

CITY OF LOVELAND, OHIO

Independent Auditor's Report on
Internal Controls and Compliance

Year Ended December 31, 2017



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 Clark, Schaefer, Hackett & Co., for the audit period January 1, 2017 through December 31, 2017. 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

July 9, 2018

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**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***

INDEPENDENT AUDITORS' REPORT

To the 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 (the "City") as of and for the year ended December 31, 2017, 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 18, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompany scheduled of findings and responses as 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*.

City's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 18, 2018

CITY OF LOVELAND, OHIO
Schedule of Findings and Responses
Year Ended December 31, 2017

2017-001 Financial Reporting

During the course of our audit, we identified a misstatement in the financial statements that was not initially identified by the City's internal control over financial reporting. A deficiency in internal control exists when the design of 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. In this case, the internal controls over the preparation and review of the City's financial statements did not operate as designed. The City contracts with a third-party consultant to prepare its year-end financial statements. While the City may rely on the consultant to provide technical assistance and financial statement preparation, it is still the responsibility of the City to review the financials prepared by the consultant for errors and omissions.

An audit adjustment was needed to correct the reporting of payment in lieu of taxes receivable in the Historic TIF Fund.

We recommend the City enhance its internal controls over financial reporting with steps such as management's review of conversion documentation for completeness and accuracy and improved communication with hired consultants to ensure the preparation of complete, accurate and reliable financial statements in conformity with generally accepted accounting principles.

Views of Responsible Officials: *The City of Loveland experienced an untimely vacancy when the previous Director of Finance vacated the position in early February. This position remained vacant through the critical period of time that the annual financial report is compiled. The City recognizes that a receivable related to the financial statement preparation was not properly recorded, has recently hired a Finance Director, and is employing the necessary personnel and instituting the appropriate internal controls to ensure that the financial statement process includes formal, periodic reviews that both improves communication with outside consultants and decreases the overall likelihood of a material misstatement.*

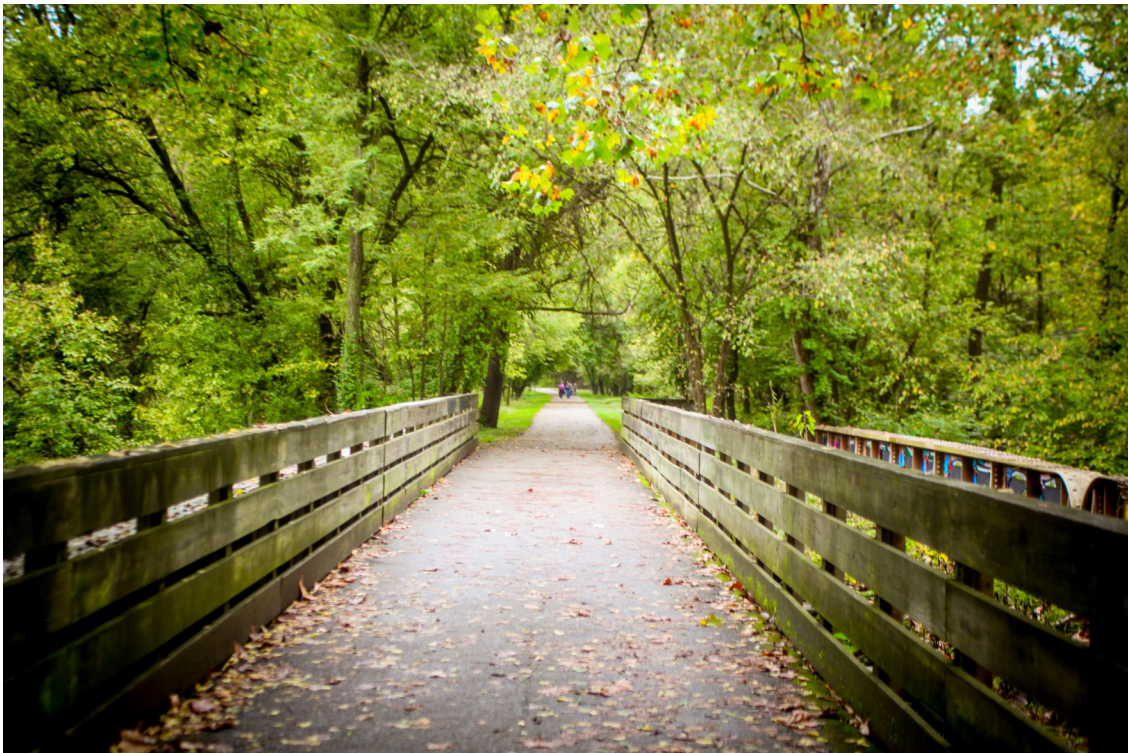
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City of Loveland

Comprehensive Annual Financial Report

For the Year Ended December 31, 2017





CITY OF LOVELAND, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
December 31, 2017

Prepared by:
Department of Finance

Peter M. Rancatore, Jr.
Director of Finance



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INTRODUCTORY SECTION





CITY OF LOVELAND

120 West Loveland Avenue • Loveland, Ohio 45140
Peter M. Rancatore, Jr., Finance Director

phone (513) 683-0150

fax (513) 583-3040

June 18, 2018

To the citizens of the City of Loveland, Ohio:

We are pleased to present the Comprehensive Annual Financial Report for the City of Loveland for the fiscal year ending December 31, 2017. 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 represents the City's commitment to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designated to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

This letter should be read in conjunction with the Management Discussion and Analysis (MD&A) that can be found immediately following the Independent Auditor's Report.

THE CITY OF LOVELAND

The City of Loveland is an energetic southwestern Ohio community uniquely situated within 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 population of Loveland was estimated at 1,000 by 1876 and its incorporation as a village was accomplished in the same year. City status (population more than 5,000) was achieved in 1960 and adoption of a Home Rule Charter followed in 1961. The City of Loveland is a home rule municipality that operates under a Council-Manager form of government, which combines the political leadership of elected officials with managerial experience of an appointed local government manager. The City's responsibilities and structure are outlined in the revised City Charter, which was approved by the voters in 1991 and last amended in 2003.

***Letter of Transmittal
For the Year Ended December 31, 2017***

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

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

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

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

The City Council 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. The following is a list of City Charter established boards and commissions in Loveland. Council may create other advisory boards, Commissions and Committees as may be deemed necessary.

- Civil Service Commission
- Planning and Zoning Commission
- Board of Zoning Appeals
- Recreation Board

ECONOMIC CONDITIONS AND OUTLOOK

The City of Loveland is ideally located about 15 miles northeast of the Cincinnati city limits with access along Interstate Highway 275 and State Route 48. The City's economy is diverse with a mix of residential, office, and retail uses. Primary employers include the Loveland City School District, OneSource Employee Management, Kroger, Swimsafe Pool Management, Robert McCabe Company, and Loveland-Symmes Fire Department. 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.

Management is optimistic about the future of the local economy based on income tax revenue growth, through compliance efforts and the relocation or expansion of current businesses, along with economic development efforts throughout the City, particularly in the downtown and industrial park. City administration and City Council remain focused on improving the financial stability of Loveland and developing goals to address economic vitality and infrastructure objectives for the future.

***Letter of Transmittal
For the Year Ended December 31, 2017***

MAJOR INITIATIVES

In 2017, the City continued to witness significant investment in its downtown both public and private. Loveland Station's first full year included full commercial occupancy and high residential occupancy. The eight Broadway Brownstone units continued construction throughout 2017 with occupancy beginning in early 2018. Three (3) new businesses opened in the downtown district during the year including a micro-brewery and two (2) restaurants.

The City also took steps to enhance downtown development with the installation of new LED lighting which resulted in a more consistent, lower cost lighting for residents and visitors. The City also installed a left turn lane to reduce congestion at the West Loveland/Karl Brown intersection and supported the widening and re-paving of the Little Miami Bike Trail. The City also supported the efforts of the Loveland Symmes Firefighters Association in their project along the bike trail which spotlights the Loveland Valentines Lady program. With the devastating fires in May of 2017, the City, under the leadership of Fire Chief Huber has worked hand and hand with the building owners and contractors to reconstruct the buildings in a manner which considers future projects and includes new safety provisions.

The City continued to invest in core infrastructure during 2017. Major capital projects or initiatives included:

- **Wayfinding Project** – The signage and Wayfinding project for the City of Loveland was recommended by the Downtown Parking Advisory Committee in 2015. The first phase of the project took shape in 2016 and included the addition of a historic gateway sign installed at the entrance to the downtown area on West Loveland. Numerous other signs have been constructed and are in various stages of installation.
- **2017 Road Rehabilitation** – The City increased its annual road rehabilitation funding by \$83,000 for a total of \$380,110.
- **Loveland Madeira Road and Storm Drainage Improvements** – With \$115,000 in grant funding, the City completed a \$553,000 road and storm drainage project along Loveland Madeira Road. In addition to repairing a roadway in poor condition, the project also replaced a faulty storm drainage system including new curbs and piping.
- **McCoy Park Improvements** – With the receipt of a sixty thousand-dollar (\$60,000) state grant, the City replaced an aging playset and installed a new picnic shelter at McCoy Park.

The City also secured grant funding for new police mobile video recorders and a powered EMS stretcher.

During 2017, the City of Loveland was recognized for achievements in a variety of areas and by a diverse group of organizations which included:

- **Certificate of Achievement for Excellence in Financial Reporting:** The City of Loveland was recognized by the Government Finance Officers Association for its 2016 Comprehensive Annual Financial Report. The Certificate of Achievement is the highest form of recognition in the area of government accounting and financial reporting and its attainment represents a significant accomplishment by a government and its management. This was the fifth year the City received this distinction.

***Letter of Transmittal
For the Year Ended December 31, 2017***

- **GFOA Distinguished Budget Award:** The City compiles its annual budget in document form. The budget presents anticipated revenues and expenditures by fund and department by category with additional supporting documentation that explains the budgetary process and individual departmental goals. The City's 2017 budget was submitted to the Government Finance Officers Association (GFOA) and received the Distinguished Budget Presentation Award. This was the fourth year the City received this award.

INTERNAL CONTROLS

Accounting Controls

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

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

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

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

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

Budgetary Control

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

RELEVANT FINANCIAL POLICIES

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

***Letter of Transmittal
For the Year Ended December 31, 2017***

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 limitations.

INDEPENDENT AUDIT

The basic financial statements of the City of Loveland were audited by Clark Schaefer Hackett. The independent auditors' unqualified opinion has been included in this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Loveland for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

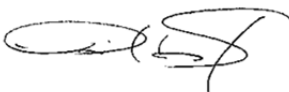
A Certificate of Achievement is valid for a period of one year only. The City of Loveland has received a Certificate of Achievement for the last five consecutive years (fiscal years ended 2012-2016). We believe our current report continues to conform to the Certificate of Achievement program requirements, and it will be submitted to the GFOA for consideration.

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 financial consultants Donald J. Schonhardt & Associates, Inc. for their help in formulating this report, and especially Michelle Byrde, our Assistant Finance Director who has been instrumental in the compilation of this report.

Our sincere gratitude is also extended to the Loveland City Council and its Finance Committee for their continued interest and support in the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



David Kennedy
City Manager



Peter M. Rancatore, Jr.
Finance Director



CITY OF LOVELAND, OHIO

***List of Principal Officials
For the Year Ended December 31, 2017***

<i>Council</i>	<i>Title</i>	<i>Years of Service *</i>	<i>Term expires</i>
Kathy Bailey	Mayor	2 years, 1 month	December 2019
Robert Weisgerber	Vice Mayor	19 years, 1 month	December 2021
Tim Butler	Council Member	1 month	December 2021
Neil Oury	Council Member	1 month	December 2021
Ted Phelps	Council Member	4 years, 1 month	December 2021
Angela Settell	Council Member	6 years, 1 month	December 2019
Vacant**	Council Member	N/A	December 2019

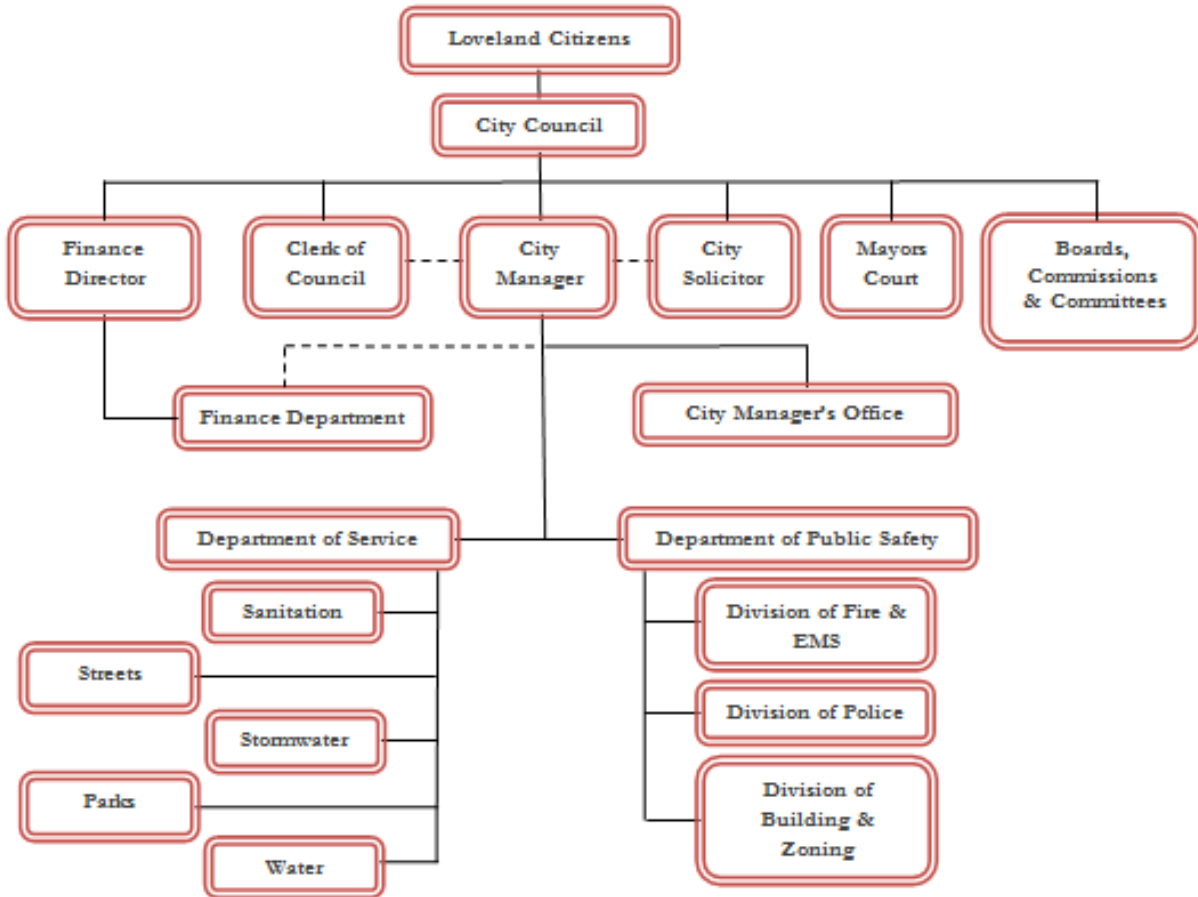
<i>Appointed Officials</i>	<i>Title</i>
David Kennedy	City Manager
Misty Cheshire	Clerk of Council
Joseph Braun	City Solicitor
Kelly Flanigan***	Director of Finance

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

** Mark Fitzgerald resigned effective August 14, 2017. Kent Blair was appointed to fill the remainder of his term on January 3, 2018.

*** Kelly Flanigan resigned February 18th, 2018. Michelle L. Byrde remained the Acting Finance Director until Peter M. Rancatore, Jr. was appointed on June 8, 2018.

**City Organizational Chart
For the Year Ended December 31, 2017**



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



Government Finance Officers Association

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

Presented to

**City of Loveland
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the 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, 2017, 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.

Auditors' 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 auditors' 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 of Loveland, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, Paramedic Fund, Fire & EMS Fund and the Community Improvement Corporation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, 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 nonmajor 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 nonmajor 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 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 nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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 18, 2018 on our consideration of the City of Loveland'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 solely 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 the effectiveness of the City's 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 of Loveland's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 18, 2018



The discussion and analysis of the City of Loveland's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2017. 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 2017 are as follows:

- In total, net position increased \$1,627,865. Net position of governmental activities increased \$1,556,233, which represents a 7% increase from 2016. Net position of business-type activities increased \$71,632, or less than 1% from 2016.
- General revenues accounted for \$8,972,698 in revenue or 50% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9,004,237 or 50% of total revenues of \$17,976,935.
- The City had \$9,235,617 in expenses related to governmental activities; only \$1,778,867 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$8,969,571 were adequate to provide for these programs.
- Among major funds, the general fund had \$6,291,873 in revenues and other financing sources and \$5,278,798 in expenditures and other financing uses. The general fund's fund balance increased from \$6,901,028 to \$7,914,103.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplemental information*, 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, 2017**

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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, 2017 and 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$12,578,039	\$10,546,696	\$2,811,512	\$3,535,425	\$15,389,551	\$14,082,121
Capital Assets, Net	24,000,638	24,405,170	17,571,374	17,759,805	41,572,012	42,164,975
Total Assets	<u>36,578,677</u>	<u>34,951,866</u>	<u>20,382,886</u>	<u>21,295,230</u>	<u>56,961,563</u>	<u>56,247,096</u>
Deferred Outflows of Resources	<u>1,206,080</u>	<u>1,374,730</u>	<u>341,724</u>	<u>296,279</u>	<u>1,547,804</u>	<u>1,671,009</u>
Net Pension Liability	5,074,349	5,081,369	785,387	648,256	5,859,736	5,729,625
Other Long-term Liabilities	4,805,985	4,769,690	8,267,321	8,468,367	13,073,306	13,238,057
Other Liabilities	276,332	875,388	146,925	1,046,563	423,257	1,921,951
Total Liabilities	<u>10,156,666</u>	<u>10,726,447</u>	<u>9,199,633</u>	<u>10,163,186</u>	<u>19,356,299</u>	<u>20,889,633</u>
Deferred Inflows of Resources	<u>3,715,636</u>	<u>3,243,927</u>	<u>37,547</u>	<u>12,525</u>	<u>3,753,183</u>	<u>3,256,452</u>
Net Position						
Net Investment in Capital Assets	19,515,289	19,372,310	9,384,084	9,402,549	28,899,373	28,774,859
Restricted	2,582,085	1,741,174	0	0	2,582,085	1,741,174
Unrestricted	1,815,081	1,242,738	2,103,346	2,013,249	3,918,427	3,255,987
Total Net Position	<u>\$23,912,455</u>	<u>\$22,356,222</u>	<u>\$11,487,430</u>	<u>\$11,415,798</u>	<u>\$35,399,885</u>	<u>\$33,772,020</u>

The adoption of GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27” significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

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Changes in Net Position – The following table shows the changes in net position for 2017 and 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services and Sales	\$800,576	\$796,846	\$7,193,098	\$7,208,475	\$7,993,674	\$8,005,321
Operating Grants and Contributions	717,431	765,072	32,272	34,026	749,703	799,098
Capital Grants and Contributions	260,860	281,482	0	0	260,860	281,482
Total Program Revenues	<u>1,778,867</u>	<u>1,843,400</u>	<u>7,225,370</u>	<u>7,242,501</u>	<u>9,004,237</u>	<u>9,085,901</u>
General Revenues:						
Property Taxes	3,463,847	3,273,696	0	0	3,463,847	3,273,696
Municipal Income Taxes	4,385,652	4,381,413	0	0	4,385,652	4,381,413
Other Local Taxes	151,433	155,423	0	0	151,433	155,423
Intergovernmental, Unrestricted	564,817	561,963	0	0	564,817	561,963
Investment Earnings	68,775	35,133	3,127	587	71,902	35,720
Miscellaneous	335,047	254,762	0	0	335,047	254,762
Total General Revenues	<u>8,969,571</u>	<u>8,662,390</u>	<u>3,127</u>	<u>587</u>	<u>8,972,698</u>	<u>8,662,977</u>
Total Revenues	<u>10,748,438</u>	<u>10,505,790</u>	<u>7,228,497</u>	<u>7,243,088</u>	<u>17,976,935</u>	<u>17,748,878</u>
Program Expenses						
Security of Persons and Property	5,633,283	5,618,023	0	0	5,633,283	5,618,023
Leisure Time Activities	571,890	547,141	0	0	571,890	547,141
Community Environment	231,565	225,430	0	0	231,565	225,430
Transportation	890,979	875,995	0	0	890,979	875,995
General Government	1,670,528	1,769,444	0	0	1,670,528	1,769,444
Interest and Fiscal Charges	237,372	214,338	0	0	237,372	214,338
Water	0	0	1,635,665	1,629,209	1,635,665	1,629,209
Sewer	0	0	3,969,609	3,931,317	3,969,609	3,931,317
Stormwater	0	0	341,908	316,694	341,908	316,694
Sanitation	0	0	1,166,271	1,160,450	1,166,271	1,160,450
Total Expenses	<u>9,235,617</u>	<u>9,250,371</u>	<u>7,113,453</u>	<u>7,037,670</u>	<u>16,349,070</u>	<u>16,288,041</u>
Change in Net Position before Transfers	1,512,821	1,255,419	115,044	205,418	1,627,865	1,460,837
Transfers	43,412	50,902	(43,412)	(50,902)	0	0
Total Change in Net Position	1,556,233	1,306,321	71,632	154,516	1,627,865	1,460,837
Beginning Net Position	22,356,222	21,049,901	11,415,798	11,261,282	33,772,020	32,311,183
Ending Net Position	<u>\$23,912,455</u>	<u>\$22,356,222</u>	<u>\$11,487,430</u>	<u>\$11,415,798</u>	<u>\$35,399,885</u>	<u>\$33,772,020</u>

Governmental Activities

Net position of the City's governmental activities increased \$1,556,233 or 7% in 2017. Revenues and expenses were consistent with the prior year.

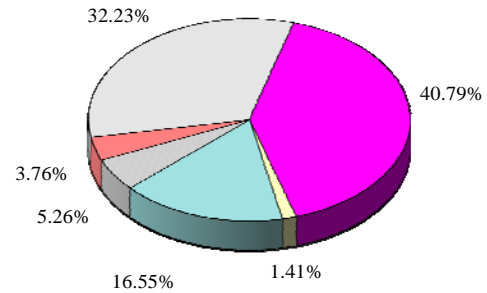
***Management’s Discussion and Analysis
For the Year Ended December 31, 2017***

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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.

Property taxes and income taxes made up 32% and 41% respectively, of revenues for governmental activities in 2017. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 74% of total revenues from general tax revenues:

Revenue Sources	2017	Percent of Total
Property Taxes	\$3,463,847	32.23%
Municipal Income Taxes	4,385,652	40.79%
Other Local Taxes	151,433	1.41%
Program Revenues	1,778,867	16.55%
Intergovernmental, Unrestricted	564,817	5.26%
General Other	403,822	3.76%
Total Revenue	<u>\$10,748,438</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business-type activities increased \$71,632, or less than 1%. Revenues and expenses remained consistent with the prior year.

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**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$7,410,615, which is an increase from last year's balance of \$5,015,248. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2017 and 2016:

	Fund Balance December 31, 2017	Fund Balance December 31, 2016	Increase (Decrease)
General	\$7,914,103	\$6,901,028	\$1,013,075
Paramedic	302,783	209,322	93,461
Fire and EMS	475,340	435,309	40,031
Community Improvement Corporation	95,451	(278,053)	373,504
General Bond Retirement	0	0	0
Historic Loveland TIF	(2,193,581)	(2,490,681)	297,100
Nonmajor Governmental	816,519	238,323	578,196
Total	\$7,410,615	\$5,015,248	\$2,395,367

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:

	2017 Revenues	2016 Revenues	Increase (Decrease)
Property Taxes	\$859,241	\$842,263	\$16,978
Municipal Income Tax	4,446,776	4,418,607	28,169
Intergovernmental Revenue	330,710	396,786	(66,076)
Charges for Services	19,534	17,803	1,731
Licenses and Permits	360,249	305,804	54,445
Special Assessments	1,558	3,429	(1,871)
Fines and Forfeitures	77,990	86,346	(8,356)
All Other Revenue	163,556	153,867	9,689
Total	\$6,259,614	\$6,224,905	\$34,709

General Fund revenues remained stable in 2017, increasing less than 1% when compared with the previous year.

	2017 Expenditures	2016 Expenditures	Increase (Decrease)
Security of Persons and Property	\$2,529,374	\$2,520,167	\$9,207
Leisure Time Activities	541,706	448,081	93,625
Community Environment	213,703	221,275	(7,572)
General Government	1,532,150	1,272,341	259,809
Total	\$4,816,933	\$4,461,864	\$355,069

General Fund expenditures increased \$355,069 or 8% from the prior year. An increase in leisure time activities can be attributed to baseball field improvements and mowing equipment. An increase in general government was a result of increased costs for building maintenance, street lighting upgrades, and revenue sharing amounts due to the school district.

CITY OF LOVELAND, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

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Paramedic Fund – The Paramedic Fund reported an increase in fund balance of \$93,461. Revenues and expenditures were consistent with the prior year.

Fire and EMS Fund – The Fire and EMS Fund balance increased \$40,031. Revenues were consistent with the prior year. Outlays for an ambulance and other safety equipment resulted in an increase in security of persons and property.

Community Improvement Corporation Fund – The Community Improvement Corporation Fund balance increased from a deficit balance of (\$278,053) to \$95,451. This can be attributed to proceeds received from the sale of the property located at 897 Loveland Madeira Road.

General Bond Retirement Fund – The General Bond Retirement Fund reported the issuance of \$410,000 of refunding bonds for the purpose of refunding the 2007 Land Acquisition Bonds.

Historic Loveland TIF Fund – The Historic Loveland TIF Fund balance increased \$297,100. An interfund loan payable reported on the balance sheet is the primary factor causing a negative year end fund balance of \$2,193,581. A special obligation note payable previously reported on the balance sheet was refinanced on a long term basis, resulting in the increase in fund balance. A property value reassessment resulted in an increase in tax increment financing service payments received.

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 2017 the City amended its General Fund budget several times.

For the General Fund, original and final revenue estimates were not materially different. Actual budget basis revenues were 9% higher than final estimates due to an increase in income tax revenues and recreation impact fees. Final budgeted expenditures were not materially different from original estimates. Actual budget basis expenditures were 8% less than final budget estimates due to police salaries and benefits being under budget. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017 the City had \$41,572,012 net of accumulated depreciation invested in land, buildings, improvements, infrastructure, equipment and vehicles. Of this total, \$24,000,638 was related to governmental activities and \$17,571,374 to the business-type activities. The following tables show 2017 and 2016 balances:

	Governmental Activities		Increase (Decrease)
	2017	2016	
Land	\$6,278,060	\$6,803,060	(\$525,000)
Construction In Progress	85,408	45,567	39,841
Buildings	8,293,234	8,149,101	144,133
Improvements Other than Buildings	1,641,674	1,641,674	0
Machinery and Equipment	4,234,415	4,249,521	(15,106)
Infrastructure	21,153,044	20,660,313	492,731
Less: Accumulated Depreciation	(17,685,197)	(17,144,066)	(541,131)
Totals	<u>\$24,000,638</u>	<u>\$24,405,170</u>	<u>(\$404,532)</u>

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2017	2016	
Land	\$920,027	\$920,027	\$0
Buildings and Improvements	5,494,012	5,494,012	0
Utility Structures in Service	21,759,320	21,293,975	465,345
Machinery and Equipment	755,548	755,548	0
Less: Accumulated Depreciation	(11,357,533)	(10,703,757)	(653,776)
Totals	<u>\$17,571,374</u>	<u>\$17,759,805</u>	<u>(\$188,431)</u>

In governmental activities capital assets, additions included an ambulance, police vehicles, mowers, park play equipment, and baseball field backstop fences. The overall decrease in machinery and equipment can be attributed to the disposal of a fire truck. Infrastructure additions were the result of routine street improvements. In 2017 the City sold the property located at 897 Loveland Madeira Road for commercial use.

Business-type capital asset activity included Loveland Madeira Road storm drainage improvements. For additional information on the City's capital assets see Note 8.

Debt

At December 31, 2017, the City had \$7.7 million in bonds outstanding, \$515,219 due within one year. The following table summarizes the City's long-term obligations as of December 31, 2017 and 2016:

	2017	2016
Governmental Activities:		
General Obligation Bonds	\$2,737,469	\$3,186,641
Special Obligation TIF Bonds	550,000	0
Installment Loan	0	234,176
Capital Leases Payable	1,207,050	1,067,564
Net Pension Liability	5,074,349	5,081,369
Compensated Absences	311,466	281,309
Total Governmental Activities	<u>\$9,880,334</u>	<u>\$9,851,059</u>
Business-Type Activities:		
General Obligation Bonds	\$4,381,956	\$4,622,027
Ohio Public Works Commission Loans	3,849,052	3,788,661
Net Pension Liability	785,387	648,256
Compensated Absences	36,313	57,679
Total Business-Type Activities	<u>9,052,708</u>	<u>9,116,623</u>
Totals	<u>\$18,933,042</u>	<u>\$18,967,682</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, 2017, 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

Economic development remains at the forefront for City staff by carrying out Council goals of contributing to the economic vitality of Loveland, while working to retain or assist with expansion efforts of current businesses. During 2017, a significant development came to fruition with the completion of the McCluskey Automotive Headquarters in the City's Commerce Park.

The project includes:

- Construction Costs: Over \$7,000,000
- Jobs Created: 70
- Annual Payroll: \$2,800,000
- Annual Income Tax to City: \$28,000

Other notable economic development activities for 2017 included the following:

- The City finalized the sale of 897 Loveland Madeira Road (former bowling alley) property which it purchased in 2014. The property is considered prime commercial or office property.
- A commercial strip center located on Loveland Madeira Road which included multiple chain establishments was completed and occupied.
- The eight-unit condominium development along Broadway progressed throughout 2017 with occupancy beginning in early 2018.
- Following the devastating fire to three (3) downtown buildings in May of 2017, the buildings are under construction for a full recovery including new businesses.
- The City permitted twelve (12) new single-family homes in 2017 and 142 new multiple family units for a total of 154 new residential units.
- Total private investment for 2017 was \$19,010,482 which results in a four (4) year average of \$21,990,054.
- Three (3) new businesses opened in the downtown district including a micro-brewery and two (2) food establishments.

***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

The City continued to aggressively seek alternative funding to return our resident's tax dollars back to work in the City. In total the City completed \$204,936 of grant funded projects in 2017 through the following:

Project	Grant Funds
McCoy Park Playground Improvements	\$60,000
Bike Trail Expansion Feasibility Study	\$20,000
Police Mobile Video Recorders Phase 2	\$9,936
Loveland Madeira Road Storm Drainage Improvements	\$115,000

REQUESTS FOR INFORMATION

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

CITY OF LOVELAND, OHIO

**Statement of Net Position
December 31, 2017**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	\$ 6,383,727	\$ 1,945,623	\$ 8,329,350
Receivables:			
Taxes	5,175,476	0	5,175,476
Accounts	75,926	1,025,724	1,101,650
Intergovernmental	613,118	0	613,118
Interest	406	165	571
Special Assessments	7,731	0	7,731
Internal Balances	160,000	(160,000)	0
Inventory of Supplies at Cost	66,204	0	66,204
Restricted Assets:			
Cash and Cash Equivalents	95,451	0	95,451
Capital Assets:			
Capital Assets Not Being Depreciated	6,363,468	920,027	7,283,495
Capital Assets Being Depreciated, Net	17,637,170	16,651,347	34,288,517
Total Assets	36,578,677	20,382,886	56,961,563
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	9,170	43,718	52,888
Pension:			
OPERS	613,775	298,006	911,781
OP&F	583,135	0	583,135
Total Deferred Outflows of Resources	1,206,080	341,724	1,547,804
Liabilities:			
Accounts Payable	26,354	102,414	128,768
Accrued Wages and Benefits	163,303	32,001	195,304
Intergovernmental Payable	77,328	0	77,328
Accrued Interest Payable	9,347	12,510	21,857
Long Term Liabilities:			
Due Within One Year	505,992	575,679	1,081,671
Due in More Than One Year:			
Net Pension Liability	5,074,349	785,387	5,859,736
Other Amounts Due in More Than One Year	4,299,993	7,691,642	11,991,635
Total Liabilities	10,156,666	9,199,633	19,356,299
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	3,503,443	0	3,503,443
Pension:			
OPERS	77,331	37,547	114,878
OP&F	134,862	0	134,862
Total Deferred Inflows of Resources	3,715,636	37,547	3,753,183

CITY OF LOVELAND, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	19,515,289	9,384,084	28,899,373
Restricted For:			
Capital Projects	525,796	0	525,796
Debt Service	55,000	0	55,000
Streets and Highways	675,391	0	675,391
Public Safety	1,230,447	0	1,230,447
Community Development	95,451	0	95,451
Unrestricted	1,815,081	2,103,346	3,918,427
Total Net Position	\$ 23,912,455	\$ 11,487,430	\$ 35,399,885

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

**Statement of Activities
For the Year Ended December 31, 2017**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 5,633,283	\$ 489,297	\$ 33,677	\$ 76,557
Leisure Time Activities	571,890	77,000	0	59,264
Community Environment	231,565	150,818	0	0
Transportation	890,979	77,000	683,754	125,039
General Government	1,670,528	6,461	0	0
Interest and Fiscal Charges	237,372	0	0	0
Total Governmental Activities	9,235,617	800,576	717,431	260,860
Business-Type Activities:				
Water	1,635,665	1,675,413	0	0
Sewer	3,969,609	3,932,224	0	0
Stormwater	341,908	443,771	0	0
Sanitation	1,166,271	1,141,690	32,272	0
Total Business-Type Activities	7,113,453	7,193,098	32,272	0
Totals	\$ 16,349,070	\$ 7,993,674	\$ 749,703	\$ 260,860

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

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (5,033,752)	\$ 0	\$ (5,033,752)
(435,626)	0	(435,626)
(80,747)	0	(80,747)
(5,186)	0	(5,186)
(1,664,067)	0	(1,664,067)
(237,372)	0	(237,372)
<u>(7,456,750)</u>	<u>0</u>	<u>(7,456,750)</u>
0	39,748	39,748
0	(37,385)	(37,385)
0	101,863	101,863
0	7,691	7,691
<u>0</u>	<u>111,917</u>	<u>111,917</u>
\$ (7,456,750)	\$ 111,917	\$ (7,344,833)
3,463,847	0	3,463,847
4,385,652	0	4,385,652
151,433	0	151,433
564,817	0	564,817
68,775	3,127	71,902
335,047	0	335,047
43,412	(43,412)	0
<u>9,012,983</u>	<u>(40,285)</u>	<u>8,972,698</u>
1,556,233	71,632	1,627,865
<u>22,356,222</u>	<u>11,415,798</u>	<u>33,772,020</u>
\$ 23,912,455	\$ 11,487,430	\$ 35,399,885

CITY OF LOVELAND, OHIO

**Balance Sheet
Governmental Funds
December 31, 2017**

	General Fund	Paramedic Fund	Fire and EMS Fund	Community Improvement Corporation Fund
Assets:				
Pooled Cash and Investments	\$ 4,803,723	\$ 274,940	\$ 478,648	\$ 0
Receivables:				
Taxes	2,461,215	862,374	1,031,592	0
Accounts	47,065	28,080	0	0
Intergovernmental	152,093	55,990	36,376	0
Interest	0	0	0	0
Special Assessments	7,731	0	0	0
Interfund Loans Receivable	2,521,213	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	95,451
Total Assets	\$ 9,993,040	\$ 1,221,384	\$ 1,546,616	\$ 95,451
Liabilities:				
Accounts Payable	\$ 22,335	\$ 237	\$ 1,308	\$ 0
Accrued Wages and Benefits Payable	145,877	0	0	0
Intergovernmental Payable	75,328	0	2,000	0
Interfund Loans Payable	0	0	0	0
Total Liabilities	243,540	237	3,308	0
Deferred Inflows of Resources:				
Unavailable Amounts	961,090	85,363	72,230	0
Property Tax Levy for Next Fiscal Year	874,307	833,001	995,738	0
Total Deferred Inflows of Resources	1,835,397	918,364	1,067,968	0
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	0	302,783	475,340	95,451
Assigned	86,329	0	0	0
Unassigned	7,827,774	0	0	0
Total Fund Balances	7,914,103	302,783	475,340	95,451
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,993,040	\$ 1,221,384	\$ 1,546,616	\$ 95,451

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

Historic Loveland TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,907	\$ 821,509	\$ 6,383,727
236,106	584,189	5,175,476
0	781	75,926
0	368,659	613,118
0	406	406
0	0	7,731
0	327,488	2,848,701
0	66,204	66,204
0	0	95,451
<u>\$ 241,013</u>	<u>\$ 2,169,236</u>	<u>\$ 15,266,740</u>
\$ 0	\$ 2,474	\$ 26,354
0	17,426	163,303
0	0	77,328
2,198,488	490,213	2,688,701
<u>2,198,488</u>	<u>510,113</u>	<u>2,955,686</u>
0	278,313	1,396,996
236,106	564,291	3,503,443
<u>236,106</u>	<u>842,604</u>	<u>4,900,439</u>
0	66,204	66,204
0	1,234,210	2,107,784
0	0	86,329
<u>(2,193,581)</u>	<u>(483,895)</u>	<u>5,150,298</u>
<u>(2,193,581)</u>	<u>816,519</u>	<u>7,410,615</u>
<u>\$ 241,013</u>	<u>\$ 2,169,236</u>	<u>\$ 15,266,740</u>

CITY OF LOVELAND, OHIO

***Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2017***

Total Governmental Fund Balances \$ 7,410,615

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

Capital Assets used in governmental activities are not
resources and therefore are not reported in the funds. 24,000,638

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds.

Property Taxes	115,731	
Income Taxes	805,867	
Special Assessments	7,731	
Intergovernmental Revenues	<u>467,667</u>	1,396,996

The net pension liability is not due and payable in the current period;
therefore, the liability and related deferred inflows/outflows are not
reported in governmental funds:

Deferred Outflows - Pension	1,196,910	
Deferred Inflows - Pension	(212,193)	
Net Pension Liability	<u>(5,074,349)</u>	(4,089,632)

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	(2,737,469)	
Special Obligation TIF Bonds Payable	(550,000)	
Deferred Loss on Debt Refunding	9,170	
Capital Leases	(1,207,050)	
Compensated Absences Payable	(311,466)	
Accrued Interest Payable	<u>(9,347)</u>	<u>(4,806,162)</u>

Net Position of Governmental Activities \$ 23,912,455

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, 2017**

	General Fund	Paramedic Fund	Fire and EMS Fund	Community Improvement Corporation Fund
Revenues:				
Property Taxes	\$ 859,241	\$ 857,141	\$ 1,036,658	\$ 0
Municipal Income Tax	4,446,776	0	0	0
Intergovernmental Revenue	330,710	113,053	93,331	0
Charges for Services	19,534	393,755	0	0
Licenses and Permits	360,249	0	0	0
Investment Earnings	0	0	0	0
Special Assessments	1,558	0	0	0
Fines and Forfeitures	77,990	0	0	0
All Other Revenue	163,556	0	0	83,000
Total Revenues	6,259,614	1,363,949	1,129,989	83,000
Expenditures:				
Current:				
Security of Persons and Property	2,529,374	1,270,488	1,011,593	0
Leisure Time Activities	541,706	0	0	0
Community Environment	213,703	0	0	0
Transportation	0	0	0	0
General Government	1,532,150	0	0	13,125
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	64,541	234,176
Interest & Fiscal Charges	0	0	41,827	2,195
Total Expenditures	4,816,933	1,270,488	1,117,961	249,496
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,442,681	93,461	12,028	(166,496)
Other Financing Sources (Uses):				
Sale of Capital Assets	21,170	0	0	540,000
Bond Issuance	0	0	0	0
Refunding Bonds Issued	0	0	0	0
Other Financing Sources - Capital Leases	0	0	204,027	0
Transfers In	11,089	0	0	0
Transfers Out	(461,865)	0	(176,024)	0
Total Other Financing Sources (Uses)	(429,606)	0	28,003	540,000
Net Change in Fund Balances	1,013,075	93,461	40,031	373,504
Fund Balances at Beginning of Year	6,901,028	209,322	435,309	(278,053)
Decrease in Inventory	0	0	0	0
Fund Balances End of Year	\$ 7,914,103	\$ 302,783	\$ 475,340	\$ 95,451

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

General Bond Retirement Fund	Historic Loveland TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 0	\$ 95,153	\$ 580,644	\$ 3,428,837
0	0	0	4,446,776
24,757	0	943,177	1,505,028
0	0	0	413,289
0	0	77,000	437,249
0	0	68,775	68,775
0	0	47,439	48,997
0	0	17,552	95,542
0	4,473	84,018	335,047
<u>24,757</u>	<u>99,626</u>	<u>1,818,605</u>	<u>10,779,540</u>
0	0	641,259	5,452,714
0	0	0	541,706
0	0	0	213,703
0	0	714,686	714,686
0	0	11,535	1,556,810
0	144,827	136,439	281,266
869,259	0	0	1,167,976
153,470	34,640	0	232,132
<u>1,022,729</u>	<u>179,467</u>	<u>1,503,919</u>	<u>10,160,993</u>
(997,972)	(79,841)	314,686	618,547
0	0	11,511	572,681
0	550,000	0	550,000
410,000	0	0	410,000
0	0	0	204,027
587,972	0	365,000	964,061
0	(173,059)	(94,752)	(905,700)
<u>997,972</u>	<u>376,941</u>	<u>281,759</u>	<u>1,795,069</u>
0	297,100	596,445	2,413,616
0	(2,490,681)	238,323	5,015,248
0	0	(18,249)	(18,249)
<u>\$ 0</u>	<u>\$ (2,193,581)</u>	<u>\$ 816,519</u>	<u>\$ 7,410,615</u>

CITY OF LOVELAND, OHIO

***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, 2017***

Net Change in Fund Balances - Total Governmental Funds		\$ 2,413,616
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay	1,090,110	
Depreciation Expense	(931,195)	158,915
The net effect of various miscellaneous transactions involving capital assets is to increase net position.		
Capital Asset Donations		31,800
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.		
		(595,247)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Increase in Property Tax Revenue	35,010	
Decrease in Income Tax Revenue	(61,124)	
Increase in Intergovernmental Revenue	6,280	
Decrease in Special Assessments Revenue	(43,068)	(62,902)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		360,119
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(700,371)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.		
General Obligation Refunding Bond Issuance	(410,000)	
Special Obligation TIF Bond Issuance	(550,000)	
Capital Lease Issuance	(204,027)	(1,164,027)
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	489,172	
Current Year Refunding of Bond Payable	370,000	
Deferred Loss on Bond Refunding	10,087	
Amortization of Deferred Loss on Bond Refunding	(6,438)	
Capital Lease Payment	64,541	
Installment Loan Principal Payment	234,176	1,161,538
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		1,198
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	(30,157)	
Change in Inventory	(18,249)	(48,406)
Change in Net Position of Governmental Activities		\$ 1,556,233
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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive Negative
Revenues:				
Property Taxes	\$ 854,973	\$ 859,942	\$ 859,942	\$ 0
Municipal Income Tax	4,000,000	4,000,000	4,370,395	370,395
Intergovernmental Revenue	307,207	308,990	332,335	23,345
Charges for Services	563,718	563,718	564,307	589
Licenses and Permits	260,000	260,000	359,681	99,681
Special Assessments	5,000	5,000	1,558	(3,442)
Fines and Forfeitures	85,000	85,000	80,569	(4,431)
All Other Revenues	88,055	88,055	161,811	73,756
Total Revenues	6,163,953	6,170,705	6,730,598	559,893
Expenditures:				
Current:				
Security of Persons and Property	2,855,194	2,855,194	2,571,389	283,805
Leisure Time Activities	602,550	602,550	561,370	41,180
Community Environment	258,584	258,584	215,328	43,256
General Government	2,006,052	2,016,052	1,940,214	75,838
Total Expenditures	5,722,380	5,732,380	5,288,301	444,079
Excess (Deficiency) of Revenues Over (Under) Expenditures	441,573	438,325	1,442,297	1,003,972
Other Financing Sources (Uses):				
Sale of Capital Assets	2,500	2,500	21,170	18,670
Transfers Out	(209,928)	(209,928)	(209,927)	1
Advances In	360,000	360,000	294,767	(65,233)
Advances Out	(248,488)	(285,488)	(285,488)	0
Total Other Financing Sources (Uses):	(95,916)	(132,916)	(179,478)	(46,562)
Net Change in Fund Balance	345,657	305,409	1,262,819	957,410
Fund Balance at Beginning of Year	2,118,885	2,118,885	2,118,885	0
Prior Year Encumbrances	43,796	43,796	43,796	0
Fund Balance at End of Year	\$ 2,508,338	\$ 2,468,090	\$ 3,425,500	\$ 957,410

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Paramedic Fund
For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 820,132	\$ 857,920	\$ 857,920	\$ 0
Intergovernmental Revenue	105,925	113,053	113,053	0
Charges for Services	<u>360,000</u>	<u>360,000</u>	<u>402,011</u>	<u>42,011</u>
Total Revenues	<u>1,286,057</u>	<u>1,330,973</u>	<u>1,372,984</u>	<u>42,011</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>1,443,264</u>	<u>1,443,264</u>	<u>1,276,483</u>	<u>166,781</u>
Total Expenditures	<u>1,443,264</u>	<u>1,443,264</u>	<u>1,276,483</u>	<u>166,781</u>
Net Change in Fund Balance	(157,207)	(112,291)	96,501	208,792
Fund Balance at Beginning of Year	<u>175,333</u>	<u>175,333</u>	<u>175,333</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,126</u>	<u>\$ 63,042</u>	<u>\$ 271,834</u>	<u>\$ 208,792</u>

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Fire and EMS Fund
For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 976,029	\$ 1,037,582	\$ 1,037,582	\$ 0
Intergovernmental Revenue	72,029	93,331	93,331	0
Total Revenues	<u>1,048,058</u>	<u>1,130,913</u>	<u>1,130,913</u>	<u>0</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>1,269,080</u>	<u>1,269,080</u>	<u>921,612</u>	<u>347,468</u>
Total Expenditures	<u>1,269,080</u>	<u>1,269,080</u>	<u>921,612</u>	<u>347,468</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(221,022)	(138,167)	209,301	347,468
Other Financing Sources (Uses):				
Transfers Out	<u>(176,025)</u>	<u>(176,025)</u>	<u>(176,024)</u>	<u>1</u>
Total Other Financing Sources (Uses):	<u>(176,025)</u>	<u>(176,025)</u>	<u>(176,024)</u>	<u>1</u>
Net Change in Fund Balance	(397,047)	(314,192)	33,277	347,469
Fund Balance at Beginning of Year	445,148	445,148	445,148	0
Prior Year Encumbrances	<u>223</u>	<u>223</u>	<u>223</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 48,324</u>	<u>\$ 131,179</u>	<u>\$ 478,648</u>	<u>\$ 347,469</u>

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Community Improvement Corporation Fund
For the Year Ended December 31, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current:				
General Government	10,274,772	274,772	249,732	25,040
Total Expenditures	10,274,772	274,772	249,732	25,040
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,274,772)	(274,772)	(249,732)	25,040
Other Financing Sources (Uses):				
Sale of Capital Assets	500,000	500,000	500,000	0
Bond Issuance	10,000,000	0	0	0
Advances Out	(280,000)	(215,000)	(214,767)	233
Total Other Financing Sources (Uses)	10,220,000	285,000	285,233	233
Net Change in Fund Balance	(54,772)	10,228	35,501	25,273
Fund Balance at Beginning of Year	59,950	59,950	59,950	0
Fund Balance at End of Year	\$ 5,178	\$ 70,178	\$ 95,451	\$ 25,273

See accompanying notes to the basic financial statements



**Statement of Net Position
Proprietary Funds
December 31, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
Assets:			
<i>Current Assets:</i>			
Pooled Cash and Investments	\$ 515,913	\$ 974,341	\$ 240,551
Receivables:			
Accounts	213,860	575,089	65,904
Interest	35	92	11
Total Current Assets	729,808	1,549,522	306,466
<i>Non Current Assets:</i>			
Capital Assets:			
Capital Assets Not Being Depreciated	860,537	59,490	0
Capital Assets Being Depreciated, Net	11,970,347	918,758	3,717,049
Total Assets	13,560,692	2,527,770	4,023,515
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	1,218	0	42,500
Pension:			
OPERS	190,549	30,408	32,213
Total Deferred Outflows of Resources	191,767	30,408	74,713
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	14,869	5,665	207
Accrued Wages and Benefits	20,167	0	11,834
Compensated Absences Payable - Current	12,807	0	6,795
Interfund Loans Payable	0	160,000	0
Accrued Interest Payable	10,732	0	1,778
General Obligation Bonds Payable - Current	155,000	0	95,000
OPWC Loans Payable - Current	248,781	0	57,296
Total Current Liabilities	462,356	165,665	172,910
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	16,711	0	0
General Obligation Bonds Payable	3,531,956	0	600,000
OPWC Loans Payable	2,600,349	0	942,626
Net Pension Liability	502,188	80,139	84,894
Total Long Term Liabilities	6,651,204	80,139	1,627,520
Total Liabilities	7,113,560	245,804	1,800,430
Deferred Inflows of Resources:			
Pension:			
OPERS	24,008	3,831	4,058
Total Deferred Inflows of Resources	24,008	3,831	4,058
Net Position:			
Net Investment in Capital Assets	6,296,016	978,248	2,064,627
Unrestricted	318,875	1,330,295	229,113
Total Net Position	\$ 6,614,891	\$ 2,308,543	\$ 2,293,740

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

<u>Sanitation</u>	<u>Total</u>
\$ 214,818	\$ 1,945,623
170,871	1,025,724
27	165
<u>385,716</u>	<u>2,971,512</u>
0	920,027
45,193	16,651,347
<u>430,909</u>	<u>20,542,886</u>
0	43,718
44,836	298,006
<u>44,836</u>	<u>341,724</u>
81,673	102,414
0	32,001
0	19,602
0	160,000
0	12,510
0	250,000
0	306,077
<u>81,673</u>	<u>882,604</u>
0	16,711
0	4,131,956
0	3,542,975
<u>118,166</u>	<u>785,387</u>
<u>118,166</u>	<u>8,477,029</u>
<u>199,839</u>	<u>9,359,633</u>
5,650	37,547
<u>5,650</u>	<u>37,547</u>
45,193	9,384,084
<u>225,063</u>	<u>2,103,346</u>
<u>\$ 270,256</u>	<u>\$ 11,487,430</u>

CITY OF LOVELAND, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
Operating Revenues:			
Charges for Services	\$ 1,661,514	\$ 3,930,122	\$ 441,817
Total Operating Revenues	<u>1,661,514</u>	<u>3,930,122</u>	<u>441,817</u>
Operating Expenses:			
Personal Services	473,179	79,877	81,104
Contractual Services	506,593	3,818,221	79,296
Materials and Supplies	83,158	20,505	9,571
Depreciation	451,208	51,006	143,802
Total Operating Expenses	<u>1,514,138</u>	<u>3,969,609</u>	<u>313,773</u>
Operating Income (Loss)	147,376	(39,487)	128,044
Nonoperating Revenues (Expenses):			
Intergovernmental Grants	0	0	0
Investment Earnings	684	1,766	188
Interest Expense	(121,527)	0	(28,135)
Other Nonoperating Revenue	13,899	2,102	1,954
Total Nonoperating Revenues (Expenses)	<u>(106,944)</u>	<u>3,868</u>	<u>(25,993)</u>
Income (Loss) Before Transfers and Contributions	40,432	(35,619)	102,051
Transfers and Contributions:			
Transfers Out	(11,468)	0	(41,159)
Capital Contributions	14,949	0	0
Total Transfers and Contributions	<u>3,481</u>	<u>0</u>	<u>(41,159)</u>
Change in Net Position	43,913	(35,619)	60,892
Net Position Beginning of Year	<u>6,570,978</u>	<u>2,344,162</u>	<u>2,232,848</u>
Net Position End of Year	<u>\$ 6,614,891</u>	<u>\$ 2,308,543</u>	<u>\$ 2,293,740</u>

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

<u>Sanitation</u>	<u>Total</u>
\$ 1,138,671	\$ 7,172,124
<u>1,138,671</u>	<u>7,172,124</u>
114,731	748,891
1,027,217	5,431,327
16,563	129,797
7,760	653,776
<u>1,166,271</u>	<u>6,963,791</u>
(27,600)	208,333
32,272	32,272
489	3,127
0	(149,662)
3,019	20,974
<u>35,780</u>	<u>(93,289)</u>
8,180	115,044
(5,734)	(58,361)
0	14,949
<u>(5,734)</u>	<u>(43,412)</u>
2,446	71,632
267,810	11,415,798
<u>\$ 270,256</u>	<u>\$ 11,487,430</u>

CITY OF LOVELAND, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$1,687,393	\$4,012,488	\$442,568
Cash Payments for Goods and Services	(600,311)	(4,737,064)	(89,672)
Cash Payments to Employees	(418,671)	(67,472)	(69,043)
Net Cash Provided (Used) by Operating Activities	668,411	(792,048)	283,853
<u>Cash Flows from Noncapital Financing Activities:</u>			
Intergovernmental Grants	0	0	0
Transfers Out to Other Funds	(11,468)	0	(41,159)
Advances Out to Other Funds	0	(80,000)	0
Net Cash Provided (Used) by Noncapital Financing Activities	(11,468)	(80,000)	(41,159)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(15,400)	0	(434,996)
OPWC Loan Issuance	0	0	409,716
OPWC Loan Retirement	(302,263)	0	(47,062)
Issuance of General Obligation Refunding Bonds	0	0	235,000
Principal Paid on General Obligation Bonds	(140,000)	0	(100,000)
Cash Paid to Debt Refunding Escrow Agent	0	0	(231,466)
Interest Paid on All Debt	(127,131)	0	(18,585)
Net Cash Used for Capital and Related Financing Activities	(584,794)	0	(187,393)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	676	1,674	187
Net Cash Provided by Investing Activities	676	1,674	187
Net Increase (Decrease) in Cash and Cash Equivalents	72,825	(870,374)	55,488
Cash and Cash Equivalents at Beginning of Year	443,088	1,844,715	185,063
Cash and Cash Equivalents at End of Year	\$515,913	\$974,341	\$240,551

CITY OF LOVELAND, OHIO

<u>Sanitation</u>	<u>Total</u>
\$1,140,822	\$7,283,271
(1,040,662)	(6,467,709)
<u>(98,967)</u>	<u>(654,153)</u>
1,193	161,409
<u>32,272</u>	<u>32,272</u>
(5,734)	(58,361)
<u>0</u>	<u>(80,000)</u>
<u>26,538</u>	<u>(106,089)</u>
0	(450,396)
0	409,716
0	(349,325)
0	235,000
0	(240,000)
0	(231,466)
<u>0</u>	<u>(145,716)</u>
<u>0</u>	<u>(772,187)</u>
<u>482</u>	<u>3,019</u>
<u>482</u>	<u>3,019</u>
28,213	(713,848)
<u>186,605</u>	<u>2,659,471</u>
<u>\$214,818</u>	<u>\$1,945,623</u>

(Continued)

CITY OF LOVELAND, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017**

	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)	\$147,376	(\$39,487)	\$128,044
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	451,208	51,006	143,802
Nonoperating Revenue	13,948	2,083	1,967
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
(Increase) Decrease in Accounts Receivable	11,931	80,283	(1,216)
Increase in Deferred Outflows of Resources	(34,840)	(6,493)	(5,722)
Increase (Decrease) in Accounts Payable	(10,037)	(898,338)	(805)
Decrease in Intergovernmental Payable	(523)	0	0
Increase in Accrued Wages and Benefits	5,835	0	3,275
Decrease in Compensated Absences	(19,002)	0	(2,364)
Increase in Net Pension Liability	86,538	16,300	14,180
Increase in Deferred Inflows of Resources	15,977	2,598	2,692
Total Adjustments	521,035	(752,561)	155,809
Net Cash Provided (Used) by Operating Activities	\$668,411	(\$792,048)	\$283,853

Schedule of Noncash Investing, Capital and Financing Activities:

During 2017 the Water Fund received capital contributions from Governmental Funds in the amount of \$14,949.

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

<u>Sanitation</u>	<u>Total</u>
(\$27,600)	\$208,333
7,760	653,776
2,991	20,989
(840)	90,158
(8,104)	(55,159)
3,118	(906,062)
0	(523)
0	9,110
0	(21,366)
20,113	137,131
3,755	25,022
<u>28,793</u>	<u>(46,924)</u>
<u>\$1,193</u>	<u>\$161,409</u>

CITY OF LOVELAND, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2017***

	<u>Agency</u>
Assets:	
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	\$ 9,793
Total Assets	<u>9,793</u>
Liabilities:	
Due to Others	<u>9,793</u>
Total Liabilities	<u>\$ 9,793</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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 Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units"* and GASB Statement No. 61, *"The Financial Reporting Entity; Omnibus"* 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 a five-member board comprised of two elected or appointed officials of the City to be appointed by the Mayor and confirmed by Council, and three residents, business owners, or property owners of the City to be appointed by the Mayor and confirmed by Council. Although it is legally separate from the City, the CIC is reported as if it were part of the primary government due to the City being the primary source of debt retirement funding for 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, 2017***

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.

Community Improvement Corporation - This fund is used 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. Funding comes from the sale of properties owned by the CIC and contributions from the City and private sources.

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, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

Fiduciary Funds

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

C. Basis of Presentation - Financial Statements

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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, 2017***

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 are recorded as deferred inflows of resources. Property taxes which are measurable at December 31, 2017 but which are not intended to finance 2017 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 5.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2017.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the personal services and non-personal services object level within each fund. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balance – 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, 2017**

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 Balance-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	Community Improvement Corporation Fund
GAAP Basis (as reported)	\$1,013,075	\$93,461	\$40,031	\$373,504
Increase (Decrease):				
Accrued Revenues at December 31, 2017 received during 2018	(832,707)	(28,080)	0	0
Accrued Revenues at December 31, 2016 received during 2017	758,918	37,115	924	0
Accrued Expenditures at December 31, 2017 paid during 2018	243,540	237	3,308	0
Accrued Expenditures at December 31, 2016 paid during 2017	(199,350)	(3,126)	(10,986)	(40,236)
Change in Interfund Balances	377,279	0	0	(297,767)
Outstanding Encumbrances	(83,516)	(3,106)	0	0
Perspective Difference:				
Activity of Funds Reclassified for GAAP Reporting Purposes	(14,420)	0	0	0
Budget Basis	\$1,262,819	\$96,501	\$33,277	\$35,501

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits 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, Cash Equivalents, and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and GASB Statement No. 72, "Fair Value Measurement and Application," the City records all its investments at fair value except for nonparticipating investment contracts which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 4 "Cash, Cash Equivalents, and Investments".

The City's investment in the State Treasury Asset Reserve of Ohio (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 and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

H. Inventory

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 their acquisition value as of 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 their acquisition value as of the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General/Special Obligation Bonds	General Bond Retirement Fund Water Fund, Stormwater Fund
Ohio Public Works Commission Loans	Water Fund, Stormwater Fund
Capital Leases	Fire and EMS Fund
Installment Loan	Community Improvement Corporation Fund
Compensated Absences	General Fund Street Maintenance Fund Water Fund Sewer Fund Sanitation Fund Stormwater Fund

K. Compensated Absences

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

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments. For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government-wide statement of net position, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Restricted Assets

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

M. Intergovernmental Revenues

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

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

N. Pensions

The provision for pension cost is recorded when the related payroll is accrued and the obligation is incurred. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

O. Interfund Activity

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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.

Q. Net Position

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 reports deferred outflows for the deferred charge on debt refunding and for deferred pension amounts. The deferred charge on debt refunding is reported in the government-wide statement of net position and proprietary funds 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. Deferred outflows of resources are reported for pension amounts on the government-wide and proprietary funds statement of net position. See Note 9.

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 delinquent 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. Deferred inflows of resources related to pension are reported on the government-wide and proprietary funds statement of net position. See Note 9.

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.

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 2017.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2017, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *“Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,”* Statement No. 74, *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,”* Statement No. 80, *“Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14,”* Statement No. 81, *“Irrevocable Split-Interest Agreements,”* and Statement No. 82, *“Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.”*

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions.

GASB Statement No. 74 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments.

GASB Statement No. 81 addresses irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68.

These changes were incorporated in the City’s 2017 financial statements; however, there was no effect on beginning net position/fund balance.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 3 – FUND BALANCE

A. Classification

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

Fund Balances	General Fund	Paramedic Fund	Fire and EMS Fund	Community		Nonmajor Governmental Funds	Total Governmental Funds
				Improvement Corporation Fund	Historic Loveland TIF Fund		
Nonspendable:							
Supplies Inventory	\$0	\$0	\$0	\$0	\$0	\$66,204	\$66,204
Total Nonspendable	0	0	0	0	0	66,204	66,204
Restricted:							
Fire and EMS Services	0	302,783	475,340	0	0	164,271	942,394
Street Maintenance	0	0	0	0	0	416,510	416,510
Law Enforcement	0	0	0	0	0	15,983	15,983
Court Computer Improvements	0	0	0	0	0	13,904	13,904
Community Environment	0	0	0	95,451	0	0	95,451
Lighting District Improvements	0	0	0	0	0	42,746	42,746
Debt Retirement	0	0	0	0	0	55,000	55,000
Capital Improvements	0	0	0	0	0	525,796	525,796
Total Restricted	0	302,783	475,340	95,451	0	1,234,210	2,107,784
Assigned:							
Appropriated Fund Balance	25,150	0	0	0	0	0	25,150
Materials and Supplies	61,179	0	0	0	0	0	61,179
Total Assigned	86,329	0	0	0	0	0	86,329
Unassigned (Deficits):	7,827,774	0	0	0	(2,193,581)	(483,895)	5,150,298
Total Fund Balances	<u>\$7,914,103</u>	<u>\$302,783</u>	<u>\$475,340</u>	<u>\$95,451</u>	<u>(\$2,193,581)</u>	<u>\$816,519</u>	<u>\$7,410,615</u>

B. Stabilization Arrangements

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

At December 31, 2017, emergency reserve balances for the General Fund, Fire and EMS Fund, and Stormwater Fund were \$968,441, \$140,966, and \$46,794, respectively. The General, Fire and EMS, and Stormwater Fund reserves are reported in the General Fund.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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, 2017**

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the City's deposits was \$2,353,921 and the bank balance was \$2,411,096. Federal depository insurance covered \$1,770,495 of the bank balance and \$640,601 was exposed to custodial risk and was collateralized with securities held in the Ohio Pooled Collateral System.

B. Investments

The City's investments at December 31, 2017 were as follows:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years)		
				less than 1	1-3	3-5
STAR Ohio ⁴	3,723,023	AAAm ¹	NA	\$3,723,023	\$0	\$0
Money Market Fund ⁴	1,776	AAAm ¹	NA	1,776	0	0
Marketable CD's	1,751,573	AAA ³	Level 2	0	732,074	1,019,499
FNMA	604,301	AA+ ¹ /Aaa ²	Level 2	604,301	0	0
Total Investments	<u>\$6,080,673</u>			<u>\$4,329,100</u>	<u>\$732,074</u>	<u>\$1,019,499</u>

¹ Standard & Poor's

² Moody's Investor Service

³ All are fully FDIC insured and therefore have an implied AAA credit rating

⁴ Reported at amortized cost

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (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 that may be invested in one issuer. Of the City’s total investments, 10% are in Federal Securities, 29% are invested in negotiable certificates of deposit, and the remaining 61% is in STAR Ohio.

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

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2017 were levied after October 1, 2016 on assessed values as of January 1, 2016, 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 2014 for Clermont County, 2012 for Warren County, and 2017 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.

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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 5 – TAXES (Continued)

A. Property Taxes (Continued)

The assessed values upon which the 2017 property tax receipts were based were as follows:

	County		
	Hamilton	Clermont	Warren
Real Property:			
Residential/Agricultural	\$214,886,130	\$65,651,870	\$35,137,200
Personal Property:			
Public Utility Personal Property	5,729,510	1,295,370	294,250
Total Assessed Value	<u>\$220,615,640</u>	<u>\$66,947,240</u>	<u>\$35,431,450</u>
Tax Rate/Assessed Value	\$12.10/\$1,000	\$11.65/\$1,000	\$11.82/\$1,000

Tax Abatements

In 1989, the City of Loveland via Resolution 1989-62 and in conjunction with sections 3735.75 through 3735.70 of the Ohio Revised Code, established a Community Reinvestment Area (CRA) tax incentive program. The City’s CRA program is a competitive tax incentive program which based on the adoption date the program is classified as a “pre-1994” program. “Pre-1994” programs allow for the most attractive terms. Businesses may receive 100% abatement on real property tax improvements for up to 15 years. The following determines if a project will get the full abatement value:

1. The business may receive one year of tax abatement for each \$250,000 invested in the building, up to a five year maximum.
2. The business may receive one year of tax abatement for each ten (10) new employees to be employed in the building, up to a five year maximum.
3. The business may receive one year of tax abatement for each \$200,000 of new payroll in the new building, up to a five year maximum.

If an abatement lasts four (4) or more years, the City requires that the business make a payment-in-lieu-of-taxes to the Loveland City School District equal to 15% of the value of the tax abatement. Thus, in the fourth and subsequent years, the actual value of the abatement is 85% of the real estate taxes that would have been paid on the value of the improvements.

Below is information relevant to the disclosure of these programs for the year ending December 31, 2017.

Tax Abatement Program	Total Amount of Taxes Abated For the year 2017
<i>Community Reinvestment Area (CRA)</i>	
Manufacturing/Industrial	\$2,514
	<u>\$2,514</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 5 – TAXES (Continued)

B. Income Tax

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

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. For 2017, all income tax proceeds were recorded in the General Fund.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2017 consisted of property and income taxes, accounts receivable, special assessments, interest, and intergovernmental receivables arising from shared revenues.

NOTE 7 – TRANSFERS AND INTERFUND ACTIVITY

A. Transfers

Following is a summary of transfers in and out for all funds for 2017:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$11,089	\$461,865
Fire and EMS Fund	0	176,024
General Bond Retirement Fund	587,972	0
Historic Loveland TIF Fund	0	173,059
Nonmajor Governmental Funds	365,000	94,752
Total Governmental Funds	964,061	905,700
Enterprise Funds:		
Water Fund	0	11,468
Stormwater Fund	0	41,159
Sanitation Fund	0	5,734
Total Enterprise Funds	0	58,361
Totals	\$964,061	\$964,061

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. The General Fund, Fire and EMS Fund, Historic Loveland TIF Fund, Nonmajor Governmental Funds, and Enterprise Funds provided transfers to the Debt Service Fund during the year to retire a portion of debt paid by Governmental Activities. In addition, \$285,000 of advances made in prior years from the General Fund to the Street Maintenance Fund were reclassified to transfers in 2017.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 7 – TRANSFERS AND INTERFUND ACTIVITY (Continued)

B. Interfund Activity

Interfund balances at December 31, 2017 consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
Governmental Funds:		
General Fund	\$2,521,213	\$0
Historic Loveland TIF Fund	0	2,198,488
Nonmajor Governmental Funds	<u>327,488</u>	<u>490,213</u>
Total Governmental Funds	<u>2,848,701</u>	<u>2,688,701</u>
Enterprise Fund:		
Sewer Fund	<u>0</u>	<u>160,000</u>
Totals	<u><u>\$2,848,701</u></u>	<u><u>\$2,848,701</u></u>

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2017:

Historical Cost:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Capital assets not being depreciated:				
Land	\$6,803,060	\$0	(\$525,000)	\$6,278,060
Construction in Progress	45,567	39,841	0	85,408
Subtotal	6,848,627	39,841	(525,000)	6,363,468
Capital assets being depreciated:				
Buildings	8,149,101	144,133	0	8,293,234
Improvements Other than Buildings	1,641,674	0	0	1,641,674
Machinery and Equipment	4,249,521	445,205	(460,311)	4,234,415
Infrastructure	20,660,313	492,731	0	21,153,044
Total Cost	<u>\$41,549,236</u>	<u>\$1,121,910</u>	<u>(\$985,311)</u>	<u>\$41,685,835</u>
Accumulated Depreciation:				
Class	December 31, 2016	Additions	Deletions	December 31, 2017
Buildings	(\$2,609,243)	(\$169,884)	\$0	(\$2,779,127)
Improvements Other than Buildings	(721,057)	(37,418)	0	(758,475)
Machinery and Equipment	(2,537,565)	(365,990)	390,064	(2,513,491)
Infrastructure	(11,276,201)	(357,903)	0	(11,634,104)
Total Depreciation	<u>(\$17,144,066)</u>	<u>(\$931,195) *</u>	<u>\$390,064</u>	<u>(\$17,685,197)</u>
Net Value:	<u>\$24,405,170</u>			<u>\$24,000,638</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$350,367
Leisure Time Activities	100,502
Transportation	413,577
General Government	66,749
Total Depreciation Expense	<u>\$931,195</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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, 2017:

Historical Cost:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
<i>Capital assets not being depreciated:</i>				
Land	\$920,027	\$0	\$0	\$920,027
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	5,494,012	0	0	5,494,012
Utility Structures in Service	21,293,975	465,345	0	21,759,320
Machinery and Equipment	755,548	0	0	755,548
Total Cost	\$28,463,562	\$465,345	\$0	\$28,928,907

Accumulated Depreciation:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Buildings and Improvements	(\$1,882,294)	(\$187,081)	\$0	(\$2,069,375)
Utility Structures in Service	(8,383,252)	(419,533)	0	(8,802,785)
Machinery and Equipment	(438,211)	(47,162)	0	(485,373)
Total Depreciation	(\$10,703,757)	(\$653,776)	\$0	(\$11,357,533)

Net Value:

	\$17,759,805			\$17,571,374
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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 9 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees other than full-time police participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	<u>1.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$169,524 for 2017.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>
2017 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee:	
January 1, 2017 through December 31, 2017	12.25 %
2017 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	<u>0.50</u>
Total Employer	<u>19.50 %</u>
Employee:	
January 1, 2017 through December 31, 2017	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$246,002 for 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,402,977	\$3,456,759	\$5,859,736
Proportion of the Net Pension Liability-2017	0.010582%	0.054576%	
Proportion of the Net Pension Liability-2016	<u>0.011766%</u>	<u>0.057384%</u>	
Percentage Change	<u>(0.001184%)</u>	<u>(0.002808%)</u>	
Pension Expense	\$461,652	\$401,120	\$862,772

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$357,858	\$336,155	\$694,013
Changes in assumptions	381,142	0	381,142
Differences between expected and actual experience	3,257	978	4,235
City contributions subsequent to the measurement date	169,524	246,002	415,526
Total Deferred Outflows of Resources	<u>\$911,781</u>	<u>\$583,135</u>	<u>\$1,494,916</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$14,303	\$7,959	\$22,262
Change in proportionate share	100,575	126,903	227,478
Total Deferred Inflows of Resources	<u>\$114,878</u>	<u>\$134,862</u>	<u>\$249,740</u>

\$415,526 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2018	\$252,045	\$102,682	\$354,727
2019	262,743	102,682	365,425
2020	123,083	72,220	195,303
2021	(10,492)	(47,793)	(58,285)
2022	0	(25,052)	(25,052)
2023	0	(2,468)	(2,468)
Total	<u>\$627,379</u>	<u>\$202,271</u>	<u>\$829,650</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

In 2016, the OPERS’ actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$3,671,087	\$2,402,977	\$1,346,235

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation Date	January 1, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2016 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected *	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Real Assets	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

* levered 2x

OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$4,603,994	\$3,456,759	\$2,484,463

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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 trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 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. Please see the Plan Statement in the OPERS 2016 CAFR for details.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible benefit recipients. 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/financial/reports.shtml#CAFR>, 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 may be 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 2017, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2017 was 4.0%.

The City's contributions for health care to the OPERS for the years ending December 31, 2017, 2016, and 2015 were \$14,477, \$30,275 and \$32,441, respectively, which were equal to the required contributions for each year.

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. That report is also available on OP&F’s website at www.op-f.org.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of employer contributions allocated to health care was 0.5% of covered payroll for police officers. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2017, 2016, and 2015 were \$6,474, \$6,519 and \$6,478, which were equal to the required contributions for each year.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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.

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. The amount increased from a beginning of year balance of \$281,309 to a year-end balance of \$311,466.

At December 31, 2017 the total accumulated unpaid time recorded in the Governmental Activities was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	9,593	\$166,737
Vacation/Compensatory	<u>4,237</u>	<u>144,729</u>
Total	<u><u>13,830</u></u>	<u><u>\$311,466</u></u>

Compensated absences attributable to the Enterprise Funds of \$36,313 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, 2017**

NOTE 12 - NOTES PAYABLE

Note Payable activity of the City for the year ended December 31, 2017, was as follows:

	Issue Date	Balance January 1, 2017	Issued	(Retired)	Balance December 31, 2017
Capital Projects Notes Payable:					
3.50% Recreation Land Acquisition	02/09/16	\$550,000	\$0	(\$550,000)	\$0
Total Capital Project Notes Payable		<u>\$550,000</u>	<u>\$0</u>	<u>(\$550,000)</u>	<u>\$0</u>

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

NOTE 13 - LONG-TERM OBLIGATIONS

Long-term obligations of the City at December 31, 2017 were as follows:

		Balance December 31, 2016	Issued	(Retired)	Balance December 31, 2017	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
2005 Various Purpose Refunding Bonds	4.25%	\$195,000	\$0	(\$195,000)	\$0	\$0
2007 Land Acquisition Bonds	4.13%	435,000	0	(400,000)	35,000	35,000
2017 Land Acquisition Refunding Bonds	1-2.625%	0	410,000	(5,000)	405,000	10,000
2007 P.W. Buildings	4.13%	55,000	0	(55,000)	0	0
2011 HVAC	2-4.6%	250,000	0	(15,000)	235,000	15,000
2011 Parking and Municipal Real Estate	2-4.6%	1,130,000	0	(55,000)	1,075,000	60,000
2012 Various Purpose Refunding Bonds	1-2.5%	440,000	0	(70,000)	370,000	70,000
2013 Ambulance	1-1.5%	115,000	0	(35,000)	80,000	45,000
2016 Training Tower	3.59%	566,641	0	(29,172)	537,469	30,219
Total General Obligation Bonds		<u>3,186,641</u>	<u>410,000</u>	<u>(859,172)</u>	<u>2,737,469</u>	<u>265,219</u>
Special Obligation TIF Bonds:						
2017 Downtown Revitalization	3.75%	0	550,000	0	550,000	0
Installment Loan:						
2014 Land Purchase	3.25%	234,176	0	(234,176)	0	0
Capital Leases		1,067,564	204,027	(64,541)	1,207,050	96,044
Net Pension Liability:						
Ohio Public Employees Retirement System		1,389,799	227,791	0	1,617,590	0
Ohio Police and Fire Pension Fund		<u>3,691,570</u>	<u>0</u>	<u>(234,811)</u>	<u>3,456,759</u>	<u>0</u>
Total Net Pension Liability		<u>5,081,369</u>	<u>227,791</u>	<u>(234,811)</u>	<u>5,074,349</u>	<u>0</u>
Compensated Absences		281,309	146,194	(116,037)	311,466	144,729
Total Governmental Activities		<u>\$9,851,059</u>	<u>\$1,538,012</u>	<u>(\$1,508,737)</u>	<u>\$9,880,334</u>	<u>\$505,992</u>

CITY OF LOVELAND, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Long-term obligations of the City at December 31, 2017 were as follows:

		Balance December 31, 2016	Issued	(Retired)	Balance December 31, 2017	Amount Due Within One Year
Business-Type Activities:						
General Obligation Bonds:						
2005 Stormwater System	4.48%	\$75,000	\$0	(\$75,000)	\$0	\$0
2007 Stormwater System	4.25%	185,000	0	(185,000)	0	0
2017 Stormwater Refunding Bonds	1-2.625%	0	235,000	(5,000)	230,000	30,000
2009 Water Refunding Bonds	1.00%	285,000	0	(135,000)	150,000	150,000
2012 Stormwater System Refunding	1-2.50%	475,000	0	(65,000)	410,000	65,000
2012 Stormwater System Refunding	1-2.75%	55,000	0	0	55,000	0
2013 Water Tower Bond	1-4.00%	3,475,000	0	(5,000)	3,470,000	5,000
Bond Premium		72,027	0	(5,071)	66,956	0
Total General Obligation Bonds		<u>4,622,027</u>	<u>235,000</u>	<u>(475,071)</u>	<u>4,381,956</u>	<u>250,000</u>
Ohio Public Works Commission Loans:						
1995 Lever Water Tower	3.00%	40,151	0	(40,151)	0	0
1996 Maderia Road Waterline	0.00%	14,078	0	(14,078)	0	0
1999 State Route 48 North	3.00%	77,928	0	(25,206)	52,722	25,968
2002 West Loveland Waterline	0.00%	90,000	0	(15,000)	75,000	16,667
2003 West Loveland Avenue Storm Drainage	0.00%	125,023	0	(16,673)	108,350	16,667
2004 Elyson Extension	0.00%	202,602	0	(23,840)	178,762	23,831
2005 Walker Extension	0.00%	172,193	0	(19,132)	153,061	19,133
2007 Downtown Water Line	0.00%	267,851	0	(24,352)	243,499	24,348
2008 Broadway and Hanna	0.00%	115,454	0	(9,622)	105,832	9,620
2011 Waterline Replacement	0.00%	362,390	0	(23,380)	339,010	23,380
2011 Bellwood Storm Drainage	0.00%	226,491	0	(14,614)	211,877	14,611
2012 Wall Street Waterline	0.00%	348,443	0	(24,033)	324,410	24,028
2012 Park Center Waterline	0.00%	275,774	0	(16,712)	259,062	16,715
2012 Fallis Road Waterline	0.00%	428,934	0	(26,809)	402,125	26,808
2013 Twightwee Waterline	0.00%	204,743	0	(11,699)	193,044	11,700
2013 Stonybrook Storm Drainage	0.00%	251,640	0	(13,980)	237,660	13,980
2015 Union-Cemetery Waterline	0.00%	550,852	0	(28,249)	522,603	28,250
2015 Fifth Street Reconstruction	0.00%	34,114	0	(1,795)	32,319	1,795
2017 Loveland Madeira Storm Sewer	0.00%	0	409,716	0	409,716	10,243
Total Ohio Public Works Commission Loans		<u>3,788,661</u>	<u>409,716</u>	<u>(349,325)</u>	<u>3,849,052</u>	<u>306,077</u>
Net Pension Liability:						
Ohio Public Employees Retirement System		648,256	137,131	0	785,387	0
Compensated Absences		<u>57,679</u>	<u>19,179</u>	<u>(40,545)</u>	<u>36,313</u>	<u>19,602</u>
Total Business-Type Activities		<u>\$9,116,623</u>	<u>\$801,026</u>	<u>(\$864,941)</u>	<u>\$9,052,708</u>	<u>\$575,679</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2017, follows:

Years	Governmental Activities			
	General Obligation Bonds		Special Obligation Bonds	
	Principal	Interest	Principal	Interest
2018	\$265,219	\$104,283	\$0	\$20,625
2019	256,304	85,440	0	20,625
2020	222,427	79,064	0	20,625
2021	233,592	73,028	0	20,625
2022	239,798	67,436	0	20,625
2023-2027	888,648	237,094	550,000	82,500
2028-2031	631,481	69,266	0	0
Totals	<u>\$2,737,469</u>	<u>\$715,611</u>	<u>\$550,000</u>	<u>\$185,625</u>

Years	Business-Type Activities			
	General Obligation Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest
2018	\$250,000	\$140,625	\$306,077	\$1,389
2019	235,000	129,057	317,116	601
2020	240,000	125,045	290,362	0
2021	245,000	120,148	290,358	0
2022	255,000	113,498	290,359	0
2023-2027	1,015,000	482,003	1,220,620	0
2028-2032	935,000	340,876	863,368	0
2033-2037	1,140,000	140,200	260,549	0
2038	0	0	10,243	0
Totals	<u>\$4,315,000</u>	<u>\$1,591,452</u>	<u>\$3,849,052</u>	<u>\$1,990</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

B. Defeasance of General Obligation Debt

In June 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 \$825,000 at December 31, 2017, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advanced refunding.

In February 2017 the City issued \$645,000 of Various Purpose Refunding General Obligation Bonds to defease \$170,000 of General Obligation Bonds for Stormwater System Improvements dated March 1, 2007, \$60,000 of General Obligation Bonds for Stormwater Improvements dated June 1, 2005 and \$370,000 of Various Purpose General Obligation Bonds for land acquisition dated March 1, 2007. The net proceeds of the 2017 Bonds have been used to currently refund the 2005 and 2007 Bonds. The City reduced its aggregate debt service payments over the life of the refunded bonds by \$25,572 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$23,542.

NOTE 14 - CAPITAL LEASE COMMITMENTS

The City leases two fire engines and related equipment. The cost of the leased assets and the related liability are accounted for in the Governmental Activities capital assets and long-term debt accounts. The original cost of the assets under capital lease is \$1,395,558.

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, 2017:

<u>Year Ending December 31,</u>	<u>Governmental Capital Leases</u>
2018	\$138,864
2019	138,864
2020	138,864
2021	138,864
2022	138,864
2023-2027	596,832
2028-2029	<u>212,736</u>
Minimum Lease Payments	1,503,888
Less: Amount representing interest at the City's incremental borrowing rate of interest	<u>(296,838)</u>
Present value of minimum lease payments	<u><u>\$1,207,050</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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.

Medical coverage is offered to employees through a self-funded insurance plan. The plan is offered to local governments state-wide through the Jefferson Health Plan (JHP) in Steubenville, Ohio and administered by United Healthcare of Ohio. The City makes payments to the Risk Management Agency based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). Effective August 2015, the JHP modified its bylaws, which eliminated the liability for claims-run out. In addition, withdrawing members waive all claims and rights to any reserve or surplus balance held by the benefits pool.

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 through the Public Entities Pool (PEP) of Ohio. 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.

NOTE 16 - COMPLIANCE AND ACCOUNTABILITY

The fund deficits of \$2,193,581 in the Historic Loveland TIF Fund and \$483,895 in the Recreation Land TIF Fund (capital projects funds) arose from the recognition of interfund loans payable in the individual fund balance sheet.

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.

CITY OF LOVELAND, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 18 – SIGNIFICANT COMMITMENTS

At December 31, 2017 the City had encumbrance commitments in the Governmental Funds as follows:

<u>Fund</u>	<u>Encumbrances</u>
General Fund	\$83,516
Paramedic Fund	3,106
Other Governmental Funds	<u>70,875</u>
Total Governmental Funds	<u><u>\$157,497</u></u>

The City had the following contractual commitments at December 31, 2017:

<u>Project</u>	<u>Remaining Contractual Commitment</u>	<u>Expected Date of Completion</u>
State Route 48 Guardrail Project	\$35,475	July 2018
Wayfinding Signage Project	29,682	June 2018
Karl Brown Sidewalk and Storm Drainage Improvements	<u>20,000</u>	June 2018
	<u><u>\$85,157</u></u>	

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REQUIRED SUPPLEMENTAL INFORMATION

CITY OF LOVELAND, OHIO

***Schedule of the City's Proportionate Share of the Net Pension Liability
Last Four Years***

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
City's proportion of the net pension liability (asset)	0.011898%	0.011898%	0.011766%	0.010582%
City's proportionate share of the net pension liability (asset)	\$1,402,619	\$1,435,031	\$2,038,055	\$2,402,977
City's covered payroll	\$1,604,000	\$1,554,658	\$1,462,883	\$1,370,233
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	87.45%	92.31%	139.32%	175.37%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
City's proportion of the net pension liability (asset)	0.058369%	0.058369%	0.057384%	0.054576%
City's proportionate share of the net pension liability (asset)	\$2,842,739	\$3,023,743	\$3,691,570	\$3,456,759
City's covered payroll	\$1,341,209	\$1,281,795	\$1,295,679	\$1,303,800
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	211.95%	235.90%	284.91%	265.13%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2014 is not available. The schedule is reported as of the measurement date of the Net Pension Liability, which is the prior year end.

CITY OF LOVELAND, OHIO

***Schedule of City Contributions
Last Five Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$208,520	\$186,559	\$175,546	\$164,428	\$169,524
Contributions in relation to the contractually required contribution	<u>208,520</u>	<u>186,559</u>	<u>175,546</u>	<u>164,428</u>	<u>169,524</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$1,604,000	\$1,554,658	\$1,462,883	\$1,370,233	\$1,304,031
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%	13.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$212,984	\$243,541	\$246,179	\$247,722	\$246,002
Contributions in relation to the contractually required contribution	<u>212,984</u>	<u>243,541</u>	<u>246,179</u>	<u>247,722</u>	<u>246,002</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$1,341,209	\$1,281,795	\$1,295,679	\$1,303,800	\$1,294,747
Contributions as a percentage of covered payroll	15.88%	19.00%	19.00%	19.00%	19.00%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2013 is not available.

***Notes to the Required Supplemental Information
For the Year Ended December 31, 2017***

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

There were no recent significant changes of benefit terms, investment policies, the size or composition of the population covered by the benefit terms impacting the actuarial valuation study for the year ended December 31, 2016.

In 2016, a five-year experience study was completed on the period January 1, 2011 through December 31, 2015. The Board adopted changes to both the demographic and economic assumptions as a result of the study. The most notable change in demographic assumptions is an increased life expectancy of the members and the most notable change in economic assumptions is the reduction in the actuarially assumed rate of return from 8.00% down to 7.50% for the defined benefit investments. The new assumptions are included in the 2016 actuarial valuation.

In 2016, OPERS, in conjunction with the Board's investment consultants, also completed an asset liability study. Periodically, the System engages in a more comprehensive study that examines the nature of the pension liabilities the plan will ultimately pay and the characteristics of the asset allocation projections and the associated level of risk. As a result of this study, OPERS modified the asset allocation slightly, but not substantively.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

There have been no plan amendments adopted or changes in assumptions since the latest actuarial valuation, as of January 1, 2016, with actuarial liability rolled forward to December 31, 2016. The assumed investment rate of return and the discount rate is 8.25 percent.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Sick Leave Reserve/Escrow Fund

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

Street Maintenance Fund

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

Enforcement and Education Fund

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

Permissive Motor Vehicle License Tax Fund

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

Fire Protection Fund

To account for the activities provided by the City's fire protection service funded by property taxes.

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.

Mayors Court Computer Fund

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

Lighting District Fund

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

Debt Service Funds

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

Debt Retirement Sinking Fund

To account for the accumulation of resources for retirement of the special obligation tax increment financing bonds.

Capital Projects Funds

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

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.

Training Tower Building Fund

To account for debt proceeds used to construct a fire training tower for the Loveland-Symmes Fire Department.

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, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Pooled Cash and Investments	\$ 562,289	\$ 55,000	\$ 204,220	\$ 821,509
Receivables:				
Taxes	584,189	0	0	584,189
Accounts	781	0	0	781
Intergovernmental	368,659	0	0	368,659
Interest	0	0	406	406
Interfund Loans Receivable	0	0	327,488	327,488
Inventory of Supplies, at Cost	66,204	0	0	66,204
Total Assets	\$ 1,582,122	\$ 55,000	\$ 532,114	\$ 2,169,236
Liabilities:				
Accounts Payable	\$ 2,474	\$ 0	\$ 0	\$ 2,474
Accrued Wages and Benefits Payable	17,426	0	0	17,426
Interfund Loans Payable	0	0	490,213	490,213
Total Liabilities	19,900	0	490,213	510,113
Deferred Inflows of Resources:				
Unavailable Amounts	278,313	0	0	278,313
Property Tax Levy for Next Fiscal Year	564,291	0	0	564,291
Total Deferred Inflows of Resources	842,604	0	0	842,604
Fund Balances:				
Nonspendable	66,204	0	0	66,204
Restricted	653,414	55,000	525,796	1,234,210
Unassigned	0	0	(483,895)	(483,895)
Total Fund Balances	719,618	55,000	41,901	816,519
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,582,122	\$ 55,000	\$ 532,114	\$ 2,169,236

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$ 580,644	\$ 0	\$ 0	\$ 580,644
Intergovernmental Revenue	883,913	0	59,264	943,177
Licenses and Permits	77,000	0	0	77,000
Investment Earnings	0	0	68,775	68,775
Special Assessments	17,444	0	29,995	47,439
Fines and Forfeitures	17,552	0	0	17,552
All Other Revenue	39,956	0	44,062	84,018
Total Revenues	<u>1,616,509</u>	<u>0</u>	<u>202,096</u>	<u>1,818,605</u>
Expenditures:				
Current:				
Security of Persons and Property	641,259	0	0	641,259
Transportation	714,686	0	0	714,686
General Government	11,535	0	0	11,535
Capital Outlay	0	0	136,439	136,439
Total Expenditures	<u>1,367,480</u>	<u>0</u>	<u>136,439</u>	<u>1,503,919</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	249,029	0	65,657	314,686
Other Financing Sources (Uses):				
Sale of Capital Assets	11,511	0	0	11,511
Transfers In	310,000	55,000	0	365,000
Transfers Out	(50,624)	0	(44,128)	(94,752)
Total Other Financing Sources (Uses)	<u>270,887</u>	<u>55,000</u>	<u>(44,128)</u>	<u>281,759</u>
Net Change in Fund Balances	519,916	55,000	21,529	596,445
Fund Balances at Beginning of Year	217,951	0	20,372	238,323
Decrease in Inventory	(18,249)	0	0	(18,249)
Fund Balances End of Year	<u>\$ 719,618</u>	<u>\$ 55,000</u>	<u>\$ 41,901</u>	<u>\$ 816,519</u>

CITY OF LOVELAND, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017**

	Street Maintenance Fund	Enforcement and Education Fund	Permissive Motor Vehicle License Tax Fund	Fire Protection Fund
Assets:				
Pooled Cash and Investments	\$ 176,984	\$ 15,983	\$ 100,175	\$ 165,048
Receivables:				
Taxes	0	0	0	584,189
Accounts	96	0	0	0
Intergovernmental	236,654	0	76,263	37,929
Inventory of Supplies, at Cost	66,204	0	0	0
Total Assets	\$ 479,938	\$ 15,983	\$ 176,438	\$ 787,166
Liabilities:				
Accounts Payable	\$ 1,697	\$ 0	\$ 0	\$ 777
Accrued Wages and Benefits Payable	17,426	0	0	0
Total Liabilities	19,123	0	0	777
Deferred Inflows of Resources:				
Unavailable Amounts	157,769	0	50,842	57,827
Property Tax Levy for Next Fiscal Year	0	0	0	564,291
Total Deferred Inflows of Resources	157,769	0	50,842	622,118
Fund Balances:				
Nonspendable	66,204	0	0	0
Restricted	236,842	15,983	125,596	164,271
Total Fund Balances	303,046	15,983	125,596	164,271
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 479,938	\$ 15,983	\$ 176,438	\$ 787,166

CITY OF LOVELAND, OHIO

State Highway Fund	Mayors Court Computer Fund	Lighting District Fund	Total Nonmajor Special Revenue Funds
\$ 48,134	\$ 13,219	\$ 42,746	\$ 562,289
0	0	0	584,189
0	685	0	781
17,813	0	0	368,659
0	0	0	66,204
<u>\$ 65,947</u>	<u>\$ 13,904</u>	<u>\$ 42,746</u>	<u>\$ 1,582,122</u>
\$ 0	\$ 0	\$ 0	\$ 2,474
0	0	0	17,426
0	0	0	19,900
11,875	0	0	278,313
0	0	0	564,291
<u>11,875</u>	<u>0</u>	<u>0</u>	<u>842,604</u>
0	0	0	66,204
54,072	13,904	42,746	653,414
<u>54,072</u>	<u>13,904</u>	<u>42,746</u>	<u>719,618</u>
<u>\$ 65,947</u>	<u>\$ 13,904</u>	<u>\$ 42,746</u>	<u>\$ 1,582,122</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017**

	Street Maintenance Fund	Enforcement and Education Fund	Permissive Motor Vehicle License Tax Fund	Fire Protection Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 580,644
Intergovernmental Revenue	486,516	0	284,193	76,584
Licenses and Permits	0	0	77,000	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	8,975	0	0
All Other Revenue	7,816	0	0	32,140
Total Revenues	<u>494,332</u>	<u>8,975</u>	<u>361,193</u>	<u>689,368</u>
Expenditures:				
Current:				
Security of Persons and Property	0	1,372	0	639,887
Transportation	403,311	0	301,539	0
General Government	0	0	0	0
Total Expenditures	<u>403,311</u>	<u>1,372</u>	<u>301,539</u>	<u>639,887</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	91,021	7,603	59,654	49,481
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	11,511
Transfers In	310,000	0	0	0
Transfers Out	(50,624)	0	0	0
Total Other Financing Sources (Uses)	<u>259,376</u>	<u>0</u>	<u>0</u>	<u>11,511</u>
Net Change in Fund Balances	350,397	7,603	59,654	60,992
Fund Balances at Beginning of Year	(29,102)	8,380	65,942	103,279
Decrease in Inventory	(18,249)	0	0	0
Fund Balances End of Year	<u>\$ 303,046</u>	<u>\$ 15,983</u>	<u>\$ 125,596</u>	<u>\$ 164,271</u>

CITY OF LOVELAND, OHIO

State Highway Fund	Mayors Court Computer Fund	Lighting District Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 580,644
36,620	0	0	883,913
0	0	0	77,000
0	0	17,444	17,444
0	8,577	0	17,552
0	0	0	39,956
<u>36,620</u>	<u>8,577</u>	<u>17,444</u>	<u>1,616,509</u>
0	0	0	641,259
9,836	0	0	714,686
0	252	11,283	11,535
<u>9,836</u>	<u>252</u>	<u>11,283</u>	<u>1,367,480</u>
26,784	8,325	6,161	249,029
0	0	0	11,511
0	0	0	310,000
0	0	0	(50,624)
<u>0</u>	<u>0</u>	<u>0</u>	<u>270,887</u>
26,784	8,325	6,161	519,916
27,288	5,579	36,585	217,951
0	0	0	(18,249)
<u>\$ 54,072</u>	<u>\$ 13,904</u>	<u>\$ 42,746</u>	<u>\$ 719,618</u>

CITY OF LOVELAND, OHIO

***Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2017***

	Recreation Land TIF Fund	Training Tower Building Fund	Special Projects Fund	Total Nonmajor Capital Projects Funds
Assets:				
Pooled Cash and Investments	\$ 6,318	\$ 354	\$ 197,548	\$ 204,220
Receivables:				
Interest	0	0	406	406
Interfund Loans Receivable	0	0	327,488	327,488
Total Assets	\$ 6,318	\$ 354	\$ 525,442	\$ 532,114
Liabilities:				
Interfund Loans Payable	\$ 490,213	\$ 0	\$ 0	\$ 490,213
Total Liabilities	490,213	0	0	490,213
Fund Balances:				
Restricted	0	354	525,442	525,796
Unassigned	(483,895)	0	0	(483,895)
Total Fund Balances	(483,895)	354	525,442	41,901
Total Liabilities and Fund Balances	\$ 6,318	\$ 354	\$ 525,442	\$ 532,114

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017**

	Recreation Land TIF Fund	Training Tower Building Fund	Special Projects Fund	Total Nonmajor Capital Project Funds
Revenues:				
Intergovernmental Revenue	\$ 0	\$ 0	\$ 59,264	\$ 59,264
Investment Earnings	0	0	68,775	68,775
Special Assessments	0	0	29,995	29,995
All Other Revenue	0	0	44,062	44,062
Total Revenues	<u>0</u>	<u>0</u>	<u>202,096</u>	<u>202,096</u>
Expenditures:				
Capital Outlay	0	0	136,439	136,439
Total Expenditures	<u>0</u>	<u>0</u>	<u>136,439</u>	<u>136,439</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	65,657	65,657
Other Financing Sources (Uses):				
Transfers Out	(44,128)	0	0	(44,128)
Total Other Financing Sources (Uses)	<u>(44,128)</u>	<u>0</u>	<u>0</u>	<u>(44,128)</u>
Net Change in Fund Balances	(44,128)	0	65,657	21,529
Fund Balances at Beginning of Year	<u>(439,767)</u>	<u>354</u>	<u>459,785</u>	<u>20,372</u>
Fund Balances End of Year	<u>\$ (483,895)</u>	<u>\$ 354</u>	<u>\$ 525,442</u>	<u>\$ 41,901</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, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 854,973	\$ 859,942	\$ 859,942	\$ 0
Municipal Income Tax	4,000,000	4,000,000	4,370,395	370,395
Intergovernmental Revenue	307,207	308,990	332,335	23,345
Charges for Services	563,718	563,718	564,307	589
Licenses and Permits	260,000	260,000	359,681	99,681
Special Assessments	5,000	5,000	1,558	(3,442)
Fines and Forfeitures	85,000	85,000	80,569	(4,431)
All Other Revenue	88,055	88,055	161,811	73,756
Total Revenues	6,163,953	6,170,705	6,730,598	559,893
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,236,475	2,236,475	2,001,189	235,286
Other Expenditures	618,719	618,719	570,200	48,519
Total Security of Persons and Property	2,855,194	2,855,194	2,571,389	283,805
Leisure Time Activities:				
Parks and Recreation:				
Personal Services	294,961	294,961	268,427	26,534
Other Expenditures	307,589	307,589	292,943	14,646
Total Leisure Time Activities	602,550	602,550	561,370	41,180
Community Environment:				
Building and Zoning:				
Personal Services	171,689	171,689	144,336	27,353
Other Expenditures	86,895	86,895	70,992	15,903
Total Community Environment	258,584	258,584	215,328	43,256

(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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
General Government:				
City Council:				
Personal Services	64,439	64,439	63,615	824
Other Expenditures	15,875	15,875	15,734	141
Total City Council	80,314	80,314	79,349	965
City Manager:				
Personal Services	235,062	235,062	235,006	56
Total City Manager	235,062	235,062	235,006	56
Mayor's Court:				
Personal Services	86,589	86,589	84,406	2,183
Other Expenditures	36,235	36,235	20,807	15,428
Total Mayor's Court	122,824	122,824	105,213	17,611
Administration:				
Personal Services	2,400	2,400	2,400	0
Other Expenditures	41,375	41,375	27,357	14,018
Total Administration	43,775	43,775	29,757	14,018
Finance and Income Tax:				
Personal Services	324,833	324,833	311,518	13,315
Other Expenditures	13,211	13,211	7,089	6,122
Total Finance and Income Tax	338,044	338,044	318,607	19,437
Solicitor:				
Other Expenditures	90,400	100,400	94,866	5,534
Total Solicitor	90,400	100,400	94,866	5,534
General Operations:				
Other Expenditures	1,074,565	1,074,565	1,057,688	16,877
Total General Operations	1,074,565	1,074,565	1,057,688	16,877

(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, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Engineer:				
Personal Services	17,818	17,818	17,566	252
Other Expenditures	3,250	3,250	2,162	1,088
Total Engineer	21,068	21,068	19,728	1,340
Total General Government	2,006,052	2,016,052	1,940,214	75,838
Total Expenditures	5,722,380	5,732,380	5,288,301	444,079
Excess (Deficiency) of Revenues Over (Under) Expenditures	441,573	438,325	1,442,297	1,003,972
Other Financing Sources (Uses):				
Sale of Capital Assets	2,500	2,500	21,170	18,670
Transfers Out	(209,928)	(209,928)	(209,927)	1
Advances In	360,000	360,000	294,767	(65,233)
Advances Out	(248,488)	(285,488)	(285,488)	0
Total Other Financing Sources (Uses)	(95,916)	(132,916)	(179,478)	(46,562)
Net Change in Fund Balance	345,657	305,409	1,262,819	957,410
Fund Balance at Beginning of Year	2,118,885	2,118,885	2,118,885	0
Prior Year Encumbrances	43,796	43,796	43,796	0
Fund Balance at End of Year	\$ 2,508,338	\$ 2,468,090	\$ 3,425,500	\$ 957,410

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 – Paramedic Fund
For the Year Ended December 31, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property Taxes	\$ 820,132	\$ 857,920	\$ 857,920	\$ 0
Intergovernmental Revenue	105,925	113,053	113,053	0
Charges for Services	360,000	360,000	402,011	42,011
Total Revenues	<u>1,286,057</u>	<u>1,330,973</u>	<u>1,372,984</u>	<u>42,011</u>
Expenditures:				
Security of Persons and Property:				
Other Expenditures	<u>1,443,264</u>	<u>1,443,264</u>	<u>1,276,483</u>	<u>166,781</u>
Total Expenditures	<u>1,443,264</u>	<u>1,443,264</u>	<u>1,276,483</u>	<u>166,781</u>
Net Change in Fund Balance	(157,207)	(112,291)	96,501	208,792
Fund Balance at Beginning of Year	<u>175,333</u>	<u>175,333</u>	<u>175,333</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,126</u>	<u>\$ 63,042</u>	<u>\$ 271,834</u>	<u>\$ 208,792</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 – Fire and EMS Fund
For the Year Ended December 31, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 976,029	\$ 1,037,582	\$ 1,037,582	\$ 0
Intergovernmental Revenue	72,029	93,331	93,331	0
Total Revenues	<u>1,048,058</u>	<u>1,130,913</u>	<u>1,130,913</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Other Expenditures	1,269,080	1,269,080	921,612	347,468
Total Expenditures	<u>1,269,080</u>	<u>1,269,080</u>	<u>921,612</u>	<u>347,468</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(221,022)	(138,167)	209,301	347,468
Other Financing Sources (Uses):				
Transfers Out	(176,025)	(176,025)	(176,024)	1
Total Other Financing Sources (Uses)	<u>(176,025)</u>	<u>(176,025)</u>	<u>(176,024)</u>	<u>1</u>
Net Change in Fund Balance	(397,047)	(314,192)	33,277	347,469
Fund Balance at Beginning of Year	445,148	445,148	445,148	0
Prior Year Encumbrances	223	223	223	0
Fund Balance at End of Year	<u>\$ 48,324</u>	<u>\$ 131,179</u>	<u>\$ 478,648</u>	<u>\$ 347,469</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 –Community Improvement Corporation Fund
For the Year Ended December 31, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Other Expenditures	10,038,401	38,401	13,361	25,040
Debt Service:				
Principal Retirement	234,176	234,176	234,176	0
Interest and Fiscal Charges	2,195	2,195	2,195	0
Total Expenditures	<u>10,274,772</u>	<u>274,772</u>	<u>249,732</u>	<u>25,040</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,274,772)	(274,772)	(249,732)	25,040
Other Financing Sources (Uses):				
Sale of Capital Assets	500,000	500,000	500,000	0
Bond Issuance	10,000,000	0	0	0
Advances Out	(280,000)	(215,000)	(214,767)	233
Total Other Financing Sources (Uses)	<u>10,220,000</u>	<u>285,000</u>	<u>285,233</u>	<u>233</u>
Net Change in Fund Balance	(54,772)	10,228	35,501	25,273
Fund Balance at Beginning of Year	<u>59,950</u>	<u>59,950</u>	<u>59,950</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,178</u>	<u>\$ 70,178</u>	<u>\$ 95,451</u>	<u>\$ 25,273</u>

CITY OF LOVELAND, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund – General Bond Retirement Fund
For the Year Ended December 31, 2017***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenue	\$ 24,757	\$ 24,757	\$ 0
Total Revenues	<u>24,757</u>	<u>24,757</u>	<u>0</u>
Expenditures:			
Debt Service:			
Principal Retirement	823,859	823,859	0
Interest and Fiscal Charges	<u>143,652</u>	<u>143,652</u>	<u>0</u>
Total Expenditures	<u>967,511</u>	<u>967,511</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(942,754)	(942,754)	0
Other Financing Sources (Uses):			
Refunding Bonds Issued	402,054	402,054	0
Transfers In	<u>543,738</u>	<u>540,700</u>	<u>(3,038)</u>
Total Other Financing Sources (Uses)	<u>945,792</u>	<u>942,754</u>	<u>(3,038)</u>
Net Change in Fund Balance	3,038	0	(3,038)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,038</u>	<u>\$ 0</u>	<u>\$ (3,038)</u>

CITY OF LOVELAND, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund – Historic Loveland TIF Fund
For the Year Ended December 31, 2017***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 95,000	\$ 95,153	\$ 153
All Other Revenues	0	4,473	4,473
Total Revenues	<u>95,000</u>	<u>99,626</u>	<u>4,626</u>
Expenditures:			
Capital Outlay:			
Other Expenditures	144,827	144,827	0
Debt Service:			
Principal Retirement	569,474	569,197	277
Interest and Fiscal Charges	32,372	32,372	0
Total Expenditures	<u>746,673</u>	<u>746,396</u>	<u>277</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(651,673)	(646,770)	4,903
Other Financing Sources (Uses):			
Bond Issuance	550,000	550,000	0
Transfers Out	(173,060)	(173,059)	1
Advances In	237,000	237,000	0
Total Other Financing Sources (Uses)	<u>613,940</u>	<u>613,941</u>	<u>1</u>
Net Change in Fund Balance	(37,733)	(32,829)	4,904
Fund Balance at Beginning of Year	33,236	33,236	0
Prior Year Encumbrances	4,500	4,500	0
Fund Balance at End of Year	<u>\$ 3</u>	<u>\$ 4,907</u>	<u>\$ 4,904</u>

CITY OF LOVELAND, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
General Government:			
Personal Services	40,889	0	40,889
Other Expenditures	<u>1,263,664</u>	<u>29,731</u>	<u>1,233,933</u>
Total Expenditures	<u>1,304,553</u>	<u>29,731</u>	<u>1,274,822</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,304,553)	(29,731)	1,274,822
Other Financing Sources (Uses):			
Transfers In	<u>44,151</u>	<u>44,151</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>44,151</u>	<u>44,151</u>	<u>0</u>
Net Change in Fund Balance	(1,260,402)	14,420	1,274,822
Fund Balance at Beginning of Year	<u>1,280,287</u>	<u>1,280,287</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 19,885</u>	<u>\$ 1,294,707</u>	<u>\$ 1,274,822</u>

CITY OF LOVELAND, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenue	\$ 460,000	\$ 485,630	\$ 25,630
All Other Revenues	6,044	7,844	1,800
Total Revenues	466,044	493,474	27,430
Expenditures:			
Transportation:			
Personal Services	324,701	302,165	22,536
Other Expenditures	191,171	104,107	87,064
Total Expenditures	515,872	406,272	109,600
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,828)	87,202	137,030
Other Financing Sources (Uses):			
Transfers In	25,000	25,000	0
Transfers Out	(50,624)	(50,624)	0
Total Other Financing Sources (Uses)	(25,624)	(25,624)	0
Net Change in Fund Balance	(75,452)	61,578	137,030
Fund Balance at Beginning of Year	106,616	106,616	0
Prior Year Encumbrances	5,964	5,964	0
Fund Balance at End of Year	\$ 37,128	\$ 174,158	\$ 137,030

CITY OF LOVELAND, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 500	\$ 9,000	\$ 8,500
Total Revenues	<u>500</u>	<u>9,000</u>	<u>8,500</u>
Expenditures:			
Security of Persons and Property:			
Other Expenditures	<u>8,854</u>	<u>1,372</u>	<u>7,482</u>
Total Expenditures	<u>8,854</u>	<u>1,372</u>	<u>7,482</u>
 Net Change in Fund Balance	(8,354)	7,628	15,982
 Fund Balance at Beginning of Year	<u>8,355</u>	<u>8,355</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 15,983</u>	<u>\$ 15,982</u>

CITY OF LOVELAND, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenue	\$ 261,590	\$ 284,412	\$ 22,822
Licenses and Permits	<u>20,000</u>	<u>77,000</u>	<u>57,000</u>
Total Revenues	<u>281,590</u>	<u>361,412</u>	<u>79,822</u>
Expenditures:			
Transportation:			
Other Expenditures	<u>312,910</u>	<u>301,539</u>	<u>11,371</u>
Total Expenditures	<u>312,910</u>	<u>301,539</u>	<u>11,371</u>
Net Change in Fund Balance	(31,320)	59,873	91,193
Fund Balance at Beginning of Year	39,374	39,374	0
Prior Year Encumbrances	<u>928</u>	<u>928</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,982</u>	<u>\$ 100,175</u>	<u>\$ 91,193</u>

CITY OF LOVELAND, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 581,172	\$ 581,172	\$ 0
Intergovernmental Revenue	76,584	76,584	0
All Other Revenues	32,100	32,140	40
Total Revenues	<u>689,856</u>	<u>689,896</u>	<u>40</u>
Expenditures:			
Security of Persons and Property:			
Other Expenditures	<u>740,924</u>	<u>641,592</u>	<u>99,332</u>
Total Expenditures	<u>740,924</u>	<u>641,592</u>	<u>99,332</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,068)	48,304	99,372
Other Financing Sources (Uses):			
Sale of Capital Assets	<u>11,500</u>	<u>11,511</u>	<u>11</u>
Total Other Financing Sources (Uses)	<u>11,500</u>	<u>11,511</u>	<u>11</u>
Net Change in Fund Balance	(39,568)	59,815	99,383
Fund Balance at Beginning of Year	103,531	103,531	0
Prior Year Encumbrances	<u>76</u>	<u>76</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 64,039</u>	<u>\$ 163,422</u>	<u>\$ 99,383</u>

CITY OF LOVELAND, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenue	\$ 34,500	\$ 36,553	\$ 2,053
Total Revenues	<u>34,500</u>	<u>36,553</u>	<u>2,053</u>
Expenditures:			
Transportation:			
Other Expenditures	<u>55,239</u>	<u>10,298</u>	<u>44,941</u>
Total Expenditures	<u>55,239</u>	<u>10,298</u>	<u>44,941</u>
Net Change in Fund Balance	(20,739)	26,255	46,994
Fund Balance at Beginning of Year	<u>21,417</u>	<u>21,417</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 678</u>	<u>\$ 47,672</u>	<u>\$ 46,994</u>

CITY OF LOVELAND, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 8,900	\$ 8,872	\$ (28)
Total Revenues	<u>8,900</u>	<u>8,872</u>	<u>(28)</u>
Expenditures:			
General Government:			
Other Expenditures	<u>12,539</u>	<u>252</u>	<u>12,287</u>
Total Expenditures	<u>12,539</u>	<u>252</u>	<u>12,287</u>
Net Change in Fund Balance	(3,639)	8,620	12,259
Fund Balance at Beginning of Year	<u>4,599</u>	<u>4,599</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 960</u>	<u>\$ 13,219</u>	<u>\$ 12,259</u>

CITY OF LOVELAND, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 18,000	\$ 17,444	\$ (556)
Total Revenues	<u>18,000</u>	<u>17,444</u>	<u>(556)</u>
Expenditures:			
General Government:			
Other Expenditures	<u>50,317</u>	<u>12,526</u>	<u>37,791</u>
Total Expenditures	<u>50,317</u>	<u>12,526</u>	<u>37,791</u>
 Net Change in Fund Balance	 (32,317)	 4,918	 37,235
 Fund Balance at Beginning of Year	 <u>37,828</u>	 <u>37,828</u>	 <u>0</u>
Fund Balance at End of Year	<u>\$ 5,511</u>	<u>\$ 42,746</u>	<u>\$ 37,235</u>

CITY OF LOVELAND, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2017***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses):			
Transfers In	<u>55,000</u>	<u>55,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>55,000</u>	<u>0</u>
Net Change in Fund Balance	55,000	55,000	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 0</u>

CITY OF LOVELAND, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
General Government:			
Other Expenditures	<u> 1,957</u>	<u> 0</u>	<u> 1,957</u>
Total Expenditures	<u> 1,957</u>	<u> 0</u>	<u> 1,957</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,957)	0	1,957
Other Financing Sources (Uses):			
Transfers Out	(48,488)	(44,128)	4,360
Advances In	<u> 48,488</u>	<u> 48,488</u>	<u> 0</u>
Total Other Financing Sources (Uses)	<u> 0</u>	<u> 4,360</u>	<u> 4,360</u>
Net Change in Fund Balance	(1,957)	4,360	6,317
Fund Balance at Beginning of Year	<u> 1,958</u>	<u> 1,958</u>	<u> 0</u>
Fund Balance at End of Year	<u><u>\$ 1</u></u>	<u><u>\$ 6,318</u></u>	<u><u>\$ 6,317</u></u>

CITY OF LOVELAND, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Capital Outlay:			
Other Expenditures	<u> 18,749</u>	<u> 18,395</u>	<u> 354</u>
Total Expenditures	<u> 18,749</u>	<u> 18,395</u>	<u> 354</u>
Net Change in Fund Balance	(18,749)	(18,395)	354
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	<u> 18,749</u>	<u> 18,749</u>	<u> 0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 354</u>	<u>\$ 354</u>

CITY OF LOVELAND, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SPECIAL PROJECTS FUND			
Revenues:			
Intergovernmental Revenue	\$ 60,000	\$ 59,264	\$ (736)
Investment Earnings	40,000	77,150	37,150
Special Assessments	28,500	29,995	1,495
All Other Revenues	43,362	44,062	700
Total Revenues	<u>171,862</u>	<u>210,471</u>	<u>38,609</u>
Expenditures:			
Capital Outlay:			
Other Expenditures	<u>249,463</u>	<u>206,862</u>	<u>42,601</u>
Total Expenditures	<u>249,463</u>	<u>206,862</u>	<u>42,601</u>
Net Change in Fund Balance	(77,601)	3,609	81,210
Fund Balance at Beginning of Year	88,020	88,020	0
Prior Year Encumbrances	66,445	66,445	0
Fund Balance at End of Year	<u>\$ 76,864</u>	<u>\$ 158,074</u>	<u>\$ 81,210</u>

Fiduciary Funds

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

Mayor's Court Fund

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

CITY OF LOVELAND, OHIO

***Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2017***

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
<u>Mayor's Court Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$14,708	\$112,749	(\$117,664)	\$9,793
Total Assets	\$14,708	\$112,749	(\$117,664)	\$9,793
Liabilities:				
Due to Others	\$14,708	\$112,749	(\$117,664)	\$9,793
Total Liabilities	\$14,708	\$112,749	(\$117,664)	\$9,793



STATISTICAL SECTION



STATISTICAL TABLES

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

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

City of Loveland, Ohio

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:				
Net Investment in Capital Assets	\$13,937,128	\$13,217,802	\$13,337,321	\$13,154,734
Restricted	3,305,252	3,906,402	4,083,734	3,572,372
Unrestricted	851,135	1,935,108	2,127,266	2,645,239
Total Governmental Activities Net Position	<u>\$18,093,515</u>	<u>\$19,059,312</u>	<u>\$19,548,321</u>	<u>\$19,372,345</u>
Business-type Activities:				
Net Investment in Capital Assets	\$12,231,619	\$12,778,863	\$12,477,954	\$12,112,597
Restricted	0	0	0	0
Unrestricted	2,621,728	1,808,016	1,403,373	1,819,854
Total Business-type Activities Net Position	<u>\$14,853,347</u>	<u>\$14,586,879</u>	<u>\$13,881,327</u>	<u>\$13,932,451</u>
Primary Government:				
Net Investment in Capital Assets	\$26,168,747	\$25,996,665	\$25,815,275	\$25,267,331
Restricted	3,305,252	3,906,402	4,083,734	3,572,372
Unrestricted	3,472,863	3,743,124	3,530,639	4,465,093
Total Primary Government Net Position	<u>\$32,946,862</u>	<u>\$33,646,191</u>	<u>\$33,429,648</u>	<u>\$33,304,796</u>

*Restated

Source: Finance Director's Office

City of Loveland, Ohio

*	*	*			
2012	2013	2014	2015	2016	2017
\$15,270,813	\$16,042,573	\$19,348,404	\$18,469,680	\$19,372,310	\$19,515,289
3,250,298	2,679,663	1,466,093	1,662,026	1,741,174	2,582,085
3,173,831	4,640,392	(216,362)	918,195	1,242,738	1,815,081
<u>\$21,694,942</u>	<u>\$23,362,628</u>	<u>\$20,598,135</u>	<u>\$21,049,901</u>	<u>\$22,356,222</u>	<u>\$23,912,455</u>
\$9,655,406	\$9,836,758	\$9,343,559	\$9,452,972	\$9,402,549	\$9,384,084
0	0	0	0	0	0
1,738,906	2,177,421	2,024,449	1,808,310	2,013,249	2,103,346
<u>\$11,394,312</u>	<u>\$12,014,179</u>	<u>\$11,368,008</u>	<u>\$11,261,282</u>	<u>\$11,415,798</u>	<u>\$11,487,430</u>
\$24,926,219	\$25,879,331	\$28,691,963	\$27,922,652	\$28,774,859	\$28,899,373
3,250,298	2,679,663	1,466,093	1,662,026	1,741,174	2,582,085
4,912,737	6,817,813	1,808,087	2,726,505	3,255,987	3,918,427
<u>\$33,089,254</u>	<u>\$35,376,807</u>	<u>\$31,966,143</u>	<u>\$32,311,183</u>	<u>\$33,772,020</u>	<u>\$35,399,885</u>

City of Loveland, Ohio

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

	2008	2009	2010	2011
Expenses				
Governmental Activities:				
Security of Persons and Property	\$5,343,477	\$5,029,548	\$5,337,088	\$5,110,699
Leisure Time Activities	517,700	535,168	944,693	509,744
Community Environment	203,022	209,411	236,337	221,506
Transportation	1,035,895	1,104,950	1,334,262	1,019,091
General Government	2,801,985	2,345,473	2,062,417	2,068,656
Interest and Fiscal Charges	240,374	191,634	192,228	344,242
<i>Total Governmental Activities Expenses</i>	<u>10,142,453</u>	<u>9,416,184</u>	<u>10,107,025</u>	<u>9,273,938</u>
Business-type Activities:				
Water	1,422,913	1,539,006	1,546,890	1,483,481
Sewer	2,764,222	2,488,670	3,065,893	3,002,905
Stormwater	557,324	506,995	444,412	479,090
Sanitation	1,089,836	1,129,758	1,187,767	982,682
<i>Total Business-type Activities Expenses</i>	<u>5,834,295</u>	<u>5,664,429</u>	<u>6,244,962</u>	<u>5,948,158</u>
<i>Total Primary Government Expenses</i>	<u>\$15,976,748</u>	<u>\$15,080,613</u>	<u>\$16,351,987</u>	<u>\$15,222,096</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$180,356	\$192,611	\$198,239	\$189,146
Leisure Time Activities	20,000	0	0	0
Community Environment	92,605	57,371	81,992	135,082
Transportation	18,000	5,250	13,692	13,748
General Government	21,180	15,180	57,206	70,734
Operating Grants and Contributions	671,422	864,967	573,445	663,752
Capital Grants and Contributions	835,491	286,503	948,474	29,910
<i>Total Governmental Activities Program Revenues</i>	<u>1,839,054</u>	<u>1,421,882</u>	<u>1,873,048</u>	<u>1,102,372</u>

City of Loveland, Ohio

2012	2013	2014	2015	2016	2017
\$4,837,756	\$4,774,133	\$4,788,410	\$5,453,273	\$5,618,023	\$5,633,283
523,757	459,669	557,894	499,115	547,141	571,890
172,262	184,344	189,090	230,338	225,430	231,565
905,724	925,791	1,089,455	1,152,321	875,995	890,979
1,954,219	1,625,043	2,218,449	2,329,335	1,769,444	1,670,528
391,273	172,961	163,308	227,739	214,338	237,372
<u>8,784,991</u>	<u>8,141,941</u>	<u>9,006,606</u>	<u>9,892,121</u>	<u>9,250,371</u>	<u>9,235,617</u>
2,008,015	1,371,256	2,002,504	2,076,354	1,629,209	1,635,665
3,297,500	3,474,707	3,675,503	3,839,457	3,931,317	3,969,609
422,135	370,944	436,323	354,508	316,694	341,908
1,043,202	1,099,467	1,091,547	1,064,171	1,160,450	1,166,271
<u>6,770,852</u>	<u>6,316,374</u>	<u>7,205,877</u>	<u>7,334,490</u>	<u>7,037,670</u>	<u>7,113,453</u>
<u>\$15,555,843</u>	<u>\$14,458,315</u>	<u>\$16,212,483</u>	<u>\$17,226,611</u>	<u>\$16,288,041</u>	<u>\$16,349,070</u>
\$192,509	\$181,463	\$182,785	\$485,461	\$509,839	\$489,297
26,505	29,500	40,500	30,270	26,000	77,000
178,239	158,425	165,852	137,929	139,613	150,818
26,505	29,500	40,500	30,270	26,000	77,000
71,170	65,042	92,168	110,989	95,394	6,461
710,800	679,478	676,950	827,199	765,072	717,431
0	104,150	836,473	446,948	281,482	260,860
<u>1,205,728</u>	<u>1,247,558</u>	<u>2,035,228</u>	<u>2,069,066</u>	<u>1,843,400</u>	<u>1,778,867</u>

(continued)

City of Loveland, Ohio

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

	2008	2009	2010	2011
Business-type Activities:				
Charges for Services				
Water	1,266,286	1,386,316	1,433,636	1,534,373
Sewer	2,329,042	2,349,649	2,882,618	3,259,099
Stormwater	388,463	359,229	402,697	437,022
Sanitation	1,209,719	948,542	1,078,338	1,098,143
Operating Grants and Contributions	32,983	539,008	32,822	47,017
Capital Grants and Contributions	116,009	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>5,342,502</u>	<u>5,582,744</u>	<u>5,830,111</u>	<u>6,375,654</u>
<i>Total Primary Government Program Revenues</i>	<u>7,181,556</u>	<u>7,004,626</u>	<u>7,703,159</u>	<u>7,478,026</u>
Net (Expense)/Revenue				
Governmental Activities	(8,303,399)	(7,994,302)	(8,233,977)	(8,171,566)
Business-type Activities	(491,793)	(81,685)	(414,851)	427,496
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$8,795,192)</u>	<u>(\$8,075,987)</u>	<u>(\$8,648,828)</u>	<u>(\$7,744,070)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes	\$3,072,053	\$3,205,528	\$3,348,829	\$2,787,525
Municipal Income Taxes	2,824,928	3,102,429	3,575,815	3,363,631
Other Local Taxes	131,863	138,338	142,245	181,457
Intergovernmental, Unrestricted	1,086,197	1,367,957	867,124	860,409
Investment Earnings	159,585	166,647	60,479	75,345
Miscellaneous	460,112	794,417	437,793	350,851
Transfers	338,337	184,783	290,701	376,372
<i>Total Governmental Activities</i>	<u>8,073,075</u>	<u>8,960,099</u>	<u>8,722,986</u>	<u>7,995,590</u>
Business-type Activities:				
Investment Earnings	0	0	0	0
Transfers	(338,337)	(184,783)	(290,701)	(376,372)
<i>Total Business-type Activities</i>	<u>(338,337)</u>	<u>(184,783)</u>	<u>(290,701)</u>	<u>(376,372)</u>
<i>Total Primary Government</i>	<u>\$7,734,738</u>	<u>\$8,775,316</u>	<u>\$8,432,285</u>	<u>\$7,619,218</u>
Change in Net Position				
Governmental Activities	(\$230,324)	\$965,797	\$489,009	(\$175,976)
Business-type Activities	(830,130)	(266,468)	(705,552)	51,124
<i>Total Primary Government Change in Net Position</i>	<u>(\$1,060,454)</u>	<u>\$699,329</u>	<u>(\$216,543)</u>	<u>(\$124,852)</u>

Source: Finance Director's Office

City of Loveland, Ohio

2012	2013	2014	2015	2016	2017
1,619,459	1,584,915	1,589,706	1,679,873	1,669,782	1,675,413
3,280,557	3,747,355	3,763,128	3,990,202	3,983,094	3,932,224
446,027	444,496	432,907	437,155	431,533	443,771
1,053,516	1,095,765	1,093,114	1,138,687	1,124,066	1,141,690
42,044	36,918	37,475	32,489	34,026	32,272
0	0	51,350	1,299	0	0
6,441,603	6,909,449	6,967,680	7,279,705	7,242,501	7,225,370
7,647,331	8,157,007	9,002,908	9,348,771	9,085,901	9,004,237
(7,579,263)	(6,894,383)	(6,971,378)	(7,823,055)	(7,406,971)	(7,456,750)
(329,249)	593,075	(238,197)	(54,785)	204,831	111,917
(\$7,908,512)	(\$6,301,308)	(\$7,209,575)	(\$7,877,840)	(\$7,202,140)	(\$7,344,833)
\$2,834,027	\$2,879,782	\$2,872,211	\$3,224,922	\$3,273,696	\$3,463,847
3,566,706	3,598,230	3,634,505	4,067,529	4,381,413	4,385,652
152,759	161,261	156,184	151,224	155,423	151,433
874,364	793,951	596,562	603,570	561,963	564,817
32,693	37,912	36,690	31,671	35,133	68,775
232,421	435,555	318,017	143,964	254,762	335,047
215,616	(26,792)	47,340	51,941	50,902	43,412
7,908,586	7,879,899	7,661,509	8,274,821	8,713,292	9,012,983
0	0	0	0	587	3,127
(215,616)	26,792	(47,340)	(51,941)	(50,902)	(43,412)
(215,616)	26,792	(47,340)	(51,941)	(50,315)	(40,285)
\$7,692,970	\$7,906,691	\$7,614,169	\$8,222,880	\$8,662,977	\$8,972,698
\$329,323	\$985,516	\$690,131	\$451,766	\$1,306,321	\$1,556,233
(544,865)	619,867	(285,537)	(106,726)	154,516	71,632
(\$215,542)	\$1,605,383	\$404,594	\$345,040	\$1,460,837	\$1,627,865

City of Loveland, Ohio

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

	2008	2009	2010	2011
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	16,986
Unassigned	0	0	0	2,863,996
Reserved	250	24,505	54,291	0
Unreserved	(168,501)	2,001,983	2,563,780	0
<i>Total General Fund</i>	<u>(168,251)</u>	<u>2,026,488</u>	<u>2,618,071</u>	<u>2,880,982</u>
All Other Governmental Funds				
Nonspendable	\$0	\$0	\$0	\$2,600,937
Restricted	0	0	0	937,726
Unassigned	0	0	0	(938,059)
Reserved	75,330	114,103	134,303	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,301,279	696,367	691,493	0
Debt Service Funds	0	0	0	0
Capital Projects Funds	556,079	854,876	576,303	0
<i>Total All Other Governmental Funds</i>	<u>2,932,688</u>	<u>1,665,346</u>	<u>1,402,099</u>	<u>2,600,604</u>
<i>Total Governmental Funds</i>	<u><u>\$2,764,437</u></u>	<u><u>\$3,691,834</u></u>	<u><u>\$4,020,170</u></u>	<u><u>\$5,481,586</u></u>

*Restated

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, Ohio

*

2012	2013	2014	2015	2016	2017
\$0	\$0	\$0	\$0	\$0	\$0
60,149	407,220	245,738	937,705	6,627	86,329
3,241,068	3,765,277	4,301,272	4,544,994	6,894,401	7,827,774
0	0	0	0	0	0
0	0	0	0	0	0
<u>3,301,217</u>	<u>4,172,497</u>	<u>4,547,010</u>	<u>5,482,699</u>	<u>6,901,028</u>	<u>7,914,103</u>
\$2,610,992	\$31,158	\$37,775	\$19,787	\$84,453	\$66,204
781,979	2,289,299	1,097,524	1,255,059	1,351,823	2,107,784
(1,141,994)	(286,805)	(2,001,065)	(2,459,974)	(3,322,056)	(2,677,476)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>2,250,977</u>	<u>2,033,652</u>	<u>(865,766)</u>	<u>(1,185,128)</u>	<u>(1,885,780)</u>	<u>(503,488)</u>
<u>\$5,552,194</u>	<u>\$6,206,149</u>	<u>\$3,681,244</u>	<u>\$4,297,571</u>	<u>\$5,015,248</u>	<u>\$7,410,615</u>

City of Loveland, Ohio

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

	2008	2009	2010	2011
Revenues:				
Property Taxes	\$3,073,984	\$3,214,895	\$3,457,467	\$2,720,526
Municipal Income Tax	2,807,415	3,104,703	3,483,522	3,447,047
Intergovernmental Revenue	1,891,950	2,349,684	2,600,644	1,577,254
Charges for Services	81,180	75,180	81,769	144,706
Licenses and Permits	130,605	62,621	95,684	307,596
Investment Earnings	164,384	166,704	60,997	75,345
Special Assessments	0	0	35,437	81,369
Fines and Forfeitures	120,356	132,611	138,239	129,146
All Other Revenue	460,112	513,636	437,793	350,851
Total Revenues	8,729,986	9,620,034	10,391,552	8,833,840
Expenditures:				
Current:				
Security of Persons and Property	4,990,380	4,768,110	4,753,802	4,865,064
Leisure Time Activities	350,259	415,471	607,256	391,113
Community Environment	203,022	209,411	236,337	209,694
Transportation	644,154	697,418	686,513	595,393
General Government	2,720,210	2,325,495	1,910,296	2,074,607
Capital Outlay	426,210	160,224	1,369,902	318,937
Debt Service:				
Principal Retirement	629,211	652,671	683,162	685,212
Interest and Fiscal Charges	246,205	187,969	188,266	329,285
Total Expenditures	10,209,651	9,416,769	10,435,534	9,469,305
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,479,665)	203,265	(43,982)	(635,465)

City of Loveland, Ohio

2012	2013	2014	2015	2016	2017
\$2,875,721	\$2,887,385	\$2,870,722	\$3,209,671	\$3,288,628	\$3,428,837
3,496,995	3,722,897	3,723,125	3,956,067	4,418,607	4,446,776
1,559,656	1,583,098	2,108,775	1,875,764	1,432,747	1,505,028
75,933	78,118	78,596	387,922	429,928	413,289
313,988	337,581	367,765	331,424	331,804	437,249
32,693	37,912	36,690	31,671	35,133	68,775
112,305	92,902	109,106	109,950	50,995	48,997
132,509	121,463	122,785	115,692	97,714	95,542
232,421	435,555	318,017	143,964	254,762	335,047
<u>8,832,221</u>	<u>9,296,911</u>	<u>9,735,581</u>	<u>10,162,125</u>	<u>10,340,318</u>	<u>10,779,540</u>

4,542,557	4,578,183	5,833,472	5,110,692	5,138,967	5,452,714
405,289	344,436	434,864	396,848	448,081	541,706
183,688	184,730	189,090	230,762	221,275	213,703
646,133	712,908	780,618	695,119	657,364	714,686
2,087,152	1,730,094	2,263,090	1,418,460	1,319,812	1,556,810
226,810	347,122	1,353,063	1,040,598	1,722,184	281,266
643,828	573,500	572,243	651,817	622,121	1,167,976
347,441	202,174	159,283	223,455	208,405	232,132
<u>9,082,898</u>	<u>8,673,147</u>	<u>11,585,723</u>	<u>9,767,751</u>	<u>10,338,209</u>	<u>10,160,993</u>

(250,677)	623,764	(1,850,142)	394,374	2,109	618,547
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(continued)

City of Loveland, Ohio

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

	2008	2009	2010	2011
Other Financing Sources (Uses):				
Sale of Capital Assets	0	337,309	90,866	11,400
Other Financing Sources - Capital Leases	0	0	0	0
Loan Proceeds	0	0	0	0
Ohio Public Works Commission Loan Issuance	192,423	0	0	0
Issuance of General Obligation Bonds	0	190,800	0	1,700,000
Refunding General Obligation Bonds Issued	0	0	0	0
Premium on General Obligation Bonds	0	2,355	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	2,998,318	1,833,531	840,449	946,651
Transfers Out	(2,659,981)	(1,648,748)	(549,748)	(570,279)
Total Other Financing Sources (Uses)	<u>530,760</u>	<u>715,247</u>	<u>381,567</u>	<u>2,087,772</u>
Special Items:	0	0	0	0
Net Change in Fund Balance	<u>(\$948,905)</u>	<u>\$918,512</u>	<u>\$337,585</u>	<u>\$1,452,307</u>
Debt Service as a Percentage of Noncapital Expenditures	10.16%	9.37%	8.77%	10.99%

Source: Finance Director's Office

City of Loveland, Ohio

2012	2013	2014	2015	2016	2017
9,505	8,088	7,859	63,000	0	572,681
0	0	1,137,762	125,000	0	204,027
0	0	465,000	0	0	0
75,698	0	0	0	0	0
0	215,000	0	0	600,000	550,000
715,000	0	0	0	0	410,000
0	20,616	0	0	0	0
(704,589)	0	0	0	0	0
889,160	745,216	1,237,184	741,647	779,387	964,061
(673,544)	(699,063)	(1,189,844)	(689,706)	(728,485)	(905,700)
311,230	289,857	1,657,961	239,941	650,902	1,795,069
0	0	(2,339,341)	0	0	0
<u>\$60,553</u>	<u>\$913,621</u>	<u>(\$2,531,522)</u>	<u>\$634,315</u>	<u>\$653,011</u>	<u>\$2,413,616</u>
11.59%	9.66%	8.43%	9.65%	9.47%	15.44%

City of Loveland, Ohio

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Income Tax Rate	1.00%	1.00%	1.00%	1.00%
Total Tax Collected (net of refunds)	\$3,083,907	\$3,085,883	\$2,728,206	\$3,155,299
Income Tax Receipts				
Withholding	1,779,420	1,744,064	1,655,743	1,855,112
Percentage	58%	57%	61%	59%
Corporate	284,731	311,667	277,815	359,024
Percentage	9%	10%	10%	11%
Individuals	1,019,756	1,030,152	794,648	941,163
Percentage	33%	33%	29%	30%

Source: City Income Tax Department

City of Loveland, Ohio

2012	2013	2014	2015	2016	2017
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
\$3,338,486	\$3,572,018	\$3,504,233	\$3,766,047	\$4,088,091	\$4,180,716
1,848,693	1,969,933	1,947,710	2,124,522	2,348,990	2,353,645
55%	55%	55%	57%	57%	56%
454,367	451,949	440,386	427,054	470,444	1,369,519
14%	13%	13%	11%	12%	33%
1,035,426	1,150,136	1,116,137	1,214,471	1,268,657	457,552
31%	32%	32%	32%	31%	11%

City of Loveland, Ohio

Income Tax Statistics Current Year and Nine Years Ago

Calendar Year 2017

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$24,999	1,300	29.18%	\$14,031,461	3.58%
25,000 - 49,999	815	18.30%	29,996,814	7.67%
50,000 - 74,999	579	13.00%	35,608,635	9.10%
75,000 - 99,999	439	9.86%	38,021,211	9.72%
Over 100,000	1,321	29.66%	273,680,196	69.93%
Total	4,454	100.00%	\$391,338,317	100.00%

Local Taxes Paid by Residents

Taxes Paid to Loveland

Taxes Credited to Other Municipalities

Tax Dollars

\$1,808,312

2,105,071

\$3,913,383

Tax Year 2008

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,076	38.47%	\$13,378,761	4.41%
20,000 - 49,999	1,229	22.77%	41,329,895	13.62%
50,000 - 74,999	649	12.03%	39,942,686	13.17%
75,000 - 99,999	473	8.76%	41,194,955	13.58%
Over 100,000	970	17.97%	167,501,496	55.22%
Total	5,397	100.00%	\$303,347,793	100.00%

Local Taxes Paid by Residents

Taxes Paid to Loveland

Taxes Credited to Other Municipalities

Tax Dollars

\$3,033,478

1,693,360

\$4,726,838

Source: City Income Tax Department



City of Loveland, Ohio

Ratios of Outstanding Debt By Type Last Ten Years

	2008	2009	2010	2011
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$4,245,327	\$4,016,646	\$3,568,665	\$4,853,800
Special Obligation TIF Bonds	0	0	0	0
Installment Loan	0	0	0	0
Capital Leases	14,514	0	0	0
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	\$2,835,000	\$2,524,593	\$2,322,493	\$2,128,895
Ohio Public Works Commission Loans	2,716,949	2,489,278	2,259,616	2,787,751
Capital Leases	28,397	23,088	18,005	12,714
Total Primary Government	<u>\$9,840,187</u>	<u>\$9,053,605</u>	<u>\$8,168,779</u>	<u>\$9,783,160</u>
Population ⁽²⁾				
City of Loveland	11,990	12,057	12,081	12,160
Outstanding Debt Per Capita	\$821	\$751	\$676	\$805
Income ⁽³⁾				
Personal	309,797,300	308,573,200	291,930,200	329,104,400
Percentage of Personal Income	3.18%	2.93%	2.80%	2.97%

Sources:

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

City of Loveland, Ohio

2012	2013	2014	2015	2016	2017
\$4,365,300	\$4,006,800	\$3,485,000	\$3,055,000	\$3,186,641	\$2,737,469
0	0	0	0	0	550,000
0	0	414,557	325,830	234,176	0
0	0	1,137,762	1,129,672	1,067,564	1,207,050
\$2,005,581	\$5,340,440	\$5,102,169	\$4,862,098	\$4,622,027	\$4,381,956
3,953,604	4,139,964	3,875,285	4,136,015	3,788,661	3,849,052
7,206	1,470	0	0	0	0
<u>\$10,331,691</u>	<u>\$13,488,674</u>	<u>\$14,014,773</u>	<u>\$13,508,615</u>	<u>\$12,899,069</u>	<u>\$12,725,527</u>
12,160	12,160	12,160	12,160	12,160	12,160
\$850	\$1,109	\$1,153	\$1,111	\$1,061	\$1,047
354,133,758	355,735,000	350,423,300	376,604,700	408,809,222	418,071,600
2.92%	3.79%	4.00%	3.59%	3.16%	3.04%

City of Loveland, Ohio

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2008	2009	2010	2011
Population ⁽¹⁾	11,990	12,057	12,081	12,160
Estimated Actual Value ⁽²⁾	\$881,770,754	\$869,841,435	\$868,174,531	\$815,086,437
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$7,080,327	\$6,541,239	\$5,891,158	\$6,982,695
Resources Available to Pay Principal ⁽⁴⁾	\$2,000	\$2,000	\$2,914	\$61,516
Net General Bonded Debt	\$7,078,327	\$6,539,239	\$5,888,244	\$6,921,179
Ratio of Net Bonded Debt to Estimated Actual Value	0.80%	0.75%	0.68%	0.85%
Net Bonded Debt per Capita	\$590.35	\$542.36	\$487.40	\$569.18

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, Ohio

2012	2013	2014	2015	2016	2017
12,160	12,160	12,160	12,160	12,160	12,160
\$817,585,218	\$829,313,737	\$870,983,339	\$888,604,349	\$910,246,336	\$984,511,119
\$6,370,881	\$9,347,240	\$8,587,169	\$7,917,098	\$7,808,668	\$7,669,425
\$5,491	\$0	\$0	\$0	\$0	\$0
\$6,365,390	\$9,347,240	\$8,587,169	\$7,917,098	\$7,808,668	\$7,669,425
0.78%	1.13%	0.99%	0.89%	0.86%	0.78%
\$523.47	\$768.69	\$706.18	\$651.08	\$642.16	\$630.71



City of Loveland, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2017*

<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>
Direct:			
City of Loveland	\$4,494,519	100.00%	\$4,494,519
Overlapping:			
Hamilton County	133,845,000	1.19%	1,592,756
Loveland City School District	9,390,000	34.09%	3,201,051
Sycamore Community School District	35,480,000	1.12%	397,376
Little Miami School District	49,200,918	3.45%	1,697,432
Great Oaks Career Center	6,070,000	1.56%	94,692
		Subtotal	<u>6,983,307</u>
		Total	<u><u>\$11,477,826</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, Ohio

Debt Limitations Last Ten Years

	2008	2009	2010	2011
<u>Total Debt</u>				
Net Assessed Valuation	\$308,724,620	\$307,784,940	\$306,931,824	\$288,674,650
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	32,416,085	32,317,419	32,227,842	30,310,838
City Debt Outstanding (2)	4,245,327	4,016,646	3,568,665	4,853,800
Less: Applicable Debt Service Fund Amounts	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,914)</u>	<u>(61,516)</u>
Net Indebtedness Subject to Limitation	<u>4,243,327</u>	<u>4,014,646</u>	<u>3,565,751</u>	<u>4,792,284</u>
Overall Legal Debt Margin	<u>\$28,172,758</u>	<u>\$28,302,773</u>	<u>\$28,662,091</u>	<u>\$25,518,554</u>
Debt Margin as a Percentage of Debt Limit	86.91%	87.58%	88.94%	84.19%
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$308,724,620	\$307,784,940	\$306,931,824	\$288,674,650
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	16,979,854	16,928,172	16,881,250	15,877,106
City Debt Outstanding (2)	4,245,327	4,016,646	3,568,665	4,853,800
Less: Applicable Debt Service Fund Amounts	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,914)</u>	<u>(61,516)</u>
Net Indebtedness Subject to Limitation	<u>4,243,327</u>	<u>4,014,646</u>	<u>3,565,751</u>	<u>4,792,284</u>
Overall Legal Debt Margin	<u>\$12,736,527</u>	<u>\$12,913,526</u>	<u>\$13,315,499</u>	<u>\$11,084,822</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, Ohio

2012	2013	2014	2015	2016	2017
\$289,666,570	\$294,117,190	\$308,967,430	\$315,281,720	\$322,994,330	\$349,283,750
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
30,414,990	30,882,305	32,441,580	33,104,581	33,914,405	36,674,794
4,365,300	4,006,800	3,485,000	3,055,000	3,186,641	2,737,469
(5,491)	0	0	0	0	0
4,359,809	4,006,800	3,485,000	3,055,000	3,186,641	2,737,469
\$26,055,181	\$26,875,505	\$28,956,580	\$30,049,581	\$30,727,764	\$33,937,325
85.67%	87.03%	89.26%	90.77%	90.60%	92.54%
\$289,666,570	\$294,117,190	\$308,967,430	\$315,281,720	\$322,994,330	\$349,283,750
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
15,931,661	16,176,445	16,993,209	17,340,495	17,764,688	19,210,606
4,365,300	4,006,800	3,485,000	3,055,000	3,186,641	2,737,469
(5,491)	0	0	0	0	0
4,359,809	4,006,800	3,485,000	3,055,000	3,186,641	2,737,469
\$11,571,852	\$12,169,645	\$13,508,209	\$14,285,495	\$14,578,047	\$16,473,137

City of Loveland, Ohio

Demographic and Economic Statistics Last Ten Years

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

Sources:

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

City of Loveland

2012	2013	2014	2015	2016	2017
12,160	12,160	12,160	12,160	12,160	12,160
802,374	802,374	802,374	802,374	802,374	802,374
354,133,758	355,735,000	350,423,300	376,604,700	408,809,222	418,071,600
29,123	29,255	28,818	30,971	33,619	34,381
7.8%	7.4%	6.2%	4.9%	4.7%	4.1%
6.7%	7.4%	5.7%	4.9%	4.9%	4.7%
7.0%	7.1%	5.3%	4.4%	4.0%	4.0%
5,696,700	5,766,000	5,719,000	5,719,500	5,751,600	5,664,800
408,600	403,300	404,116	404,100	408,900	402,900



City of Loveland, Ohio

Principal Employers Current Year and Nine Years Ago

		2017	
Employer	Nature of Business	Employees	Rank
Loveland Board of Education	Education	855	1
Onesource Employee Management	Business Management	481	2
Kroger Limited Partnership	Retail	272	3
Swimsafe Pool Management Inc.	Retail	262	4
Robert McCabe Company, Inc.	Retail	151	5
Loveland-Symmes Fire Department	Emergency Medical Services	128	6
Federal Express Corporation	Shipping	104	7
St. Columban	Education	91	8
Eads Fence Company	Retail	76	9
Workhorse Technologies Inc.	Technology	61	10
Total		<u>2,481</u>	

		2008	
Employer	Nature of Business	Employees	Rank
Loveland Board of Education	Education	841	1
Lodge Care Center	Healthcare	189	2
Kroger Limited Partnership	Retail	150	3
Pure Romance	Retail	125	4
Federal Express Corporation	Shipping	123	5
Amano Cincinnati, Inc	Manufacturing	110	6
McCabe Lumber	Retail	87	7
SST Bearing Corporation	Manufacturing	83	8
Pioneer Cladding and Glazing	Manufacturing	68	9
London Computer Systems	Technology	60	10
Total		<u>1,836</u>	

(1) - Total employment within the City is not available.

Source: City Income Tax Department

City of Loveland, Ohio

Full Time Equivalent Employees by Function Last Ten Years

	2008	2009	2010	2011	2012
Governmental Activities					
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
Business-Type Activities					
Utilities, Streets, Storm, Sanitation and 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

Source: Finance Director's Office

City of Loveland

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
5.00	5.00	5.00	5.00	5.00
0.00	0.00	0.00	0.00	0.00
1.00	1.00	1.00	1.00	1.00
2.50	2.50	1.50	1.50	1.50
1.00	1.00	0.50	0.50	0.50
21.00	19.00	19.00	19.00	19.00
1.50	1.00	1.00	1.00	1.00
2.00	1.50	1.50	1.50	1.50
<u>14.25</u>	<u>12.75</u>	<u>12.75</u>	<u>12.75</u>	<u>12.75</u>
<u>48.25</u>	<u>43.75</u>	<u>42.25</u>	<u>42.25</u>	<u>42.25</u>

City of Loveland, Ohio

Operating Indicators by Function Last Ten Years

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

Source: Finance Director's Office

City of Loveland

2012	2013	2014	2015	2016	2017
297	204	201	135	98	77
1,221	1,199	1,037	920	814	656
133	168	177	181	169	200
77	94	91	134	93	144
407	421	413	476	434	349
163	177	112	153	123	149
10,507	12,275	13,804	14,160	12,360	10,661
536	630	565	502	389	337
26	36	31	44	46	66
180	156	163	181	186	205
6	6	2	3	6	8
4,875	4,891	4,923	4,996	5,037	5,060
1.258M	1.230M	1.212M	1.240M	1.201M	1.156M
2.52M	1.80M	2.39M	2.06M	2.32M	2.21M

City of Loveland, Ohio

Capital Asset Statistics by Function Last Ten Years

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

Source: Finance Director's Office

City of Loveland

2012	2013	2014	2015	2016	2017
1	1	1	1	1	1
13	14	14	14	13	14
15	15	15	16	17	17
206	202	202	201	201	209
104	102	102	109	109	109
13	13	13	13	13	13
13	13	13	24	25	25
99	99	99	99	99	99
5	5	5	5	5	5
10	10	10	10	10	10
7	7	7	7	7	7
7	7	7	7	7	7
1	1	1	1	1	1
10	10	10	10	9	9
3	3	3	3	4	4
8	8	8	8	8	8
3	3	4	4	4	4
76	76	76	78	78	79
1	1	1	1	1	1
8	8	8	8	8	8
5	5	5	11	11	11
3	3	3	3	3	3
4,000	4,000	5,000	5,000	5,000	5,555





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
JULY 19, 2018**