,574</b>	<b>130,585</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,628,358</b>	<b>\$ 952,440</b>	<b>\$ 618,368</b>

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

Fire Protection Fund	General Bond Retirement Fund	Historic Loveland TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 12,424	\$ 5,491	\$ 140,149	\$ 523,722	\$ 2,740,324
532,159	0	0	245,917	3,711,688
0	0	0	490	46,955
33,992	0	0	308,739	566,741
0	0	0	1,135	1,135
0	0	0	1,009	13,961
0	0	0	313,000	1,236,589
0	0	0	91,651	91,651
0	0	0	3,767	3,767
0	18,677	0	0	18,677
0	0	1,929,140	590,201	2,519,341
<u>\$ 578,575</u>	<u>\$ 24,168</u>	<u>\$ 2,069,289</u>	<u>\$ 2,079,631</u>	<u>\$ 10,950,829</u>
\$ 399	\$ 0	\$ 0	\$ 41,734	\$ 122,000
0	0	0	15,133	203,996
0	0	4,580	216,122	222,368
0	18,677	0	0	18,677
0	0	295,000	431,000	726,000
0	0	17,751	0	17,751
0	0	690,000	0	690,000
<u>399</u>	<u>18,677</u>	<u>1,007,331</u>	<u>703,989</u>	<u>2,000,792</u>
51,986	0	0	209,381	682,108
514,165	0	0	245,917	2,715,735
<u>566,151</u>	<u>0</u>	<u>0</u>	<u>455,298</u>	<u>3,397,843</u>
0	0	1,929,140	681,852	2,610,992
12,025	5,491	0	513,304	781,979
0	0	0	0	60,149
0	0	(867,182)	(274,812)	2,099,074
<u>12,025</u>	<u>5,491</u>	<u>1,061,958</u>	<u>920,344</u>	<u>5,552,194</u>
<u>\$ 578,575</u>	<u>\$ 24,168</u>	<u>\$ 2,069,289</u>	<u>\$ 2,079,631</u>	<u>\$ 10,950,829</u>

**CITY OF LOVELAND, OHIO**

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***Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
December 31, 2012***

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<b>Total Governmental Fund Balances</b>		\$	5,552,194
<i>Amounts reported for governmental activities in the statement of net position are different because</i>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			20,298,516
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.			
Property Taxes	86,516		
Income Taxes	124,667		
Special Assessments	12,952		
Intergovernmental Revenues	457,973		682,108
			<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	(4,365,300)		
Deferred Loss on Debt Defeasance	27,597		
Ohio Public Works Commission Loans	(1,993,274)		
Compensated Absences Payable	(442,199)		
Police/Fire Accrued Pension Liability	(30,998)		
Accrued Interest Payable	(26,976)		(6,831,150)
			<hr/>
<b><i>Net Position of Governmental Activities</i></b>		\$	<u>19,701,668</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, 2012**

	General Fund	Paramedic Fund	Fire and EMS Fund
<b>Revenues:</b>			
Property Taxes	\$ 782,061	\$ 799,091	\$ 447,671
Municipal Income Tax	3,496,995	0	0
Intergovernmental Revenue	643,271	88,508	78,896
Charges for Services	15,933	60,000	0
Licenses and Permits	287,483	0	0
Investment Earnings	(1,131)	0	0
Special Assessments	16,407	0	0
Fines and Forfeitures	127,220	0	0
All Other Revenue	135,525	0	45,969
<b>Total Revenue</b>	<b>5,503,764</b>	<b>947,599</b>	<b>572,536</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	2,539,869	1,091,936	257,115
Leisure Time Activities	405,289	0	0
Community Environment	183,688	0	0
Transportation	0	0	0
General Government	1,765,734	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest & Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>4,894,580</b>	<b>1,091,936</b>	<b>257,115</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	609,184	(144,337)	315,421
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	9,505	0	0
Refunding Bonds Issued	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0
Issuance of OPWC Loans	0	0	0
Transfers In	0	0	0
Transfers Out	(198,454)	0	(192,524)
<b>Total Other Financing Sources (Uses)</b>	<b>(188,949)</b>	<b>0</b>	<b>(192,524)</b>
Net Change in Fund Balances	420,235	(144,337)	122,897
<b>Fund Balances at Beginning of Year</b>	<b>2,880,982</b>	<b>264,911</b>	<b>7,688</b>
Increase in Inventory	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 3,301,217</b>	<b>\$ 120,574</b>	<b>\$ 130,585</b>

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

Fire Protection Fund	General Bond Retirement Fund	Historic Loveland TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 541,311	\$ 0	\$ 4,023	\$ 301,564	\$ 2,875,721
0	0	0	0	3,496,995
68,560	0	0	680,421	1,559,656
0	0	0	0	75,933
0	0	0	26,505	313,988
0	0	10,136	23,688	32,693
0	0	0	95,898	112,305
0	0	0	5,289	132,509
18,600	10,202	0	22,125	232,421
<u>628,471</u>	<u>10,202</u>	<u>14,159</u>	<u>1,155,490</u>	<u>8,832,221</u>
650,982	0	0	2,655	4,542,557
0	0	0	0	405,289
0	0	0	0	183,688
0	0	0	646,133	646,133
0	0	0	321,418	2,087,152
0	0	51,275	175,535	226,810
0	643,828	0	0	643,828
0	316,185	31,256	0	347,441
<u>650,982</u>	<u>960,013</u>	<u>82,531</u>	<u>1,145,741</u>	<u>9,082,898</u>
(22,511)	(949,811)	(68,372)	9,749	(250,677)
0	0	0	0	9,505
0	715,000	0	0	715,000
0	(704,589)	0	0	(704,589)
0	0	0	75,698	75,698
0	889,160	0	0	889,160
0	(5,785)	(93,312)	(183,469)	(673,544)
<u>0</u>	<u>893,786</u>	<u>(93,312)</u>	<u>(107,771)</u>	<u>311,230</u>
(22,511)	(56,025)	(161,684)	(98,022)	60,553
34,536	61,516	1,223,642	1,008,311	5,481,586
0	0	0	10,055	10,055
<u>\$ 12,025</u>	<u>\$ 5,491</u>	<u>\$ 1,061,958</u>	<u>\$ 920,344</u>	<u>\$ 5,552,194</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, 2012***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 60,553

*Amounts reported for governmental activities in the statement of activities are different because*

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	532,709	
Depreciation Expense	(923,638)	(390,929)

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. (3,877)

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	(41,694)	
Increase in Income Tax Revenue	69,711	
Increase in Intergovernmental Revenue	25,508	
Increase in Special Assessments Revenue	12,952	66,477

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.

General Obligation Bond Issuance	(715,000)	
Ohio Public Works Commission Loan Issuance	(75,698)	
		(790,698)

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	483,500	
Current Year Refunding of Bond Payable	720,000	
Amortization of Deferred Loss on Bond Refunding	(5,519)	
Ohio Public Works Commission Loan Payment	110,328	
Police/Fire Accrued Pension Payment	812	1,309,121

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (3,724)

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	72,345	
Change in Inventory	10,055	82,400

***Change in Net Position of Governmental Activities*** **\$ 329,323**

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 782,612	\$ 782,612	\$ 782,722	\$ 110
Municipal Income Tax	3,324,120	3,500,000	3,541,338	41,338
Intergovernmental Revenue	222,793	398,673	601,780	203,107
Charges for Services	461,773	461,773	465,706	3,933
Licenses and Permits	248,000	248,000	289,536	41,536
Special Assessments	16,407	16,407	16,407	0
Fines and Forfeitures	123,000	123,000	126,015	3,015
All Other Revenues	75,141	75,141	80,441	5,300
Total Revenues	<u>5,253,846</u>	<u>5,605,606</u>	<u>5,903,945</u>	<u>298,339</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	2,638,811	2,708,645	2,528,823	179,822
Leisure Time Activities	516,635	535,404	413,473	121,931
Community Environment	184,896	286,383	183,944	102,439
General Government	2,667,912	3,181,411	2,178,013	1,003,398
Total Expenditures	<u>6,008,254</u>	<u>6,711,843</u>	<u>5,304,253</u>	<u>1,407,590</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(754,408)	(1,106,237)	599,692	1,705,929
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	9,505	9,505	9,505	0
Transfers Out	(216,454)	(216,454)	(216,454)	0
Advances Out	(455,000)	(455,000)	(455,000)	0
Total Other Financing Sources (Uses):	<u>(661,949)</u>	<u>(661,949)</u>	<u>(661,949)</u>	<u>0</u>
Net Change in Fund Balance	(1,416,357)	(1,768,186)	(62,257)	1,705,929
Fund Balance at Beginning of Year	1,766,186	1,766,186	1,766,186	0
Prior Year Encumbrances	2,000	2,000	2,000	0
Fund Balance at End of Year	<u>\$ 351,829</u>	<u>\$ 0</u>	<u>\$ 1,705,929</u>	<u>\$ 1,705,929</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, 2012**

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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	\$ 750,416	\$ 799,743	\$ 799,850	\$ 107
Intergovernmental Revenue	97,531	78,674	88,508	9,834
Charges for Services	160,000	60,000	60,000	0
Total Revenues	<u>1,007,947</u>	<u>938,417</u>	<u>948,358</u>	<u>9,941</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	<u>1,268,061</u>	<u>1,202,995</u>	<u>1,091,151</u>	<u>111,844</u>
Total Expenditures	<u>1,268,061</u>	<u>1,202,995</u>	<u>1,091,151</u>	<u>111,844</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(260,114)	(264,578)	(142,793)	121,785
Fund Balance at Beginning of Year	<u>264,580</u>	<u>264,580</u>	<u>264,580</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,466</u>	<u>\$ 2</u>	<u>\$ 121,787</u>	<u>\$ 121,785</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 – Fire and EMS Fund  
For the Year Ended December 31, 2012**

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 389,496	\$ 448,023	\$ 448,093	\$ 70
Intergovernmental Revenue	50,256	72,552	78,896	6,344
All Other Revenues	63,000	43,934	45,969	2,035
Total Revenues	<u>502,752</u>	<u>564,509</u>	<u>572,958</u>	<u>8,449</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	213,181	380,975	242,768	138,207
Total Expenditures	<u>213,181</u>	<u>380,975</u>	<u>242,768</u>	<u>138,207</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	289,571	183,534	330,190	146,656
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(296,774)	(192,524)	(192,524)	0
Total Other Financing Sources (Uses):	<u>(296,774)</u>	<u>(192,524)</u>	<u>(192,524)</u>	<u>0</u>
Net Change in Fund Balance	(7,203)	(8,990)	137,666	146,656
Fund Balance at Beginning of Year	8,993	8,993	8,993	0
Fund Balance at End of Year	<u>\$ 1,790</u>	<u>\$ 3</u>	<u>\$ 146,659</u>	<u>\$ 146,656</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 – Fire Protection Fund  
For the Year Ended December 31, 2012**

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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	\$ 508,346	\$ 541,752	\$ 541,825	\$ 73
Intergovernmental Revenue	66,069	61,898	68,560	6,662
All Other Revenues	53,000	18,660	18,660	0
Total Revenues	<u>627,415</u>	<u>622,310</u>	<u>629,045</u>	<u>6,735</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	661,771	657,480	651,792	5,688
Total Expenditures	<u>661,771</u>	<u>657,480</u>	<u>651,792</u>	<u>5,688</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,356)	(35,170)	(22,747)	12,423
Fund Balance at Beginning of Year	35,171	35,171	35,171	0
Fund Balance at End of Year	<u>\$ 815</u>	<u>\$ 1</u>	<u>\$ 12,424</u>	<u>\$ 12,423</u>

See accompanying notes to the basic financial statements





**CITY OF LOVELAND, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
<b>Assets:</b>			
<i>Current Assets:</i>			
Pooled Cash and Investments	\$ 894,369	\$ 772,889	\$ 78,468
Receivables:			
Accounts	142,423	332,484	44,775
Inventory of Supplies at Cost	21,805	0	0
<i>Total Current Assets</i>	<u>1,058,597</u>	<u>1,105,373</u>	<u>123,243</u>
<i>Non Current Assets:</i>			
Capital Assets:			
Capital Assets Not Being Depreciated	787,592	59,490	0
Capital Assets Being Depreciated, Net	9,886,101	1,186,585	3,563,945
<b>Total Assets</b>	<u>11,732,290</u>	<u>2,351,448</u>	<u>3,687,188</u>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Debt Refunding	7,288	0	85,000
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	70,224	7,799	2,012
Accrued Wages and Benefits	18,172	1,784	7,113
Intergovernmental Payable	1,091	0	1,936
Compensated Absences Payable - Current	6,608	0	8,468
Interfund Loans Payable	0	510,589	0
Accrued Interest Payable	2,061	14	5,660
Capital Leases Payable - Current	0	0	0
General Obligation Bonds Payable - Current	125,000	4,000	89,000
OPWC Loans Payable - Current	74,218	0	14,612
<i>Total Current Liabilities</i>	<u>297,374</u>	<u>524,186</u>	<u>128,801</u>
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	41,315	0	0
Capital Leases Payable	0	0	0
General Obligation Bonds Payable	690,881	3,200	1,078,200
OPWC Loans Payable	1,601,171	0	270,329
<b>Total Liabilities</b>	<u>2,630,741</u>	<u>527,386</u>	<u>1,477,330</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	8,189,711	1,238,875	2,196,804
Unrestricted	919,126	585,187	98,054
<b>Total Net Position</b>	<u>\$ 9,108,837</u>	<u>\$ 1,824,062</u>	<u>\$ 2,294,858</u>

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

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<u>Sanitation</u>	<u>Total</u>
\$ 31,161	\$ 1,776,887
110,441	630,123
0	21,805
<u>141,602</u>	<u>2,428,815</u>
0	847,082
45,796	14,682,427
<u>187,398</u>	<u>17,958,324</u>
<u>0</u>	<u>92,288</u>
1,951	81,986
2,922	29,991
100	3,127
0	15,076
0	510,589
90	7,825
5,736	5,736
8,500	226,500
0	88,830
<u>19,299</u>	<u>969,660</u>
0	41,315
1,470	1,470
6,800	1,779,081
0	1,871,500
<u>27,569</u>	<u>4,663,026</u>
23,290	11,648,680
<u>136,539</u>	<u>1,738,906</u>
<u>\$ 159,829</u>	<u>\$ 13,387,586</u>

**CITY OF LOVELAND, OHIO**

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**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2012**

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	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
<b>Operating Revenues:</b>			
Charges for Services	\$ 1,613,785	\$ 3,279,200	\$ 419,371
Other Operating Revenue	5,674	1,357	26,656
<b>Total Operating Revenues</b>	<u>1,619,459</u>	<u>3,280,557</u>	<u>446,027</u>
<b>Operating Expenses:</b>			
Personal Services	427,856	55,773	86,359
Contractual Services	933,977	3,156,250	130,586
Materials and Supplies	293,905	27,339	18,040
Depreciation	325,859	57,895	128,343
<b>Total Operating Expenses</b>	<u>1,981,597</u>	<u>3,297,257</u>	<u>363,328</u>
Operating Income (Loss)	(362,138)	(16,700)	82,699
<b>Nonoperating Revenue (Expenses):</b>			
Intergovernmental Grants	0	0	0
Interest Expense	(26,418)	(243)	(58,807)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(26,418)</u>	<u>(243)</u>	<u>(58,807)</u>
Income (Loss) Before Transfers	(388,556)	(16,943)	23,892
<b>Transfers:</b>			
Transfers In	0	4,250	0
Transfers Out	(186,982)	0	(34,419)
<b>Total Transfers</b>	<u>(186,982)</u>	<u>4,250</u>	<u>(34,419)</u>
Change in Net Position	(575,538)	(12,693)	(10,527)
Net Position Beginning of Year	9,684,375	1,836,755	2,305,385
<b>Net Position End of Year</b>	<u>\$ 9,108,837</u>	<u>\$ 1,824,062</u>	<u>\$ 2,294,858</u>

See accompanying notes to the basic financial statements

**CITY OF LOVELAND, OHIO**

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<u>Sanitation</u>	<u>Total</u>
\$ 1,051,289	\$ 6,363,645
2,227	35,914
<u>1,053,516</u>	<u>6,399,559</u>
71,480	641,468
942,391	5,163,204
18,911	358,195
9,516	521,613
<u>1,042,298</u>	<u>6,684,480</u>
11,218	(284,921)
42,044	42,044
<u>(904)</u>	<u>(86,372)</u>
<u>41,140</u>	<u>(44,328)</u>
52,358	(329,249)
1,535	5,785
0	(221,401)
<u>1,535</u>	<u>(215,616)</u>
53,893	(544,865)
<u>105,936</u>	<u>13,932,451</u>
<u>\$ 159,829</u>	<u>\$ 13,387,586</u>

**CITY OF LOVELAND, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$1,611,529	\$3,273,919	\$444,660
Cash Payments for Goods and Services	(1,192,778)	(3,177,042)	(146,512)
Cash Payments to Employees	(444,940)	(55,262)	(104,773)
Net Cash Provided (Used) by Operating Activities	(26,189)	41,615	193,375
<u>Cash Flows from Noncapital Financing Activities:</u>			
Intergovernmental Grants	0	0	0
Transfers In from Other Funds	0	4,250	0
Transfers Out to Other Funds	(186,982)	0	(34,419)
Advances Out to Other Funds	0	(53,000)	0
Net Cash Provided (Used) by Noncapital Financing Activities	(186,982)	(48,750)	(34,419)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(1,004,429)	0	0
OPWC Loan Issuance	1,255,524	0	0
OPWC Loan Retirement	(47,735)	0	(7,306)
Principal Paid on General Obligation Bonds	(125,000)	(4,000)	(69,000)
Principal Paid on Capital Leases	0	0	0
Interest Paid on All Debt	(27,226)	(250)	(57,923)
Net Cash Provided (Used) for Capital and Related Financing Activities	51,134	(4,250)	(134,229)
Net Increase (Decrease) in Cash and Cash Equivalents	(162,037)	(11,385)	24,727
Cash and Cash Equivalents at Beginning of Year	1,056,406	784,274	53,741
Cash and Cash Equivalents at End of Year	\$894,369	\$772,889	\$78,468

**CITY OF LOVELAND, OHIO**

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<u>Sanitation</u>	<u>Total</u>
\$1,054,034	\$6,384,142
(1,021,505)	(5,537,837)
<u>(70,899)</u>	<u>(675,874)</u>
<u>(38,370)</u>	<u>170,431</u>
42,044	42,044
1,535	5,785
0	(221,401)
<u>0</u>	<u>(53,000)</u>
<u>43,579</u>	<u>(226,572)</u>
0	(1,004,429)
0	1,255,524
0	(55,041)
(8,500)	(206,500)
(5,508)	(5,508)
<u>(963)</u>	<u>(86,362)</u>
<u>(14,971)</u>	<u>(102,316)</u>
(9,762)	(158,457)
<u>40,923</u>	<u>1,935,344</u>
<u>\$31,161</u>	<u>\$1,776,887</u>

(Continued)

**CITY OF LOVELAND, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
<u>Reconciliation of Operating Income (Loss) to</u>			
<u>Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$362,138)	(\$16,700)	\$82,699
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	325,859	57,895	128,343
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(7,930)	(6,638)	(1,367)
Decrease in Inventory	9,301	0	0
Increase (Decrease) in Accounts Payable	24,712	6,547	178
Increase in Intergovernmental Payable	1,091	0	1,936
Increase in Accrued Wages and Benefits	1,540	511	547
Decrease in Compensated Absences	(18,624)	0	(18,961)
Total Adjustments	335,949	58,315	110,676
Net Cash Provided (Used) by Operating Activities	(\$26,189)	\$41,615	\$193,375

Schedule of Noncash Investing, Capital and Financing Activities:

The Stormwater Fund issued \$700,000 of General Obligation Bonds to refund \$560,000 of Stormwater Bonds issued in August 2003 and \$55,000 of Stormwater Bonds issued in June 2005. The \$700,000 bond proceeds were placed into an irrevocable escrow account, which will be used to pay principal and interest on the refunded bonds.

See accompanying notes to the basic financial statements



**CITY OF LOVELAND, OHIO**

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<u>Sanitation</u>	<u>Total</u>
\$11,218	(\$284,921)
9,516	521,613
518	(15,417)
0	9,301
(60,303)	(28,866)
100	3,127
581	3,179
0	(37,585)
<u>(49,588)</u>	<u>455,352</u>
<u>(\$38,370)</u>	<u>\$170,431</u>

**CITY OF LOVELAND, OHIO**

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***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2012***

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	<u>Agency</u>
<b>Assets:</b>	
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	\$ 16,409
<b>Total Assets</b>	<u>16,409</u>
<b>Liabilities:</b>	
Due to Others	<u>16,409</u>
<b>Total Liabilities</b>	<u>\$ 16,409</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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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 because the City can impose its will on the CIC. 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, 2012***

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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.

General Bond Retirement - This fund is used to account for the accumulation of resources to be used for the retirement of general obligation debt.

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, 2012***

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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.

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, 2012***

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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, 2012***

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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, 2012 but which are not intended to finance 2012 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources as 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, 2012***

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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 department for the General Fund and at the fund level for all other funds. 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 2012.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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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 in the General Fund, and at the fund level in all other funds. 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, 2012**

**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)	\$420,235	(\$144,337)	\$122,897	(\$22,511)
Increase (Decrease):				
Accrued Revenues at December 31, 2012 received during 2013	(1,764,234)	0	0	0
Accrued Revenues at December 31, 2011 received during 2012	1,314,642	759	422	574
Accrued Expenditures at December 31, 2012 paid during 2013	253,109	1,213	16,074	399
Accrued Expenditures at December 31, 2011 paid during 2012	(218,832)	(428)	(1,727)	(1,209)
Outstanding Encumbrances	(24,014)	0	0	0
Perspective Difference:				
Activity of Funds Reclassified for GAAP Reporting Purposes	(43,163)	0	0	0
Budget Basis	<u>(\$62,257)</u>	<u>(\$142,793)</u>	<u>\$137,666</u>	<u>(\$22,747)</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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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 has invested funds in STAR Ohio during 2012. 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, 2012.

**H. Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

**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, 2012***

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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:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (Years)</u>
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, 2012***

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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	General Bond Retirement Fund Water Fund, Stormwater Fund
Capital Leases	Sanitation Fund
Police/Fire Pension Accrued Liability	General Fund
Compensated Absences	General 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, 2012***

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

**K. Compensated Absences (Continued)**

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, sewer, stormwater, and sanitation 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 costs 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 on the financial statements.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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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, 2012***

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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 position invested in capital assets, net of related debt 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, 2012***

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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 2012.

**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 – CHANGE IN ACCOUNTING PRINCIPLE**

For 2012 the City implemented GASB Statement No. 63, *“Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”* and GASB Statement No. 65, *“Items Previously Reported as Assets and Liabilities”*.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position. However, various items previously reported in 2011 have been reclassified to conform with 2012 presentation.

**CITY OF LOVELAND, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**NOTE 3 – FUND BALANCE 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	General Bond Retirement Fund	Historic Loveland TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Supplies Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$91,651	\$91,651
Land Held for Resale	0	0	0	0	0	1,929,140	590,201	2,519,341
Total Nonspendable	0	0	0	0	0	1,929,140	681,852	2,610,992
Restricted:								
Fire and EMS Services	0	120,574	130,585	12,025	0	0	0	263,184
Street Maintenance	0	0	0	0	0	0	100,471	100,471
Law Enforcement	0	0	0	0	0	0	6,636	6,636
Court Computer Improvements	0	0	0	0	0	0	9,048	9,048
Community Environment	0	0	0	0	0	0	3,767	3,767
Debt Retirement	0	0	0	0	5,491	0	40,985	46,476
Capital Improvements	0	0	0	0	0	0	352,397	352,397
Total Restricted	0	120,574	130,585	12,025	5,491	0	513,304	781,979
Assigned:								
Other Purposes	60,149	0	0	0	0	0	0	60,149
Total Assigned	60,149	0	0	0	0	0	0	60,149
Unassigned (Deficits):	3,241,068	0	0	0	0	(867,182)	(274,812)	2,099,074
Total Fund Balances	\$3,301,217	\$120,574	\$130,585	\$12,025	\$5,491	\$1,061,958	\$920,344	\$5,552,194

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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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, 2012**

**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 \$896,150 and the bank balance was \$926,028. Federal depository insurance covered the entire balance.

**B. Investments**

The City's investments at December 31, 2012 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
Repurchase Agreements	\$1,125,918	N/A	\$1,125,918	\$0
STAR Ohio	100,028	AAAm <sup>1</sup>	100,028	0
Money Market Fund	22,868	AA+ <sup>1</sup> /Aaa <sup>2</sup>	22,868	0
State of Ohio Bonds	301,757	Aa1 <sup>2</sup>	301,757	0
FNMA	653,126	AA+ <sup>1</sup> /Aaa <sup>2</sup>	452,606	200,520
FHLB	754,597	AA+ <sup>1</sup> /Aaa <sup>2</sup>	150,029	604,568
FHLMC	701,620	AA+ <sup>1</sup> /Aaa <sup>2</sup>	500,802	200,818
Total Investments	<u>\$3,659,914</u>		<u>\$2,654,008</u>	<u>\$1,005,906</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, 2012***

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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, 66% are in Federal and State Securities, 31% is invested in a repurchase agreement, and the remaining 3% 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 and located in the City. Real property taxes (other than public utility) collected during 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, 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, 2012**

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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 2012 property tax receipts were based were as follows:

	County		
	Hamilton	Clermont	Warren
Real Property:			
Residential/Agricultural	\$208,625,440	\$50,303,800	\$24,109,430
Personal Property:			
Public Utility Personal Property	4,485,600	955,970	194,410
Total Assessed Value	<u>\$213,111,040</u>	<u>\$51,259,770</u>	<u>\$24,303,840</u>
Tax Rate/Assessed Value	\$10.28/\$1,000	\$9.9/\$1,000	\$10.07/\$1,000

**B. Income Tax**

The City levies a tax of 1% 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 2012, 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, 2012 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, 2012**

**NOTE 7 – TRANSFERS AND INTERFUND ACTIVITY**

**A. Transfers**

Following is a summary of transfers in and out for all funds for 2012:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$0	\$198,454
Fire & EMS Fund	0	192,524
General Bond Retirement Fund	889,160	5,785
Historic Loveland TIF Fund	0	93,312
Nonmajor Governmental Funds	0	183,469
Total Governmental Funds	889,160	673,544
Enterprise Funds:		
Water Fund	0	186,982
Sewer Fund	4,250	0
Stormwater Fund	0	34,419
Sanitation Fund	1,535	0
Total Enterprise Funds	5,785	221,401
Totals	\$894,945	\$894,945

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. Transfers from the General Bond Retirement Fund to the Sewer and Sanitation Funds were to return prior year excess transfers.

**B. Interfund Activity**

Interfund balances at December 31, 2012 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	\$923,589	\$0
Historic Loveland TIF Fund	0	295,000
Nonmajor Governmental Funds	313,000	431,000
Total Governmental Funds	1,236,589	726,000
Enterprise Fund:		
Sewer Fund	0	510,589
Totals	\$1,236,589	\$1,236,589

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, 2012**

**NOTE 8 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2012:

*Historical Cost:*

Class	December 31, 2011	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>				
Land	\$3,751,815	\$16,904	\$0	\$3,768,719
<i>Capital assets being depreciated:</i>				
Buildings	7,490,975	10,770	0	7,501,745
Improvements Other than Buildings	1,475,452	0	0	1,475,452
Machinery and Equipment	4,423,620	192,641	(118,120)	4,498,141
Infrastructure	19,403,088	312,394	0	19,715,482
Total Cost	\$36,544,950	\$532,709	(\$118,120)	\$36,959,539

*Accumulated Depreciation:*

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings	(1,836,869)	(152,873)	0	(1,989,742)
Improvements Other than Buildings	(1,126,238)	(36,098)	0	(1,162,336)
Machinery and Equipment	(3,053,187)	(393,137)	114,243	(3,332,081)
Infrastructure	(9,835,334)	(341,530)	0	(10,176,864)
Total Depreciation	(\$15,851,628)	(\$923,638) *	\$114,243	(\$16,661,023)
<i>Net Value:</i>	\$20,693,322			\$20,298,516

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

Security of Persons and Property	\$353,005
Leisure Time Activities	118,468
Transportation	423,780
General Government	28,385
Total Depreciation Expense	\$923,638



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**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, 2012:

*Historical Cost:*

Class	December 31, 2011	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>				
Land	\$721,263	\$125,819	\$0	\$847,082
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	2,607,324	0	0	2,607,324
Utility Structures in Service	20,380,943	830,772	0	21,211,715
Machinery and Equipment	599,540	88,980	0	688,520
Total Cost	\$24,309,070	\$1,045,571	\$0	\$25,354,641

*Accumulated Depreciation:*

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings and Improvements	(\$1,346,449)	(\$69,180)	\$0	(\$1,415,629)
Utility Structures in Service	(7,628,802)	(386,873)	0	(8,015,675)
Machinery and Equipment	(328,268)	(65,560)	0	(393,828)
Total Depreciation	(\$9,303,519)	(\$521,613)	\$0	(\$9,825,132)

<i>Net Value:</i>	\$15,005,551			\$15,529,509
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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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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 2012, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2012 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 Plan was 10.0% for calendar year 2012. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2012. 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, 2012, 2011, and 2010 were \$182,712, \$198,879 and \$196,534, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2012 were \$16,081 made by the City and \$11,487 made by the plan members.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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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 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are 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; for 2012, 12.75% of annual covered salary for police was used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2012, 2011, and 2010 were \$162,843, \$160,260 and \$155,946 for police, 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, 2012***

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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 2012, 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 Plan was 4.0% for calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2012. 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, 2012, 2011, and 2010 were \$73,085, \$79,551 and \$112,042, 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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

**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.

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.

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 employers. 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.

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 2012, the employer contribution allocated to the health care plan was 6.75% of covered payroll. 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, 2012, 2011, and 2010 were \$86,211, \$84,843 and \$82,560 for police, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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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 Long-Term Obligations on the Entity Wide Statement of Net Position. The amount decreased from a beginning year balance of \$514,544 to a year-end balance of \$442,199.

At December 31, 2012 the total accumulated unpaid sick leave time recorded in the Governmental Activities was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	15,326	\$305,359
Vacation/Compensatory	<u>4,415</u>	<u>136,840</u>
Total	<u>19,741</u>	<u>\$442,199</u>

Compensated absences attributable to the Enterprise Funds of \$56,391 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, 2012**

**NOTE 12 - NOTES PAYABLE**

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five year period.

	Issue Date	Balance January 1, 2012	Issued	(Retired)	Balance December 31, 2012
Capital Projects Notes Payable:					
2.75% Recreation Land Acquisition	02/17/11	\$690,000	\$0	(\$690,000)	\$0
3.00% Recreation Land Acquisition	02/16/12	0	690,000	0	690,000
Total Capital Project Notes Payable		<u>\$690,000</u>	<u>\$690,000</u>	<u>(\$690,000)</u>	<u>\$690,000</u>

**NOTE 13 - LONG-TERM OBLIGATIONS**

Long-term obligations of the City at December 31, 2012 were as follows:

		Balance December 31, 2011	Issued	(Retired)	Balance December 31, 2012	Amount Due Within One Year
<b>Business-Type Activities:</b>						
General Obligation Bonds:						
2003 Stormwater System	3.00%	\$700,000	\$0	(\$605,000)	\$95,000	\$45,000
2012 Stormwater System Refunding	1-2.50%	0	630,000	0	630,000	15,000
2005 Stormwater System	4.48%	195,000	0	(65,000)	130,000	10,000
2012 Stormwater System Refunding	1-2.75%	0	70,000	0	70,000	5,000
2007 Stormwater System	4.25%	245,000	0	(10,000)	235,000	10,000
2009 Water Refunding Bonds	1.00%	930,000	0	(125,000)	805,000	125,000
Premium on Debt Refunding		12,695	0	(1,814)	10,881	0
2009 Stormwater Dump Truck	1.00%	11,200	0	(4,000)	7,200	4,000
2009 Sewer Dump Truck	1.00%	11,200	0	(4,000)	7,200	4,000
2009 Sanitation Dump Truck	1.00%	23,800	0	(8,500)	15,300	8,500
Total General Obligation Bonds		<u>2,128,895</u>	<u>700,000</u>	<u>(823,314)</u>	<u>2,005,581</u>	<u>226,500</u>
Ohio Public Works Commission Loans:						
2011 Waterline Replacement	0.00%	467,600	0	(11,690)	455,910	23,380
2011 Bellwood Storm Drainage	0.00%	292,247	0	(7,306)	284,941	14,612
2012 Wall Street Waterline	0.00%	0	480,611	(36,045)	444,566	24,030
2012 Park Center Waterline	0.00%	0	238,746	0	238,746	0
2012 Fallis Road Waterline	0.00%	0	536,167	0	536,167	26,808
Total Ohio Public Works Commission Loans		<u>759,847</u>	<u>1,255,524</u>	<u>(55,041)</u>	<u>1,960,330</u>	<u>88,830</u>
Other Long-Term Obligations:						
Compensated Absences		93,976	(19,510)	(18,075)	56,391	15,076
Capital Leases		12,714	0	(5,508)	7,206	5,736
Total Other Long-Term Obligations		<u>106,690</u>	<u>(19,510)</u>	<u>(23,583)</u>	<u>63,597</u>	<u>20,812</u>
Total Business-Type Activities		<u>\$2,995,432</u>	<u>\$1,936,014</u>	<u>(\$901,938)</u>	<u>\$4,029,508</u>	<u>\$336,142</u>

**CITY OF LOVELAND, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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

Long-term obligations of the City at December 31, 2012 were as follows:

		Balance December 31, 2011	Issued	(Retired)	Balance December 31, 2012	Amount Due Within One Year
<b>Governmental Activities:</b>						
General Obligation Bonds:						
2002 Various Purpose Bonds	3.25%	\$720,000	\$0	(\$720,000)	\$0	\$0
2012 Various Purpose Refunding Bonds	1-2.5%	0	715,000	0	715,000	70,000
2003 City Hall-HVAC System	3.00%	20,000	0	(10,000)	10,000	10,000
2003 Fire Truck Acquisition	3.00%	155,000	0	(75,000)	80,000	80,000
2005 Various Purpose Refunding Bonds	4.25%	1,055,000	0	(160,000)	895,000	165,000
2005 North End T.I.F.	4.16%	220,000	0	(70,000)	150,000	75,000
2007 Christman Park Land T.I.F.	4.13%	575,000	0	(25,000)	550,000	25,000
2007 P.W. Buildings	4.13%	295,000	0	(45,000)	250,000	45,000
2009 Street Dump Truck	1.00%	23,800	0	(8,500)	15,300	8,500
2009 Lever Park	1.00%	90,000	0	(30,000)	60,000	30,000
2011 HVAC	2-4.6%	300,000	0	(10,000)	290,000	10,000
2011 Parking and Municipal Real Estate	2-4.6%	1,400,000	0	(50,000)	1,350,000	55,000
Total General Obligation Bonds		<u>4,853,800</u>	<u>715,000</u>	<u>(1,203,500)</u>	<u>4,365,300</u>	<u>573,500</u>
Ohio Public Works Commission Loans:						
1993 Hanna Avenue Waterline	0.00%	11,496	0	(5,748)	5,748	5,748
1994 East Loveland Avenue	3.00%	61,321	0	(9,844)	51,477	20,132
1994 West Booster	3.00%	41,970	0	(1,034)	40,936	16,009
1995 Lever Water Tower	3.00%	189,251	67	0	189,318	35,643
1996 Maderia Road Waterline	0.00%	140,743	0	(14,075)	126,668	28,149
1999 State Route 48 North	3.00%	95,942	75,631	0	171,573	22,376
2002 West Loveland Waterline	0.00%	157,500	0	(7,500)	150,000	15,000
2003 West Loveland Avenue	0.00%	208,368	0	(16,670)	191,698	16,670
2004 Elyson Extension	0.00%	309,860	0	(11,920)	297,940	23,836
2005 Walker Extension	0.00%	258,290	0	(9,566)	248,724	19,133
2007 Downtown Water Line	0.00%	389,603	0	(24,350)	365,253	24,350
2008 Broadway and Hanna	0.00%	163,560	0	(9,621)	153,939	9,621
Total Ohio Public Works Commission Loans		<u>2,027,904</u>	<u>75,698</u>	<u>(110,328)</u>	<u>1,993,274</u>	<u>236,667</u>
Other Long-Term Obligations:						
Compensated Absences		514,544	81,320	(153,665)	442,199	136,840
Police and Firemen's Pension Accrued Liability		31,810	0	(812)	30,998	847
Total Other Long-Term Obligations		<u>546,354</u>	<u>81,320</u>	<u>(154,477)</u>	<u>473,197</u>	<u>137,687</u>
Total Governmental Activities		<u>\$7,428,058</u>	<u>\$872,018</u>	<u>(\$1,468,305)</u>	<u>\$6,831,771</u>	<u>\$947,854</u>

**A. Police and Firemen's Pension Fund**

The City's liability for past service costs relating to the Police and Firemen's Pension Fund at December 31, 2012 was \$48,495 in principal and interest payments through the year 2035. Only the principal amount due of \$30,998 is included in the Governmental Activities.



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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

**B. 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, 2012, follows:

Years	General Obligation Bonds		OPWC Loans		Police Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$800,000	\$242,279	\$325,497	\$12,898	\$847	\$1,308
2014	725,000	218,313	322,594	10,052	883	1,271
2015	625,000	168,215	306,206	7,119	922	1,234
2016	630,000	149,515	289,029	4,974	961	1,194
2017	650,000	131,616	276,871	3,055	1,002	1,153
2018-2022	1,585,000	434,142	1,039,913	1,992	5,696	5,080
2023-2027	895,000	210,175	756,003	0	7,162	3,747
2028-2032	450,000	52,690	398,745	0	8,549	2,103
2033-2035	0	0	0	0	4,976	407
Totals	<u>\$6,360,000</u>	<u>\$1,606,945</u>	<u>\$3,714,858</u>	<u>\$40,090</u>	<u>\$30,998</u>	<u>\$17,497</u>

*OPWC Loan* – In 2012 the City obtained financing through the Ohio Public Works Commission for improvements to Park Center Waterlines at an interest rate of 0%. This loan is received by the City in increments as the project is completed. As of December 31, 2012, the City had received \$238,746 from OPWC. Subsequent amounts will be received in future years. As of December 31, 2012 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 \$875,000 at December 31, 2012, 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, 2012**

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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 \$1,285,000 at December 31, 2012, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advanced refunding. This refunding decreased total debt service payments over the life of the bonds by \$145,749, resulting in an economic gain of \$141,470.

**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, 2012:

Year Ending December 31,	Business-Type Capital Lease
2013	\$ 5,941
2014	1,485
Minimum Lease Payments	7,426
Less: Amount representing interest at the City's incremental borrowing rate of interest	(220)
Present value of minimum lease payments	<u>\$7,206</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, 2012***

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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 74 and 65 members as of December 31, 2011 and 2010 respectively.

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, 2011 and 2010 (the latest information available.)

	<u>2011</u>	<u>2010</u>
Assets	\$1,459,791	\$1,355,131
Liabilities	<u>(1,283,527)</u>	<u>(1,055,096)</u>
Members' Equity	<u>\$176,264</u>	<u>\$300,035</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, including employee health and life insurance. 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, 2012***

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**NOTE 16 - COMPLIANCE AND ACCOUNTABILITY**

The fund deficits of \$238,803 in the Recreation Land TIF Fund and \$30,961 in the Reserves of Loveland TIF Fund (capital projects funds) 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 the payout of 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.

***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.

**Recreation Capital Improvement Fund**

To account for impact fees to be used for improvements to City parks.

**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.

**Special Projects Fund**

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

**CITY OF LOVELAND, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Pooled Cash and Investments	\$ 212,382	\$ 311,340	\$ 523,722
Receivables:			
Taxes	0	245,917	245,917
Accounts	490	0	490
Intergovernmental	298,077	10,662	308,739
Interest	0	1,135	1,135
Special Assessments	0	1,009	1,009
Interfund Loans Receivable	0	313,000	313,000
Inventory of Supplies, at Cost	91,651	0	91,651
Restricted Assets:			
Cash and Cash Equivalents	3,767	0	3,767
Land Held for Resale	0	590,201	590,201
<b>Total Assets</b>	<b>\$ 606,367</b>	<b>\$ 1,473,264</b>	<b>\$ 2,079,631</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 10,298	\$ 31,436	\$ 41,734
Accrued Wages and Benefits Payable	15,133	0	15,133
Intergovernmental Payable	0	216,122	216,122
Interfund Loans Payable	140,000	291,000	431,000
<b>Total Liabilities</b>	<b>165,431</b>	<b>538,558</b>	<b>703,989</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	198,719	10,662	209,381
Property Tax Levy for Next Fiscal Year	0	245,917	245,917
<b>Total Deferred Inflows of Resources</b>	<b>198,719</b>	<b>256,579</b>	<b>455,298</b>
<b>Fund Balances:</b>			
Nonspendable	91,651	590,201	681,852
Restricted	155,614	357,690	513,304
Unassigned	(5,048)	(269,764)	(274,812)
<b>Total Fund Balances</b>	<b>242,217</b>	<b>678,127</b>	<b>920,344</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 606,367</b>	<b>\$ 1,473,264</b>	<b>\$ 2,079,631</b>



**CITY OF LOVELAND, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2012***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$ 0	\$ 301,564	\$ 301,564
Intergovernmental Revenue	647,406	33,015	680,421
Licenses and Permits	26,505	0	26,505
Investment Earnings	0	23,688	23,688
Special Assessments	53,613	42,285	95,898
Fines and Forfeitures	5,289	0	5,289
All Other Revenue	16,306	5,819	22,125
<b>Total Revenue</b>	<b>749,119</b>	<b>406,371</b>	<b>1,155,490</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	2,655	0	2,655
Transportation	646,133	0	646,133
General Government	40,060	281,358	321,418
Capital Outlay	0	175,535	175,535
<b>Total Expenditures</b>	<b>688,848</b>	<b>456,893</b>	<b>1,145,741</b>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	60,271	(50,522)	9,749
<b>Other Financing Sources (Uses):</b>			
Issuance of OPWC Loans	0	75,698	75,698
Transfers Out	(56,059)	(127,410)	(183,469)
<b>Total Other Financing Sources (Uses)</b>	<b>(56,059)</b>	<b>(51,712)</b>	<b>(107,771)</b>
Net Change in Fund Balances	4,212	(102,234)	(98,022)
<b>Fund Balances at Beginning of Year</b>	<b>227,950</b>	<b>780,361</b>	<b>1,008,311</b>
Increase in Inventory	10,055	0	10,055
<b>Fund Balances End of Year</b>	<b>\$ 242,217</b>	<b>\$ 678,127</b>	<b>\$ 920,344</b>

**CITY OF LOVELAND, OHIO**

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**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2012**

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	Street Maintenance Fund	Enforcement and Education Fund	Permissive Motor Vehicle License Tax Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Pooled Cash and Investments	\$ 88,515	\$ 6,636	\$ 54,444
Receivables:			
Accounts	0	0	0
Intergovernmental	215,604	0	66,245
Inventory of Supplies, at Cost	91,651	0	0
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
<b>Total Assets</b>	<u>\$ 395,770</u>	<u>\$ 6,636</u>	<u>\$ 120,689</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 10,298	\$ 0	\$ 0
Accrued Wages and Benefits Payable	15,133	0	0
Interfund Loans Payable	140,000	0	0
<b>Total Liabilities</b>	<u>165,431</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	143,736	0	44,164
<b>Total Deferred Inflows of Resources</b>	<u>143,736</u>	<u>0</u>	<u>44,164</u>
<b>Fund Balances:</b>			
Nonspendable	91,651	0	0
Restricted	0	6,636	76,525
Unassigned	(5,048)	0	0
<b>Total Fund Balances</b>	<u>86,603</u>	<u>6,636</u>	<u>76,525</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 395,770</u>	<u>\$ 6,636</u>	<u>\$ 120,689</u>

**CITY OF LOVELAND, OHIO**

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State Highway Fund	Community Improvement Corporation Fund	Mayors Court Computer Fund	Lighting District Fund	Total Nonmajor Special Revenue Funds
\$ 18,537	\$ 0	\$ 8,558	\$ 35,692	\$ 212,382
0	0	490	0	490
16,228	0	0	0	298,077
0	0	0	0	91,651
0	3,767	0	0	3,767
<u>\$ 34,765</u>	<u>\$ 3,767</u>	<u>\$ 9,048</u>	<u>\$ 35,692</u>	<u>\$ 606,367</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,298
0	0	0	0	15,133
0	0	0	0	140,000
0	0	0	0	165,431
10,819	0	0	0	198,719
<u>10,819</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>198,719</u>
0	0	0	0	91,651
23,946	3,767	9,048	35,692	155,614
0	0	0	0	(5,048)
<u>23,946</u>	<u>3,767</u>	<u>9,048</u>	<u>35,692</u>	<u>242,217</u>
<u>\$ 34,765</u>	<u>\$ 3,767</u>	<u>\$ 9,048</u>	<u>\$ 35,692</u>	<u>\$ 606,367</u>

**CITY OF LOVELAND, OHIO**

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***Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012***

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	Street Maintenance Fund	Enforcement and Education Fund	Permissive Motor Vehicle License Tax Fund
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 472,709	\$ 0	\$ 139,149
Licenses and Permits	0	0	26,505
Special Assessments	0	0	0
Fines and Forfeitures	0	185	0
All Other Revenue	15,976	30	0
<b>Total Revenue</b>	<u>488,685</u>	<u>215</u>	<u>165,654</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	0	2,655	0
Transportation	487,346	0	143,000
General Government	0	0	0
<b>Total Expenditures</b>	<u>487,346</u>	<u>2,655</u>	<u>143,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,339	(2,440)	22,654
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(56,059)	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(56,059)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(54,720)	(2,440)	22,654
<b>Fund Balances at Beginning of Year</b>	131,268	9,076	53,871
Increase in Inventory	10,055	0	0
<b>Fund Balances End of Year</b>	<u>\$ 86,603</u>	<u>\$ 6,636</u>	<u>\$ 76,525</u>

**CITY OF LOVELAND, OHIO**

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State Highway Fund	Community Improvement Corporation Fund	Mayors Court Computer Fund	Lighting District Fund	Total Nonmajor Special Revenue Funds
\$ 35,548	\$ 0	\$ 0	\$ 0	\$ 647,406
0	0	0	0	26,505
0	0	0	53,613	53,613
0	0	5,104	0	5,289
0	300	0	0	16,306
<u>35,548</u>	<u>300</u>	<u>5,104</u>	<u>53,613</u>	<u>749,119</u>
0	0	0	0	2,655
15,787	0	0	0	646,133
0	0	0	40,060	40,060
<u>15,787</u>	<u>0</u>	<u>0</u>	<u>40,060</u>	<u>688,848</u>
19,761	300	5,104	13,553	60,271
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(56,059)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(56,059)</u>
19,761	300	5,104	13,553	4,212
4,185	3,467	3,944	22,139	227,950
0	0	0	0	10,055
<u>\$ 23,946</u>	<u>\$ 3,767</u>	<u>\$ 9,048</u>	<u>\$ 35,692</u>	<u>\$ 242,217</u>

**CITY OF LOVELAND, OHIO**

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**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2012**

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	Issue II Improvement Fund	Recreation Capital Improvement Fund	Recreation Land TIF Fund
<b>Assets:</b>			
Pooled Cash and Investments	\$ 19,692	\$ 100	\$ 12,197
Receivables:			
Taxes	0	0	0
Intergovernmental	0	0	0
Interest	0	0	0
Special Assessments	0	0	0
Interfund Loans Receivable	0	0	0
Land Held for Resale	0	0	0
<b>Total Assets</b>	<u>\$ 19,692</u>	<u>\$ 100</u>	<u>\$ 12,197</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Intergovernmental Payable	0	0	0
Interfund Loans Payable	0	0	251,000
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>251,000</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	0	0	0
Property Tax Levy for Next Fiscal Year	0	0	0
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances:</b>			
Nonspendable	0	0	0
Restricted	19,692	100	0
Unassigned	0	0	(238,803)
<b>Total Fund Balances</b>	<u>19,692</u>	<u>100</u>	<u>(238,803)</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 19,692</u>	<u>\$ 100</u>	<u>\$ 12,197</u>

**CITY OF LOVELAND, OHIO**

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North End TIF Fund	Reserves of Loveland TIF Fund	Special Projects Fund	Total Nonmajor Capital Projects Funds
\$ 220,028	\$ 37,697	\$ 21,626	\$ 311,340
245,917	0	0	245,917
10,662	0	0	10,662
0	0	1,135	1,135
0	0	1,009	1,009
0	0	313,000	313,000
0	0	590,201	590,201
<u>\$ 476,607</u>	<u>\$ 37,697</u>	<u>\$ 926,971</u>	<u>\$ 1,473,264</u>
\$ 0	\$ 28,658	\$ 2,778	\$ 31,436
214,735	0	1,387	216,122
0	40,000	0	291,000
<u>214,735</u>	<u>68,658</u>	<u>4,165</u>	<u>538,558</u>
10,662	0	0	10,662
245,917	0	0	245,917
<u>256,579</u>	<u>0</u>	<u>0</u>	<u>256,579</u>
0	0	590,201	590,201
5,293	0	332,605	357,690
0	(30,961)	0	(269,764)
<u>5,293</u>	<u>(30,961)</u>	<u>922,806</u>	<u>678,127</u>
<u>\$ 476,607</u>	<u>\$ 37,697</u>	<u>\$ 926,971</u>	<u>\$ 1,473,264</u>

**CITY OF LOVELAND, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2012**

	Issue II Improvement Fund	Recreation Capital Improvement Fund	Recreation Land TIF Fund
<b>Revenues:</b>			
Property Taxes	\$ 0	\$ 0	\$ 21,802
Intergovernmental Revenue	0	0	0
Investment Earnings	0	0	0
Special Assessments	0	0	0
All Other Revenue	0	0	0
<b>Total Revenue</b>	<u>0</u>	<u>0</u>	<u>21,802</u>
<b>Expenditures:</b>			
Current:			
General Government	0	0	794
Capital Outlay	75,698	0	0
<b>Total Expenditures</b>	<u>75,698</u>	<u>0</u>	<u>794</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,698)	0	21,008
<b>Other Financing Sources (Uses):</b>			
Issuance of OPWC Loans	75,698	0	0
Transfers Out	0	0	(49,300)
<b>Total Other Financing Sources (Uses)</b>	<u>75,698</u>	<u>0</u>	<u>(49,300)</u>
Net Change in Fund Balances	0	0	(28,292)
<b>Fund Balances (Deficits) at Beginning of Year</b>	<u>19,692</u>	<u>100</u>	<u>(210,511)</u>
<b>Fund Balances (Deficits) End of Year</b>	<u>\$ 19,692</u>	<u>\$ 100</u>	<u>\$ (238,803)</u>



**CITY OF LOVELAND, OHIO**

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North End TIF Fund	Reserves of Loveland TIF Fund	Special Projects Fund	Total Nonmajor Capital Project Funds
\$ 252,065	\$ 27,697	\$ 0	\$ 301,564
33,015	0	0	33,015
0	0	23,688	23,688
0	0	42,285	42,285
0	0	5,819	5,819
<u>285,080</u>	<u>27,697</u>	<u>71,792</u>	<u>406,371</u>
222,096	0	58,468	281,358
0	36,608	63,229	175,535
<u>222,096</u>	<u>36,608</u>	<u>121,697</u>	<u>456,893</u>
62,984	(8,911)	(49,905)	(50,522)
0	0	0	75,698
(78,110)	0	0	(127,410)
<u>(78,110)</u>	<u>0</u>	<u>0</u>	<u>(51,712)</u>
(15,126)	(8,911)	(49,905)	(102,234)
20,419	(22,050)	972,711	780,361
<u>\$ 5,293</u>	<u>\$ (30,961)</u>	<u>\$ 922,806</u>	<u>\$ 678,127</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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 782,612	\$ 782,612	\$ 782,722	\$ 110
Municipal Income Tax	3,324,120	3,500,000	3,541,338	41,338
Intergovernmental Revenue	222,793	398,673	601,780	203,107
Charges for Services	461,773	461,773	465,706	3,933
Licenses and Permits	248,000	248,000	289,536	41,536
Special Assessments	16,407	16,407	16,407	0
Fines and Forfeitures	123,000	123,000	126,015	3,015
All Other Revenue	75,141	75,141	80,441	5,300
Total Revenues	5,253,846	5,605,606	5,903,945	298,339
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	2,038,387	2,060,888	2,005,243	55,645
Other Expenditures	600,424	647,757	523,580	124,177
Total Security of Persons and Property	2,638,811	2,708,645	2,528,823	179,822
Leisure Time Activities:				
Parks and Recreation:				
Personal Services	256,991	264,056	257,445	6,611
Other Expenditures	259,644	271,348	156,028	115,320
Total Leisure Time Activities	516,635	535,404	413,473	121,931
Community Environment:				
Building and Zoning:				
Personal Services	124,896	128,837	128,543	294
Other Expenditures	60,000	157,546	55,401	102,145
Total Community Environment	184,896	286,383	183,944	102,439

(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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
General Government:				
City Council:				
Personal Services	60,366	61,664	61,589	75
Other Expenditures	<u>10,000</u>	<u>109,380</u>	<u>7,686</u>	<u>101,694</u>
Total City Council	70,366	171,044	69,275	101,769
City Manager:				
Personal Services	489,402	507,054	489,377	17,677
Other Expenditures	<u>23,100</u>	<u>102,120</u>	<u>663</u>	<u>101,457</u>
Total City Manager	512,502	609,174	490,040	119,134
Mayor's Court:				
Personal Services	80,234	80,637	80,443	194
Other Expenditures	<u>35,400</u>	<u>137,520</u>	<u>31,805</u>	<u>105,715</u>
Total Mayor's Court	115,634	218,157	112,248	105,909
Administration:				
Personal Services	16,930	16,930	15,130	1,800
Other Expenditures	<u>112,553</u>	<u>112,553</u>	<u>11,219</u>	<u>101,334</u>
Total Administration	129,483	129,483	26,349	103,134
Finance and Income Tax:				
Personal Services	356,307	336,251	320,337	15,914
Other Expenditures	<u>222,250</u>	<u>122,456</u>	<u>17,733</u>	<u>104,723</u>
Total Finance and Income Tax	578,557	458,707	338,070	120,637
Solicitor:				
Other Expenditures	<u>120,000</u>	<u>108,000</u>	<u>76,920</u>	<u>31,080</u>
Total Solicitor	120,000	108,000	76,920	31,080
General Operations:				
Personal Services	19,833	69,878	67,564	2,314
Other Expenditures	<u>1,101,734</u>	<u>1,305,462</u>	<u>977,359</u>	<u>328,103</u>
Total General Operations	1,121,567	1,375,340	1,044,923	330,417

(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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Engineer:				
Personal Services	16,303	18,303	17,791	512
Other Expenditures	3,500	93,203	2,397	90,806
Total Engineer	<u>19,803</u>	<u>111,506</u>	<u>20,188</u>	<u>91,318</u>
Total General Government	<u>2,667,912</u>	<u>3,181,411</u>	<u>2,178,013</u>	<u>1,003,398</u>
Total Expenditures	<u>6,008,254</u>	<u>6,711,843</u>	<u>5,304,253</u>	<u>1,407,590</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(754,408)	(1,106,237)	599,692	1,705,929
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	9,505	9,505	9,505	0
Transfers Out	(216,454)	(216,454)	(216,454)	0
Advances Out	<u>(455,000)</u>	<u>(455,000)</u>	<u>(455,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(661,949)</u>	<u>(661,949)</u>	<u>(661,949)</u>	<u>0</u>
Net Change in Fund Balance	(1,416,357)	(1,768,186)	(62,257)	1,705,929
Fund Balance at Beginning of Year	1,766,186	1,766,186	1,766,186	0
Prior Year Encumbrances	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 351,829</u>	<u>\$ 0</u>	<u>\$ 1,705,929</u>	<u>\$ 1,705,929</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, 2012***

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	PARAMEDIC FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 750,416	\$ 799,743	\$ 799,850	\$ 107
Intergovernmental Revenue	97,531	78,674	88,508	9,834
Charges for Services	160,000	60,000	60,000	0
Total Revenues	<u>1,007,947</u>	<u>938,417</u>	<u>948,358</u>	<u>9,941</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Other Expenditures	<u>1,268,061</u>	<u>1,202,995</u>	<u>1,091,151</u>	<u>111,844</u>
Total Expenditures	<u>1,268,061</u>	<u>1,202,995</u>	<u>1,091,151</u>	<u>111,844</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(260,114)	(264,578)	(142,793)	121,785
Fund Balance at Beginning of Year	<u>264,580</u>	<u>264,580</u>	<u>264,580</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,466</u>	<u>\$ 2</u>	<u>\$ 121,787</u>	<u>\$ 121,785</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, 2012***

	<b>FIRE &amp; EMS FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property Taxes	\$ 389,496	\$ 448,023	\$ 448,093	\$ 70
Intergovernmental Revenue	50,256	72,552	78,896	6,344
All Other Revenues	<u>63,000</u>	<u>43,934</u>	<u>45,969</u>	<u>2,035</u>
Total Revenues	<u>502,752</u>	<u>564,509</u>	<u>572,958</u>	<u>8,449</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Other Expenditures	<u>213,181</u>	<u>380,975</u>	<u>242,768</u>	<u>138,207</u>
Total Expenditures	<u>213,181</u>	<u>380,975</u>	<u>242,768</u>	<u>138,207</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	289,571	183,534	330,190	146,656
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(296,774)</u>	<u>(192,524)</u>	<u>(192,524)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(296,774)</u>	<u>(192,524)</u>	<u>(192,524)</u>	<u>0</u>
Net Change in Fund Balance	(7,203)	(8,990)	137,666	146,656
Fund Balance at Beginning of Year	<u>8,993</u>	<u>8,993</u>	<u>8,993</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,790</u>	<u>\$ 3</u>	<u>\$ 146,659</u>	<u>\$ 146,656</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, 2012***

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	FIRE PROTECTION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 508,346	\$ 541,752	\$ 541,825	\$ 73
Intergovernmental Revenue	66,069	61,898	68,560	6,662
All Other Revenues	<u>53,000</u>	<u>18,660</u>	<u>18,660</u>	<u>0</u>
Total Revenues	<u>627,415</u>	<u>622,310</u>	<u>629,045</u>	<u>6,735</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Other Expenditures	<u>661,771</u>	<u>657,480</u>	<u>651,792</u>	<u>5,688</u>
Total Expenditures	<u>661,771</u>	<u>657,480</u>	<u>651,792</u>	<u>5,688</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,356)	(35,170)	(22,747)	12,423
Fund Balance at Beginning of Year	<u>35,171</u>	<u>35,171</u>	<u>35,171</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 815</u>	<u>\$ 1</u>	<u>\$ 12,424</u>	<u>\$ 12,423</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 – Debt Service Fund  
For the Year Ended December 31, 2012**

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	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>			
Debt Service:			
Principal Retirement	672,647	568,130	104,517
Interest and Fiscal Charges	<u>379,474</u>	<u>371,270</u>	<u>8,204</u>
Total Debt Service	<u>1,052,121</u>	<u>939,400</u>	<u>112,721</u>
Total Expenditures	<u>1,052,121</u>	<u>939,400</u>	<u>112,721</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,052,121)	(939,400)	112,721
<b>Other Financing Sources (Uses):</b>			
Transfers In	996,483	889,160	(107,323)
Transfers Out	<u>(5,875)</u>	<u>(5,785)</u>	<u>90</u>
Total Other Financing Sources (Uses)	<u>990,608</u>	<u>883,375</u>	<u>(107,233)</u>
Net Change in Fund Balance	(61,513)	(56,025)	5,488
Fund Balance at Beginning of Year	<u>61,516</u>	<u>61,516</u>	<u>0</u>
Fund Balance at End of Year	<u>\$          3</u>	<u>\$      5,491</u>	<u>\$      5,488</u>



**CITY OF LOVELAND, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Project Fund  
For the Year Ended December 31, 2012**

<b>HISTORIC LOVELAND TIF FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$ 4,023	\$ 4,023	\$ 0
Total Revenues	<u>4,023</u>	<u>4,023</u>	<u>0</u>
<b>Expenditures:</b>			
Capital Outlay:			
Other Expenditures	178,071	46,695	131,376
Debt Service:			
Principal Retirement	708,922	708,922	0
Interest and Fiscal Charges	<u>5,484</u>	<u>5,484</u>	<u>0</u>
Total Expenditures	<u>892,477</u>	<u>761,101</u>	<u>131,376</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(888,454)	(757,078)	131,376
<b>Other Financing Sources (Uses):</b>			
Proceeds from General Obligation Notes	694,765	694,765	0
Transfers Out	(102,085)	(93,312)	8,773
Advances In	<u>295,000</u>	<u>295,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>887,680</u>	<u>896,453</u>	<u>8,773</u>
Net Change in Fund Balance	(774)	139,375	140,149
Fund Balance at Beginning of Year	<u>774</u>	<u>774</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 140,149</u>	<u>\$ 140,149</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, 2012***

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	\$ 55,000	\$ 55,000	\$ 0
Total Revenues	<u>55,000</u>	<u>55,000</u>	<u>0</u>
<b>Expenditures:</b>			
General Government:			
Personal Services	60,141	0	60,141
Other Expenditures	<u>29,845</u>	<u>29,837</u>	<u>8</u>
Total Expenditures	<u>89,986</u>	<u>29,837</u>	<u>60,149</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,986)	25,163	60,149
<b>Other Financing Sources (Uses):</b>			
Transfers In	<u>18,000</u>	<u>18,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>18,000</u>	<u>18,000</u>	<u>0</u>
Net Change in Fund Balance	(16,986)	43,163	60,149
Fund Balance at Beginning of Year	<u>16,986</u>	<u>16,986</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 60,149</u>	<u>\$ 60,149</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, 2012***

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 409,100	\$ 455,501	\$ 46,401
All Other Revenues	15,587	15,976	389
Total Revenues	424,687	471,477	46,790
<b>Expenditures:</b>			
Transportation:			
Personal Services	356,249	345,351	10,898
Other Expenditures	163,849	146,774	17,075
Total Expenditures	520,098	492,125	27,973
Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,411)	(20,648)	74,763
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(56,059)	(56,059)	0
Advances In	110,000	110,000	0
Total Other Financing Sources (Uses)	53,941	53,941	0
Net Change in Fund Balance	(41,470)	33,293	74,763
Fund Balance at Beginning of Year	41,470	41,470	0
Fund Balance at End of Year	\$ 0	\$ 74,763	\$ 74,763

**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, 2012***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 150	\$ 185	\$ 35
All Other Revenues	<u>30</u>	<u>30</u>	<u>0</u>
Total Revenues	<u>180</u>	<u>215</u>	<u>35</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Other Expenditures	<u>9,256</u>	<u>2,655</u>	<u>6,601</u>
Total Expenditures	<u>9,256</u>	<u>2,655</u>	<u>6,601</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,076)	(2,440)	6,636
Fund Balance at Beginning of Year	<u>9,076</u>	<u>9,076</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 6,636</u>	<u>\$ 6,636</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, 2012***

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 137,000	\$ 139,727	\$ 2,727
Licenses and Permits	20,000	26,505	6,505
Total Revenues	157,000	166,232	9,232
<b>Expenditures:</b>			
Transportation:			
Other Expenditures	188,212	143,000	45,212
Total Expenditures	188,212	143,000	45,212
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,212)	23,232	54,444
Fund Balance at Beginning of Year	31,212	31,212	0
Fund Balance at End of Year	\$ 0	\$ 54,444	\$ 54,444

**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, 2012***

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	STATE HIGHWAY FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Intergovernmental Revenue	\$ 30,900	\$ 34,253	\$ 3,353
Total Revenues	<u>30,900</u>	<u>34,253</u>	<u>3,353</u>
<b>Expenditures:</b>			
Transportation:			
Other Expenditures	<u>30,971</u>	<u>15,787</u>	<u>15,184</u>
Total Expenditures	<u>30,971</u>	<u>15,787</u>	<u>15,184</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71)	18,466	18,537
Fund Balance at Beginning of Year	<u>71</u>	<u>71</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 18,537</u>	<u>\$ 18,537</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, 2012***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenues	<u>\$ 600</u>	<u>\$ 300</u>	<u>\$ (300)</u>
Total Revenues	<u>600</u>	<u>300</u>	<u>(300)</u>
<b>Expenditures:</b>			
General Government:			
Other Expenditures	<u>4,067</u>	<u>0</u>	<u>4,067</u>
Total Expenditures	<u>4,067</u>	<u>0</u>	<u>4,067</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,467)	300	3,767
Fund Balance at Beginning of Year	<u>3,467</u>	<u>3,467</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 3,767</u>	<u>\$ 3,767</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, 2012***

---

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 4,700	\$ 4,836	\$ 136
Total Revenues	<u>4,700</u>	<u>4,836</u>	<u>136</u>
<b>Expenditures:</b>			
General Government:			
Other Expenditures	<u>8,422</u>	<u>0</u>	<u>8,422</u>
Total Expenditures	<u>8,422</u>	<u>0</u>	<u>8,422</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,722)	4,836	8,558
Fund Balance at Beginning of Year	<u>3,722</u>	<u>3,722</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 8,558</u>	<u>\$ 8,558</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, 2012***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Special Assessments	<u>\$ 53,613</u>	<u>\$ 53,613</u>	<u>\$ 0</u>
Total Revenues	<u>53,613</u>	<u>53,613</u>	<u>0</u>
<b>Expenditures:</b>			
General Government:			
Other Expenditures	<u>75,752</u>	<u>40,060</u>	<u>35,692</u>
Total Expenditures	<u>75,752</u>	<u>40,060</u>	<u>35,692</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,139)	13,553	35,692
Fund Balance at Beginning of Year	<u>22,139</u>	<u>22,139</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 35,692</u>	<u>\$ 35,692</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 Project Funds  
For the Year Ended December 31, 2012**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>			
Capital Outlay:			
Other Expenditures	95,390	75,698	19,692
Total Expenditures	95,390	75,698	19,692
Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,390)	(75,698)	19,692
<b>Other Financing Sources (Uses):</b>			
Ohio Public Works Commission Loan Proceeds	75,698	75,698	0
Total Other Financing Sources (Uses)	75,698	75,698	0
Net Change in Fund Balance	(19,692)	0	19,692
Fund Balance at Beginning of Year	19,692	19,692	0
Fund Balance at End of Year	\$ 0	\$ 19,692	\$ 19,692

**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 Project Funds  
For the Year Ended December 31, 2012***

---

	<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>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>100</u>	<u>100</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 100</u>	<u>\$ 100</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 Project Funds  
For the Year Ended December 31, 2012**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$ 21,802	\$ 21,802	\$ 0
Total Revenues	<u>21,802</u>	<u>21,802</u>	<u>0</u>
<b>Expenditures:</b>			
General Government:			
Other Expenditures	794	794	0
Total General Government	<u>794</u>	<u>794</u>	<u>0</u>
Debt Service:			
Interest and Fiscal Charges	12,197	0	12,197
Total Expenditures	<u>12,991</u>	<u>794</u>	<u>12,197</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,811	21,008	12,197
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(49,300)	(49,300)	0
Advances In	40,000	40,000	0
Total Other Financing Sources (Uses)	<u>(9,300)</u>	<u>(9,300)</u>	<u>0</u>
Net Change in Fund Balance	(489)	11,708	12,197
Fund Balance at Beginning of Year	<u>489</u>	<u>489</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 12,197</u>	<u>\$ 12,197</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 Project Funds  
For the Year Ended December 31, 2012***

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$ 252,065	\$ 252,065	\$ 0
Intergovernmental Revenue	33,015	33,015	0
Total Revenues	285,080	285,080	0
<b>Expenditures:</b>			
General Government:			
Other Expenditures	227,389	7,361	220,028
Total Expenditures	227,389	7,361	220,028
Excess (Deficiency) of Revenues Over (Under) Expenditures	57,691	277,719	220,028
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(78,110)	(78,110)	0
Total Other Financing Sources (Uses)	(78,110)	(78,110)	0
Net Change in Fund Balance	(20,419)	199,609	220,028
Fund Balance at Beginning of Year	20,419	20,419	0
Fund Balance at End of Year	\$ 0	\$ 220,028	\$ 220,028

**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 Project Funds  
For the Year Ended December 31, 2012***

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$ 27,697	\$ 27,697	\$ 0
Total Revenues	<u>27,697</u>	<u>27,697</u>	<u>0</u>
<b>Expenditures:</b>			
Capital Outlay:			
Other Expenditures	<u>45,647</u>	<u>7,950</u>	<u>37,697</u>
Total Expenditures	<u>45,647</u>	<u>7,950</u>	<u>37,697</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,950)	19,747	37,697
<b>Other Financing Sources (Uses):</b>			
Advances In	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Net Change in Fund Balance	(7,950)	29,747	37,697
Fund Balance at Beginning of Year	<u>7,950</u>	<u>7,950</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 37,697</u>	<u>\$ 37,697</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 Project Funds  
For the Year Ended December 31, 2012**

---

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 20,000	\$ 33,307	\$ 13,307
Special Assessments	37,276	41,276	4,000
All Other Revenues	5,819	5,819	0
Total Revenues	63,095	80,402	17,307
<b>Expenditures:</b>			
Capital Outlay:			
Other Expenditures	129,330	117,532	11,798
Total Expenditures	129,330	117,532	11,798
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,235)	(37,130)	29,105
<b>Other Financing Sources (Uses):</b>			
Advances In	53,000	53,000	0
Total Other Financing Sources (Uses)	53,000	53,000	0
Net Change in Fund Balance	(13,235)	15,870	29,105
Fund Balance at Beginning of Year	13,235	13,235	0
Fund Balance at End of Year	\$ 0	\$ 29,105	\$ 29,105

***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, 2012***

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	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<u>Mayor's Court Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$16,903	\$187,780	(\$188,274)	\$16,409
Total Assets	<u>\$16,903</u>	<u>\$187,780</u>	<u>(\$188,274)</u>	<u>\$16,409</u>
Liabilities:				
Due to Others	\$16,903	\$187,780	(\$188,274)	\$16,409
Total Liabilities	<u>\$16,903</u>	<u>\$187,780</u>	<u>(\$188,274)</u>	<u>\$16,409</u>



*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 17
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 28
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 29 – S 31
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. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.	

**City of Loveland**

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

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

Source: Finance Director's Office

*City of Loveland*

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2007	2008	2009	2010	2011	2012
\$14,830,399	\$13,937,128	\$13,217,802	\$13,337,321	\$13,154,734	\$13,277,539
4,200,529	3,305,252	3,906,402	4,083,734	3,572,372	3,250,298
(707,089)	851,135	1,935,108	2,127,266	2,645,239	3,173,831
<u>\$18,323,839</u>	<u>\$18,093,515</u>	<u>\$19,059,312</u>	<u>\$19,548,321</u>	<u>\$19,372,345</u>	<u>\$19,701,668</u>
\$12,277,363	\$12,231,619	\$12,778,863	\$12,477,954	\$12,112,597	\$11,648,680
0	0	0	0	0	0
3,406,114	2,621,728	1,808,016	1,403,373	1,819,854	1,738,906
<u>\$15,683,477</u>	<u>\$14,853,347</u>	<u>\$14,586,879</u>	<u>\$13,881,327</u>	<u>\$13,932,451</u>	<u>\$13,387,586</u>
\$27,107,762	\$26,168,747	\$25,996,665	\$25,815,275	\$25,267,331	\$24,926,219
4,200,529	3,305,252	3,906,402	4,083,734	3,572,372	3,250,298
2,699,025	3,472,863	3,743,124	3,530,639	4,465,093	4,912,737
<u>\$34,007,316</u>	<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>

## *City of Loveland*

*Changes in Net Position  
Last Nine Years  
(accrual basis of accounting)*

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



*City of Loveland*

2007	2008	2009	2010	2011	2012
\$4,612,689	\$5,343,477	\$5,029,548	\$5,337,088	\$5,110,699	\$4,837,756
767,098	517,700	535,168	944,693	509,744	523,757
202,433	203,022	209,411	236,337	221,506	172,262
822,605	1,035,895	1,104,950	1,334,262	1,019,091	905,724
3,377,258	2,801,985	2,345,473	2,062,417	2,068,656	1,954,219
216,768	240,374	191,634	192,228	344,242	391,273
<u>9,998,851</u>	<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>
1,217,657	1,422,913	1,539,006	1,546,890	1,483,481	2,008,015
2,048,683	2,764,222	2,488,670	3,065,893	3,002,905	3,297,500
410,702	557,324	506,995	444,412	479,090	422,135
1,121,598	1,089,836	1,129,758	1,187,767	982,682	1,043,202
<u>4,798,640</u>	<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>\$14,797,491</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>
\$187,830	\$180,356	\$192,611	\$198,239	\$189,146	\$192,509
11,500	20,000	0	0	0	26,505
100,258	92,605	57,371	81,992	135,082	178,239
12,001	18,000	5,250	13,692	13,748	26,505
14,430	21,180	15,180	57,206	70,734	71,170
668,860	671,422	864,967	573,445	663,752	710,800
1,132,005	835,491	286,503	948,474	29,910	0
<u>2,126,884</u>	<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>

(continued)

## City of Loveland

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

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

Source: Finance Director's Office

*City of Loveland*

2007	2008	2009	2010	2011	2012
1,634,041	1,266,286	1,386,316	1,433,636	1,534,373	1,619,459
2,143,691	2,329,042	2,349,649	2,882,618	3,259,099	3,280,557
384,368	388,463	359,229	402,697	437,022	446,027
795,395	1,209,719	948,542	1,078,338	1,098,143	1,053,516
26,839	32,983	539,008	32,822	47,017	42,044
205,322	116,009	0	0	0	0
<u>5,189,656</u>	<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>7,316,540</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>
(7,871,967)	(8,303,399)	(7,994,302)	(8,233,977)	(8,171,566)	(7,579,263)
391,016	(491,793)	(81,685)	(414,851)	427,496	(329,249)
<u>(\$7,480,951)</u>	<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>
\$2,985,089	\$3,072,053	\$3,205,528	\$3,348,829	\$2,787,525	\$2,834,027
2,965,645	2,824,928	3,102,429	3,575,815	3,363,631	3,566,706
132,328	131,863	138,338	142,245	181,457	152,759
882,095	1,086,197	1,367,957	867,124	860,409	874,364
407,997	159,585	166,647	60,479	75,345	32,693
368,738	460,112	794,417	437,793	350,851	232,421
(294,281)	338,337	184,783	290,701	376,372	215,616
<u>7,447,611</u>	<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>
294,281	(338,337)	(184,783)	(290,701)	(376,372)	(215,616)
<u>294,281</u>	<u>(338,337)</u>	<u>(184,783)</u>	<u>(290,701)</u>	<u>(376,372)</u>	<u>(215,616)</u>
<u>\$7,741,892</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>
(\$424,356)	(\$230,324)	\$965,797	\$489,009	(\$175,976)	\$329,323
685,297	(830,130)	(266,468)	(705,552)	51,124	(544,865)
<u>\$260,941</u>	<u>(\$1,060,454)</u>	<u>\$699,329</u>	<u>(\$216,543)</u>	<u>(\$124,852)</u>	<u>(\$215,542)</u>

## *City of Loveland*

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	33,766	12,134	13,136	10,889
Unreserved	<u>(97,488)</u>	<u>(125,450)</u>	<u>89,881</u>	<u>(85,676)</u>
<i>Total General Fund</i>	<u>(63,722)</u>	<u>(113,316)</u>	<u>103,017</u>	<u>(74,787)</u>
All Other Governmental Funds				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Unassigned	0	0	0	0
Reserved	145,759	112,326	86,525	253,614
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,774,721	3,368,396	3,579,051	3,030,043
Debt Service Funds	0	0	0	0
Capital Projects Funds	<u>(1,498,289)</u>	<u>305,102</u>	<u>393,671</u>	<u>287,646</u>
<i>Total All Other Governmental Funds</i>	<u>1,422,191</u>	<u>3,785,824</u>	<u>4,059,247</u>	<u>3,571,303</u>
<i>Total Governmental Funds</i>	<u><u>\$1,358,469</u></u>	<u><u>\$3,672,508</u></u>	<u><u>\$4,162,264</u></u>	<u><u>\$3,496,516</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*

2007	2008	2009	2010	2011	2012
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	16,986	60,149
0	0	0	0	2,863,996	3,241,068
17,993	250	24,505	54,291	0	0
(102,504)	(168,501)	2,001,983	2,563,780	0	0
(84,511)	(168,251)	2,026,488	2,618,071	2,880,982	3,301,217
\$0	\$0	\$0	\$0	\$2,600,937	\$2,610,992
0	0	0	0	937,726	781,979
0	0	0	0	(938,059)	(1,141,994)
78,232	75,330	114,103	134,303	0	0
2,977,059	2,301,279	696,367	691,493	0	0
0	0	0	0	0	0
726,388	556,079	854,876	576,303	0	0
3,781,679	2,932,688	1,665,346	1,402,099	2,600,604	2,250,977
\$3,697,168	\$2,764,437	\$3,691,834	\$4,020,170	\$5,481,586	\$5,552,194

## *City of Loveland*

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

	2003	2004	2005	2006
<b>Revenues:</b>				
Property Taxes	\$2,071,710	\$2,224,092	\$2,090,574	\$2,389,645
Municipal Income Tax	2,532,090	2,713,016	2,400,335	2,743,318
Intergovernmental Revenue	2,754,579	2,470,746	3,321,930	2,127,895
Charges for Services	78,058	73,200	69,248	74,562
Licenses and Permits	164,679	154,321	198,709	166,319
Investment Earnings	129,670	92,287	242,767	325,297
Special Assessments	0	0	0	0
Fines and Forfeitures	156,537	160,522	150,744	152,250
All Other Revenue	420,299	592,061	512,486	364,924
<b>Total Revenue</b>	<u>8,307,622</u>	<u>8,480,245</u>	<u>8,986,793</u>	<u>8,344,210</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,194,974	4,169,504	3,816,152	4,032,737
Leisure Time Activities	300,159	286,076	296,215	340,382
Community Environment	208,903	212,333	171,196	190,075
Transportation	601,975	638,273	583,054	569,508
General Government	1,997,365	2,265,405	1,988,533	2,374,938
Capital Outlay	2,058,171	1,955,506	2,446,662	856,324
Debt Service:				
Principal Retirement	323,818	340,582	481,995	545,991
Interest and Fiscal Charges	247,447	249,784	301,384	403,130
<b>Total Expenditures</b>	<u>9,932,812</u>	<u>10,117,463</u>	<u>10,085,191</u>	<u>9,313,085</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,625,190)	(1,637,218)	(1,098,398)	(968,875)

*City of Loveland*

2007	2008	2009	2010	2011	2012
\$2,964,146	\$3,073,984	\$3,214,895	\$3,457,467	\$2,720,526	\$2,875,721
3,097,973	2,807,415	3,104,703	3,483,522	3,447,047	3,496,995
2,682,436	1,891,950	2,349,684	2,600,644	1,577,254	1,559,656
74,432	81,180	75,180	81,769	144,706	75,933
123,759	130,605	62,621	95,684	307,596	313,988
430,665	164,384	166,704	60,997	75,345	32,693
0	0	0	35,437	81,369	112,305
127,828	120,356	132,611	138,239	129,146	132,509
368,738	460,112	513,636	437,793	350,851	232,421
<u>9,869,977</u>	<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>

4,367,726	4,990,380	4,768,110	4,753,802	4,865,064	4,542,557
330,872	350,259	415,471	607,256	391,113	405,289
202,433	203,022	209,411	236,337	209,694	183,688
707,969	644,154	697,418	686,513	595,393	646,133
3,239,895	2,720,210	2,325,495	1,910,296	2,074,607	2,087,152
1,981,773	426,210	160,224	1,369,902	318,937	226,810
603,658	629,211	652,671	683,162	685,212	643,828
209,385	246,205	187,969	188,266	329,285	347,441
<u>11,643,711</u>	<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>

(1,773,734)	(1,479,665)	203,265	(43,982)	(635,465)	(250,677)
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## *City of Loveland*

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

	2003	2004	2005	2006
<b>Other Financing Sources (Uses):</b>				
Sale of Assets	25,000	3,231,848	0	0
Other Financing Sources - Capital Leases	84,933	135,046	0	0
Ohio Public Works Commission Loan Issuance	306,722	398,002	461,360	0
Issuance of General Obligation Bonds	725,992	0	0	0
Refunding General Obligation Bonds Issued	0	0	2,529,181	0
Premium on General Obligation Bonds	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	(1,657,828)	0
Transfers In	3,078,883	1,571,412	1,933,090	2,455,672
Transfers Out	(2,356,380)	(1,387,617)	(1,681,859)	(2,179,312)
<b>Total Other Financing Sources (Uses)</b>	<u>1,865,150</u>	<u>3,948,691</u>	<u>1,583,944</u>	<u>276,360</u>
<b>Net Change in Fund Balance</b>	<u>\$239,960</u>	<u>\$2,311,473</u>	<u>\$485,546</u>	<u>(\$692,515)</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 6.52%	 8.72%	 8.44%	 12.14%

Source: Finance Director's Office



*City of Loveland*

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2007	2008	2009	2010	2011	2012
0	0	337,309	90,866	11,400	9,505
0	0	0	0	0	0
487,003	192,423	0	0	0	75,698
1,150,000	0	190,800	0	1,700,000	0
0	0	0	0	0	715,000
903	0	2,355	0	0	0
0	0	0	0	0	(704,589)
2,681,575	2,998,318	1,833,531	840,449	946,651	889,160
(2,346,922)	(2,659,981)	(1,648,748)	(549,748)	(570,279)	(673,544)
1,972,559	530,760	715,247	381,567	2,087,772	311,230
\$198,825	(\$948,905)	\$918,512	\$337,585	\$1,452,307	\$60,553
7.90%	10.16%	9.37%	8.77%	10.99%	11.59%

## *City of Loveland*

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

<b>Tax year</b>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Income Tax Rate	1.00%	1.00%	1.00%	1.00%
Total Tax Collected	\$2,489,880	\$2,521,810	\$2,602,265	\$2,708,828
Income Tax Receipts				
Withholding	1,481,856	1,459,107	1,467,191	1,568,743
Percentage	59%	58%	57%	58%
Corporate	170,059	250,230	245,288	268,232
Percentage	7%	10%	9%	10%
Individuals	837,965	812,473	889,786	871,853
Percentage	34%	32%	34%	32%

Source: City Income Tax Department

*City of Loveland*

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2007	2008	2009	2010	2011	2012
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
\$3,097,973	\$3,083,907	\$3,085,883	\$2,728,206	\$3,155,299	\$3,338,486
1,698,902	1,779,420	1,744,064	1,655,743	1,855,112	1,848,693
55%	58%	57%	61%	59%	55%
433,910	284,731	311,667	277,815	359,024	454,367
14%	9%	10%	10%	11%	14%
965,161	1,019,756	1,030,152	794,648	941,163	1,035,426
31%	33%	33%	29%	30%	31%



# City of Loveland

## Income Tax Statistics Current Year and Nine Years Ago

Calendar Year 2012				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,176	28.31%	\$9,960,967	3.26%
20,000 - 49,999	969	23.32%	33,319,653	10.91%
50,000 - 74,999	554	13.33%	34,408,628	11.26%
75,000 - 99,999	408	9.82%	35,456,514	11.61%
Over 100,000	1,048	25.22%	192,352,856	62.96%
Total	4,155	100.00%	\$305,498,618	100.00%

### Local Taxes Paid by Residents

	Tax Dollars
Taxes Paid to Loveland	\$3,045,986
Taxes Credited to Other Municipalities	1,671,784
	\$4,717,770

Calendar Year 2003				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,890	37.77%	\$11,044,199	4.39%
20,000 - 49,999	1,255	25.08%	42,387,628	16.83%
50,000 - 74,999	694	13.87%	42,766,167	16.98%
75,000 - 99,999	449	8.97%	39,237,591	15.58%
Over 100,000	716	14.31%	116,372,378	46.22%
Total	5,004	100.00%	\$251,807,963	100.00%

### Local Taxes Paid by Residents

	Tax Dollars
Taxes Paid to Loveland	\$2,489,881
Taxes Credited to Other Municipalities	1,408,281
	\$3,898,162

Source: City Income Tax Department

## *City of Loveland*

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

	2003	2004	2005	2006
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$3,765,992	\$3,585,000	\$4,183,770	\$3,859,289
Ohio Public Works Commission Loans	2,193,016	2,458,099	2,711,385	2,495,394
Capital Leases	295,006	301,589	154,688	99,768
<b>Business-type Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$3,060,000	\$2,935,000	\$3,050,000	\$2,895,000
Ohio Public Works Commission Loans	0	0	0	0
Capital Leases	209,534	172,339	116,560	79,658
Total Primary Government	<u>\$9,523,548</u>	<u>\$9,452,027</u>	<u>\$10,216,403</u>	<u>\$9,429,109</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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2007	2008	2009	2010	2011	2012
\$4,629,808	\$4,245,327	\$4,016,646	\$3,568,665	\$4,853,800	\$4,365,300
2,763,737	2,716,949	2,489,278	2,259,616	2,027,904	1,993,274
42,841	14,514	0	0	0	0
\$3,015,000	\$2,835,000	\$2,524,593	\$2,322,493	\$2,128,895	\$2,005,581
0	0	0	0	759,847	1,960,330
42,890	28,397	23,088	18,005	12,714	7,206
<u>\$10,494,276</u>	<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>
N/A	11,990	12,057	12,081	12,160	12,160
N/A	\$821	\$751	\$676	\$805	\$850
N/A	309,797,300	308,573,200	291,930,200	329,104,400	354,133,758
N/A	3.18%	2.93%	2.80%	2.97%	2.92%

## *City of Loveland*

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

Year	2003	2004	2005	2006
<b>Population</b> <sup>(1)</sup>	N/A	N/A	N/A	N/A
<b>Actual Value</b> <sup>(2)</sup>	\$708,411,336	\$713,153,129	\$815,190,737	\$846,637,383
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$6,825,992	\$6,520,000	\$7,233,770	\$6,754,289
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$17,860	\$17,860	\$17,860	\$17,860
<b>Net General Bonded Debt</b>	\$6,808,132	\$6,502,140	\$7,215,910	\$6,736,429
<b>Ratio of Net Bonded Debt to Estimated Actual Value</b>	0.96%	0.91%	0.89%	0.80%
<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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2007	2008	2009	2010	2011	2012
N/A	11,990	12,057	12,081	12,160	12,160
\$852,016,118	\$881,770,754	\$869,841,435	\$868,174,531	\$815,086,437	\$817,585,218
\$7,644,808	\$7,080,327	\$6,541,239	\$5,891,158	\$6,982,695	\$6,370,881
\$2,000	\$2,000	\$2,000	\$2,914	\$61,516	\$5,491
\$7,642,808	\$7,078,327	\$6,539,239	\$5,888,244	\$6,921,179	\$6,365,390
0.90%	0.80%	0.75%	0.68%	0.85%	0.78%
N/A	\$590.35	\$542.36	\$487.40	\$569.18	\$523.47



## *City of Loveland*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2012*

<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	\$7,048,574	100.00%	\$7,048,574
<b>Overlapping:</b>			
Clermont County	9,560,000	1.31%	125,236
Hamilton County	80,163,000	1.17%	937,907
Warren County	16,040,451	0.42%	67,370
Loveland City School District	19,190,378	33.92%	6,509,376
Sycamore Community School District	48,930,541	1.12%	548,022
Little Miami School District	61,349,195	2.49%	1,527,595
Great Oaks Career Center	16,170,000	1.52%	245,784
		Subtotal	<u>9,961,290</u>
		Total	<u><u>\$17,009,864</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$245,562,464	\$248,480,494	\$285,407,532	\$294,272,802
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	25,784,059	26,090,452	29,967,791	30,898,644
City Debt Outstanding (2)	3,765,992	3,585,000	4,183,770	3,859,289
Less: Applicable Debt Service Fund Amounts	<u>(17,860)</u>	<u>(17,860)</u>	<u>(17,860)</u>	<u>(17,860)</u>
Net Indebtedness Subject to Limitation	<u>3,748,132</u>	<u>3,567,140</u>	<u>4,165,910</u>	<u>3,841,429</u>
Overall Legal Debt Margin	<u>\$22,035,927</u>	<u>\$22,523,312</u>	<u>\$25,801,881</u>	<u>\$27,057,215</u>
Debt Margin as a Percentage of Debt Limit	85.46%	86.33%	86.10%	87.57%
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$245,562,464	\$248,480,494	\$285,407,532	\$294,272,802
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	13,505,936	13,666,427	15,697,414	16,185,004
City Debt Outstanding (2)	3,765,992	3,585,000	4,183,770	3,859,289
Less: Applicable Debt Service Fund Amounts	<u>(17,860)</u>	<u>(17,860)</u>	<u>(17,860)</u>	<u>(17,860)</u>
Net Indebtedness Subject to Limitation	<u>3,748,132</u>	<u>3,567,140</u>	<u>4,165,910</u>	<u>3,841,429</u>
Overall Legal Debt Margin	<u>\$9,757,804</u>	<u>\$10,099,287</u>	<u>\$11,531,504</u>	<u>\$12,343,575</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*

2007	2008	2009	2010	2011	2012
\$295,162,276	\$308,724,620	\$307,784,940	\$306,931,824	\$288,674,650	\$289,666,570
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
30,992,039	32,416,085	32,317,419	32,227,842	30,310,838	30,414,990
4,629,808	4,245,327	4,016,646	3,568,665	5,543,800	5,055,300
(2,000)	(2,000)	(2,000)	(2,914)	(61,516)	(5,491)
4,627,808	4,243,327	4,014,646	3,565,751	5,482,284	5,049,809
\$26,364,231	\$28,172,758	\$28,302,773	\$28,662,091	\$24,828,554	\$25,365,181
85.07%	86.91%	87.58%	88.94%	81.91%	83.40%
\$295,162,276	\$308,724,620	\$307,784,940	\$306,931,824	\$288,674,650	\$289,666,570
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
16,233,925	16,979,854	16,928,172	16,881,250	15,877,106	15,931,661
4,629,808	4,245,327	4,016,646	3,568,665	5,543,800	5,055,300
(2,000)	(2,000)	(2,000)	(2,914)	(61,516)	(5,491)
4,627,808	4,243,327	4,014,646	3,565,751	5,482,284	5,049,809
\$11,606,117	\$12,736,527	\$12,913,526	\$13,315,499	\$10,394,822	\$10,881,852

# City of Loveland

## Demographic and Economic Statistics Last Five Years

Calendar Year	2008	2009	2010	2011	2012
<b>Population</b> <sup>(1)</sup>					
City of Loveland	11,990	12,057	12,081	12,160	12,160
Hamilton County	802,374	802,374	802,374	802,374	802,374
<b>Income</b> <sup>(2)</sup>					
Total Personal	309,797,300	308,573,200	291,930,200	329,104,400	354,133,758
Per Capita	25,838	25,593	24,164	27,065	29,123
<b>Unemployment Rate</b> <sup>(3)</sup>					
Federal	5.8%	9.3%	9.6%	8.9%	7.8%
State	6.6%	10.2%	10.1%	8.6%	6.7%
Hamilton County	5.6%	8.8%	9.5%	8.6%	7.0%
<b>Civilian Work Force Estimates</b> <sup>(3)</sup>					
State	5,986,400	5,970,200	5,897,600	5,806,000	5,696,700
Hamilton County	438,200	438,800	431,400	430,600	408,600

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*

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

		2012
Employer	Nature of Business	Rank (1)
Loveland Schools	Education	1
Onesource Employee Management	Business Management	2
Pure Romance Parties Inc	Retail	3
Supernet of Ohio Inc	Information Technology	4
Amano Cincinnati Inc	Manufacturing	5
McCormick Equipment Company	Warehouse Equipment	6
Kroger Limited Partnership	Retail	7
Sheakley HR LLC	Human Resources	8
International Paper Company	Paper and Packaging	9
City of Loveland	Government	10

		2003
Employer	Nature of Business	Rank (1)
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

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

Source: City Income Tax Department



## *City of Loveland*

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

	2008	2009	2010	2011	2012
<b>Governmental Activities</b>					
General Government					
Finance	3.00	3.00	6.00	6.50	5.50
Income Tax	5.00	5.00	2.00	0.00	0.00
Mayor's Court	1.00	1.00	1.00	1.00	1.00
City Manager's Office	2.25	2.00	2.75	3.25	2.75
Council/Clerk of Council	1.00	1.00	1.00	1.00	1.00
Security of Persons and Property					
Police	23.50	22.25	22.75	21.75	21.75
Community Environment					
Engineering	1.00	1.00	1.00	1.00	1.00
Building and Zoning	2.00	2.00	2.00	2.00	2.00
<b>Business-Type Activities</b>					
Utilities, Streets, Storm, Sanitation & Parks (Public Works Department)	17.50	18.00	17.50	15.25	15.50
<i>Total Employees</i>	<u>56.25</u>	<u>55.25</u>	<u>56.00</u>	<u>51.75</u>	<u>50.50</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*

### *Operating Indicators by Function Last Five Years*

	2008	2009	2010	2011	2012
<b>Governmental Activities</b>					
General Government					
Court					
Number of Criminal Cases	334	189	234	288	297
Number of Traffic Cases	1,629	1,230	1,327	1,314	1,221
Licenses and Permits					
Number of Residential Building Permits	124	114	115	129	133
Number of Commercial Building Permits	71	48	42	54	77
Number of Residential Building Inspections	274	205	141	386	379
Number of Commercial Building Inspections	240	54	89	50	121
Security of Persons and Property					
Police					
Number of Calls for Service	8,166	10,647	10,402	11,460	10,507
Number of Criminal Arrests	622	665	612	789	536
Number of DUI Arrests	41	38	35	24	26
Number of Traffic Accidents	162	150	153	161	180
Transportation					
Street					
Number of Streets Resurfaced	1	0	3	5	6
<b>Business-Type Activities</b>					
Water					
Number of Service Connections	5,860	5,855	4,858	4,830	4,875
Daily Average Consumption (MGD)	1.462M	1.717M	1.792M	1.304M	1.258M
Peak Daily Consumption (MGD)	2.57M	2.87M	3.17M	2.21M	2.52M

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

Source: Finance Director's Office

## City of Loveland

### Capital Asset Statistics by Function Last Five Years

	2008	2009	2010	2011	2012
<b>Governmental Activities</b>					
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	12	12	12	13	13
Fire/EMS					
Vehicles	12	12	12	12	15
Transportation					
Street					
Number of Paved Streets	198	198	198	199	206
Total Paved Miles	102	102	102	102	104
Signal Controlled Intersections	12	12	13	13	13
Licensed Vehicles	10	10	10	12	13
Leisure Time Activities					
Parks and Recreation					
Land (acres)	96	96	99	99	99
Buildings	5	5	5	5	5
Parks	10	10	10	10	10
Playgrounds	7	7	7	7	7
Tennis Courts	7	7	7	7	7
Skate Board Park	1	1	1	1	1
Baseball/Softball Diamonds	10	10	10	10	10
Basketball Courts	3	3	3	3	3
Soccer Fields	8	8	8	8	8
<b>Business-Type Activities</b>					
Utilities					
Water					
Water Towers	3	3	3	3	3
Waterlines (Miles)	76	76	76	76	76
Water Treatment Plant	1	1	1	1	1
Buildings	8	8	8	8	8
Licensed Vehicles	5	5	5	5	5
Pump Stations	3	3	3	3	3
Storage Capacity (thousands of gallons)	4,000	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



# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Members of City Council  
City of Loveland, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Loveland, Ohio (the City), as of and for the year ended December 31, 2012, 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 7, 2013, wherein we noted the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

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

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 7, 2013.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
June 7, 2013



# 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  
SEPTEMBER 5, 2013**