

CITY OF LOVELAND, OHIO

Independent Auditor's Report on
Internal Controls and Compliance

Year Ended December 31, 2019



CLARK SCHAEFER HACKETT
CPAs & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the City of Loveland, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2019 through December 31, 2019. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 16, 2020

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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, 2019, 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, 2020, wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* and the unknown impact of the COVID-19 pandemic.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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, 2020

CITY OF LOVELAND, OHIO
Schedule of Prior Audit Findings
Year Ended December 31, 2019

2018-001 **Financial Reporting**

Adjustments in the financial statements were identified that were not initially identified by the City's internal control over financial reporting.

Status: Corrected



City of Loveland

Comprehensive Annual Financial Report

For the Year Ended December 31, 2019





CITY OF LOVELAND, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
December 31, 2019

Prepared by:
Department of Finance

Michelle Byrde
Director of Finance



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HAMILTON, CLERMONT AND WARREN COUNTIES, OHIO**

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INTRODUCTORY SECTION





CITY OF LOVELAND

120 West Loveland Avenue • Loveland, Ohio 45140
Michelle L Byrde, Finance Director

phone (513) 683-0150

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June 18, 2020

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, 2019. 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, last amended in 2019.

***Letter of Transmittal
For the Year Ended December 31, 2019***

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 the Director of Finance. The newly amended charter changed the reporting relationship of the Director of Finance to the City Manager. Council retains the power to confirm approval or dismissal of the Director of Finance upon recommendation by the City Manager.

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
- Finance Commission

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, Swimsafe Pool Management, Kroger, Sheakley HR LLC, and Robert McCabe Company. The City is also home to many recreational retail outlets that take advantage of the Little Miami State and National Scenic River and Little Miami Scenic Bike Trail.

***Letter of Transmittal
For the Year Ended December 31, 2019***

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 the 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.

MAJOR INITIATIVES

In 2018, the City completed the recovery from the devastating fires of May 2017 which severely damaged three commercial buildings in the 200 block of West Loveland. Throughout the year construction on the block was constant, although when the dust settled the results were impressive with over \$6,000,000 in investment among the building owners. The City played an active role in the rebuilding process by offering incentives to help fund the installation of fire suppression systems in each of the buildings and joint efforts for new sidewalks and drainage improvements.

The City continued to enhance the downtown environment to accommodate increased visitors and more residents calling downtown home. The ninety-four units in Loveland Station have been augmented by the eight Broadway Brownstones and new units currently under construction on south Second Street. New residents have and will continue to look to our downtown districts to call home thanks to recreational, entertainment and shopping opportunities.

With new residents and an ever-increasing visitor population, it is imperative that the City continues to make improvements to parking, sidewalks, traffic flow, and pedestrian safety. In recent years, the City has enhanced its downtown street lighting, added new sidewalks, installed new technology to each of the three downtown traffic signals to improve peak time traffic flow, completed lane improvements onto Karl Brown Way, upgraded the West Loveland Bike Trail Crossing and completed a Strategic Downtown Plan. In 2019, the City purchased land adjacent to City Hall for the purposes of constructing a new downtown parking facility.

The City continued to invest in core infrastructure during 2019. Major capital projects or initiatives included:

- 2019 Road Rehabilitation – The City increased its annual road rehabilitation funding by \$50,000 for a total of \$550,000 and an increase of \$252,000 since 2014.
- Made improvement to McCoy Park with the repair and resurfacing of the park’s tennis and basketball courts.
- Completed the Loveland-Miamiville Water Line Replacement Project which included the replacement of 1,644 linear feet of new water main, new pavement and an upgrade to the traffic signals.
- The City also replaced the aging and unsafe playset at Kiwanis Park and resurfaced walking trails in Phillips Park.

***Letter of Transmittal
For the Year Ended December 31, 2019***

In terms of Economic Development, the City permitted \$14,095,863 in private investment in 2019.

The year included completion of the Oasis Lawn care Headquarters at 897 Loveland Madeira Road and completion of 132 new units in the River Ridge Apartment Development, also on Loveland Madeira Road.

During 2019, 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 2018 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 seventh year the City received this distinction.
- **GFOA Distinguished Budget Award:** The City compiles its annual budget in document form. The budget presents anticipated revenues and expenditures by fund and department by category with additional supporting documentation that explains the budgetary process and individual departmental goals. The City's 2019 budget was submitted to the Government Finance Officers Association (GFOA) and received the Distinguished Budget Presentation Award. This was the sixth 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.

***Letter of Transmittal
For the Year Ended December 31, 2019***

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.

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' unmodified 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, 2018. 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 seven consecutive years (fiscal years ended 2012-2018). 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.

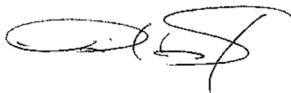
***Letter of Transmittal
For the Year Ended December 31, 2019***

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 Director of Finance 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



Michelle L Byrde
Finance Director



CITY OF LOVELAND, OHIO

***List of Principal Officials
For the Year Ended December 31, 2019***

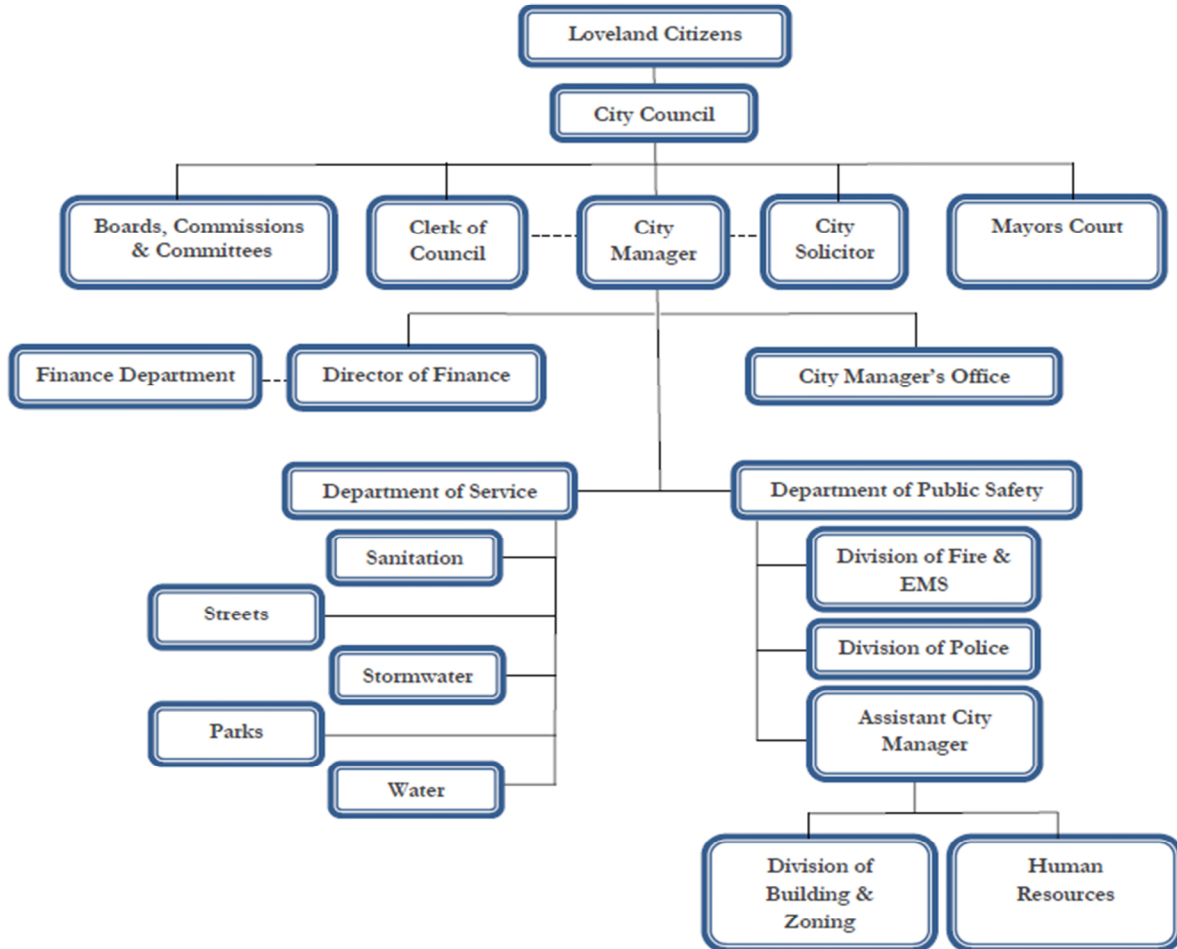
<i>Council</i>	<i>Title</i>	<i>Years of Service *</i>	<i>Term expires</i>
Kathy Bailey	Mayor	4 years, 1 month	December 2023
Robert Weisgerber	Vice Mayor	21 years, 1 month	December 2021
Andy Bateman	Council Member	1 month	December 2023
Tim Butler	Council Member	2 years, 1 month	December 2021
Neil Oury	Council Member	2 years, 1 month	December 2021
Ted Phelps	Council Member	6 years, 1 month	December 2021
Kent Blair	Council Member	2 years	December 2023

<i>Appointed Officials</i>	<i>Title</i>
David Kennedy	City Manager
Misty Brents	Clerk of Council
Joseph Braun	City Solicitor
Michelle Byrde	Director of Finance

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

**City Organizational Chart
For the Year Ended December 31, 2019**

CITY OF LOVELAND ORGANIZATION STRUCTURE



***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, 2018

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, 2019, 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, 2019, 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 Community Improvement Corporation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the financial statements, during the year ended December 31, 2019, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the City of Loveland, Ohio. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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, 2020 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, 2020



***Management's Discussion and Analysis
For the Year Ended December 31, 2019***

Unaudited

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, 2019. 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 2019 are as follows:

- In total, net position increased \$3,460,107. Net position of governmental activities increased \$3,491,736, which represents a 16% increase from 2018. Net position of business-type activities decreased \$31,629, or less than 1% from 2018.
- General revenues accounted for \$9,860,583 in revenue or 51% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9,347,768 or 49% of total revenues of \$19,208,351.
- The City had \$8,327,914 in expenses related to governmental activities; only \$1,961,734 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$9,849,126 were adequate to provide for these programs.
- Among major funds, the general fund had \$6,949,121 in revenues and other financing sources and \$7,278,080 in expenditures and other financing uses. The general fund's fund balance decreased from \$8,879,489 to \$8,550,530.

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, 2019**

Unaudited

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City’s net position at December 31, 2019 and 2018:

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$14,431,684	\$15,485,448	\$2,923,508	\$2,952,045	\$17,355,192	\$18,437,493
Capital Assets, Net	26,421,882	23,846,140	17,004,655	17,085,886	43,426,537	40,932,026
Total Assets	40,853,566	39,331,588	19,928,163	20,037,931	60,781,729	59,369,519
Deferred Outflows of Resources	2,873,771	1,098,750	427,593	195,191	3,301,364	1,293,941
Net Pension Liability	6,897,398	4,327,087	967,761	515,034	7,865,159	4,842,121
Net OPEB Liability	1,637,597	3,825,018	503,232	392,506	2,140,829	4,217,524
Other Long-term Liabilities	5,509,848	5,849,351	8,614,159	8,859,594	14,124,007	14,708,945
Other Liabilities	410,455	309,669	440,660	436,065	851,115	745,734
Total Liabilities	14,455,298	14,311,125	10,525,812	10,203,199	24,981,110	24,514,324
Deferred Inflows of Resources	4,215,365	4,554,275	32,238	200,588	4,247,603	4,754,863
Net Position						
Net Investment in Capital Assets	21,354,268	19,470,195	9,558,726	9,450,023	30,912,994	28,920,218
Restricted	2,738,327	3,082,182	0	0	2,738,327	3,082,182
Unrestricted	964,079	(987,439)	238,980	379,312	1,203,059	(608,127)
Total Net Position	\$25,056,674	\$21,564,938	\$9,797,706	\$9,829,335	\$34,854,380	\$31,394,273

A decrease in current assets was the result of a decrease in cash, which can be attributed to a safety center renovation project. An increase in deferred outflows of resources was the result of changes in the net pension and net OPEB liabilities. An increase in the net pension liability was offset by a decrease in the net OPEB liability, resulting in an overall increase in liabilities of 2%.

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” The net OPEB liability (NOL) is reported by the City pursuant to GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

***Management's Discussion and Analysis
For the Year Ended December 31, 2019***

Unaudited

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

CITY OF LOVELAND, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2019**

Unaudited

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Changes in Net Position – The following table shows the changes in net position for 2019 and 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for Services and Sales	\$732,959	\$634,909	\$7,359,605	\$7,384,516	\$8,092,564	\$8,019,425
Operating Grants and Contributions	933,613	739,541	26,429	49,057	960,042	788,598
Capital Grants and Contributions	295,162	73,004	0	60,883	295,162	133,887
Total Program Revenues	1,961,734	1,447,454	7,386,034	7,494,456	9,347,768	8,941,910
General Revenues:						
Property Taxes	3,750,809	3,714,377	0	0	3,750,809	3,714,377
Municipal Income Taxes	4,773,872	4,495,030	0	0	4,773,872	4,495,030
Other Local Taxes	159,253	165,372	0	0	159,253	165,372
Intergovernmental, Unrestricted	641,921	572,734	0	0	641,921	572,734
Investment Earnings	241,238	108,661	11,457	7,465	252,695	116,126
Miscellaneous	282,033	222,703	0	0	282,033	222,703
Total General Revenues	9,849,126	9,278,877	11,457	7,465	9,860,583	9,286,342
Total Revenues	11,810,860	10,726,331	7,397,491	7,501,921	19,208,351	18,228,252
Program Expenses						
Security of Persons and Property	3,994,878	6,127,457	0	0	3,994,878	6,127,457
Leisure Time Activities	732,085	606,679	0	0	732,085	606,679
Community Environment	263,089	205,287	0	0	263,089	205,287
Transportation	1,237,520	1,000,071	0	0	1,237,520	1,000,071
General Government	1,907,524	1,572,391	0	0	1,907,524	1,572,391
Interest and Fiscal Charges	192,818	208,954	0	0	192,818	208,954
Water	0	0	1,887,236	2,687,529	1,887,236	2,687,529
Sewer	0	0	3,900,701	4,228,739	3,900,701	4,228,739
Stormwater	0	0	403,698	356,470	403,698	356,470
Sanitation	0	0	1,228,695	1,190,149	1,228,695	1,190,149
Total Expenses	8,327,914	9,720,839	7,420,330	8,462,887	15,748,244	18,183,726
Change in Net Position before Transfers	3,482,946	1,005,492	(22,839)	(960,966)	3,460,107	44,526
Transfers	8,790	8,878	(8,790)	(8,878)	0	0
Total Change in Net Position	3,491,736	1,014,370	(31,629)	(969,844)	3,460,107	44,526
Beginning Net Position	21,564,938	20,550,568	9,829,335	10,799,179	31,394,273	31,349,747
Ending Net Position	\$25,056,674	\$21,564,938	\$9,797,706	\$9,829,335	\$34,854,380	\$31,394,273

Governmental Activities

Net position of governmental activities increased \$3,491,736, or 16%. An increase in operating grants was the result of an increase in motor vehicle license tax revenues, which can be attributed to an increase in the tax rate.

CITY OF LOVELAND, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2019**

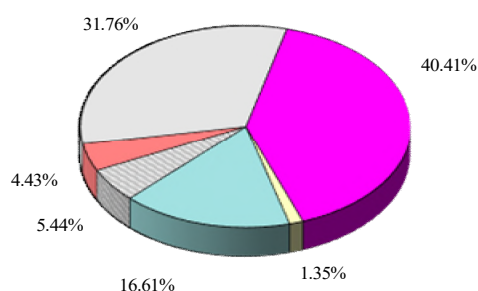
Unaudited

Capital grants consisted of Ohio Public Works Commission grants for infrastructure improvements. A substantial decrease in security of persons and property expense was the direct result of a decrease in the police and fire net OPEB liability.

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 40% respectively, of revenues for governmental activities in 2019. The City's reliance upon tax revenues is demonstrated by the following graph indicating 74% of total revenues from general tax revenues:

Revenue Sources	2019	Percent of Total
Property Taxes	\$3,750,809	31.76%
Municipal Income Taxes	4,773,872	40.41%
Other Local Taxes	159,253	1.35%
Program Revenues	1,961,734	16.61%
Intergovernmental, Unrestricted	641,921	5.44%
General Other	523,271	4.43%
Total Revenue	\$11,810,860	100.00%



Business-Type Activities

Net position of the business-type activities decreased \$31,629, or less than 1%. Revenues remained consistent with the prior year. A significant decrease in expenses can be attributed to costs incurred in the prior year for water tower painting.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$8,767,208, which is a decrease from last year's balance of \$10,012,193. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2019 and 2018:

	Fund Balance December 31, 2019	Fund Balance December 31, 2018	Increase (Decrease)
General	\$8,550,530	\$8,879,489	(\$328,959)
Paramedic	420,092	362,700	57,392
Fire and EMS	546,540	605,118	(58,578)
Community Improvement Corporation	91,857	94,351	(2,494)
Historic Loveland TIF	(2,099,951)	(2,157,060)	57,109
Special Projects	723,964	1,789,861	(1,065,897)
Nonmajor Governmental	534,176	437,734	96,442
Total	\$8,767,208	\$10,012,193	(\$1,244,985)

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:

CITY OF LOVELAND, OHIO**Management's Discussion and Analysis
For the Year Ended December 31, 2019****Unaudited**

	2019 <u>Revenues</u>	2018 <u>Revenues</u>	Increase <u>(Decrease)</u>
Property Taxes	\$953,913	\$939,287	\$14,626
Municipal Income Tax	4,811,133	4,496,060	315,073
Intergovernmental Revenue	364,023	328,221	35,802
Charges for Services	156,231	21,486	134,745
Licenses and Permits	266,414	275,298	(8,884)
Special Assessments	3,122	11,504	(8,382)
Fines and Forfeitures	69,728	58,502	11,226
All Other Revenue	246,529	191,468	55,061
Total	<u>\$6,871,093</u>	<u>\$6,321,826</u>	<u>\$549,267</u>

General Fund revenues increased approximately 9% when compared with the previous year. An increase in income taxes can be attributed in part to increased economic activity in the City. The addition of school resource officers resulted in an increase in charges for services.

	2019 <u>Expenditures</u>	2018 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$3,155,047	\$2,732,802	\$422,245
Leisure Time Activities	588,387	481,425	106,962
Community Environment	228,504	199,538	28,966
General Government	2,808,302	1,595,325	1,212,977
Total	<u>\$6,780,240</u>	<u>\$5,009,090</u>	<u>\$1,771,150</u>

General Fund expenditures increased \$1,771,150, or 35% from the prior year. Increases in security of persons and property and leisure time activities included increases in salaries and benefits, supplies, and equipment. The increase in general government can mostly be attributed to the purchase of land to be used for a public parking facility.

Paramedic Fund – The Paramedic Fund reported an increase in fund balance of \$57,392. Revenues and expenditures were consistent with the prior year.

Fire and EMS Fund – The Fire and EMS Fund balance decreased \$58,578. Revenues were consistent with the prior year. An increase in expenditures can be attributed to purchases of equipment as well as increased contractual costs paid to the Loveland-Symmes Fire Department.

Community Improvement Corporation Fund – The Community Improvement Corporation Fund balance remained stable in 2019, decreasing approximately 3%.

Historic Loveland TIF Fund – The Historic Loveland TIF Fund balance increased \$57,109. An interfund loan payable reported on the balance sheet is the primary factor causing a negative year end fund balance of \$2,099,951. Completion of the Loveland Station Development has resulted in increased property values within the Historic Loveland TIF District, and increased tax revenues in this fund.

Special Projects Fund – The Special Projects Fund balance decreased substantially in 2019, which can be attributed to outlays for safety center building improvements as well as improvements to State Route 48 and Loveland Miamiville Road.

***Management's Discussion and Analysis
For the Year Ended December 31, 2019***

Unaudited

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 2019 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 7% higher than final estimates due mostly to an increase in income tax revenues. Final budgeted appropriations were 21% higher than original estimates due to appropriated amounts for the purchase of land. Actual budget basis expenditures were 9% less than final budget estimates due to controlled costs across all General Fund departments. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019 the City had \$43,426,537 net of accumulated depreciation invested in land, buildings, improvements, infrastructure, equipment and vehicles. Of this total, \$26,421,882 was related to governmental activities and \$17,004,655 to the business-type activities. The following tables show 2019 and 2018 balances:

	Governmental Activities		Increase (Decrease)
	2019	2018	
Land	\$7,163,136	\$6,278,060	\$885,076
Construction In Progress	1,556,658	275,548	1,281,110
Buildings	8,456,615	8,332,879	123,736
Improvements Other than Buildings	1,662,509	1,641,674	20,835
Machinery and Equipment	4,367,030	4,030,979	336,051
Infrastructure	22,462,661	21,637,115	825,546
Less: Accumulated Depreciation	(19,246,727)	(18,350,115)	(896,612)
Totals	<u>\$26,421,882</u>	<u>\$23,846,140</u>	<u>\$2,575,742</u>

	Business-Type Activities		Increase (Decrease)
	2019	2018	
Land	\$920,027	\$920,027	\$0
Construction in Progress	481,138	60,883	420,255
Buildings and Improvements	5,512,711	5,494,012	18,699
Utility Structures in Service	21,870,325	21,766,119	104,206
Machinery and Equipment	899,549	862,148	37,401
Less: Accumulated Depreciation	(12,679,095)	(12,017,303)	(661,792)
Totals	<u>\$17,004,655</u>	<u>\$17,085,886</u>	<u>(\$81,231)</u>

In governmental activities capital assets, additions included police department vehicles and equipment, a mower for the parks department, a park play set, and a front end loader. Construction in progress included improvements to the safety center building as well as roadway improvements at State Route 48 and Miami Road. Infrastructure additions were the result of routine street improvements. In 2019 the City purchased 1.15 acres of land to be used for the construction of a parking facility and to improve vehicular access into the City.

***Management's Discussion and Analysis
For the Year Ended December 31, 2019***

Unaudited

Business-type capital asset activity included a water main replacement at Cedar Drive, storm water improvements at East Kemper Road, and a booster station generator. Construction in progress included water line improvements at State Route 48 and Miamiville Road. For additional information on the City's capital assets see Note 8.

Debt and Other Long-Term Obligations

The following table summarizes the City's debt and other long-term obligations as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Governmental Activities:		
General Obligation Bonds	\$3,573,343	\$3,882,668
Special Obligation TIF Bonds	550,000	550,000
Capital Leases Payable	1,083,428	1,111,006
Compensated Absences	303,077	305,677
Total Governmental Activities	<u>\$5,509,848</u>	<u>\$5,849,351</u>
Business-Type Activities:		
General Obligation Bonds	\$4,974,582	\$5,276,121
Ohio Public Works Commission Loans	3,582,798	3,542,975
Compensated Absences	56,779	40,498
Total Business-Type Activities	<u>8,614,159</u>	<u>8,859,594</u>
Totals	<u>\$14,124,007</u>	<u>\$14,708,945</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, 2019, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

Economic development remains a priority for City staff. In early 2018, City Council adopted two-year strategic goals including the completion of a long overdue City Master Plan, creation of a business outreach program and the development of a proactive Economic Development Plan. All these goals are focused on promoting and expanding the economic vitality of the City.

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, particular in the downtown and the industrial park.

During 2019, notable economic development activities for 2019 included the completion of the Oasis Turf and Tree headquarters project on the site of the former Bowling Alley property on Loveland Madeira Road, and 132 new units in the River Ridge Apartment Development, also on Loveland Madeira Road. In addition, a Downtown Master Plan was completed with public and staff input.

REQUESTS FOR INFORMATION

While management reasonably expects the COVID-19 outbreak to negatively impact the City's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

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, 2019**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	\$ 7,931,392	\$ 1,741,713	\$ 9,673,105
Receivables:			
Taxes	5,137,089	0	5,137,089
Payment in Lieu of Taxes	270,129	0	270,129
Accounts	119,819	1,148,857	1,268,676
Intergovernmental	791,389	26,429	817,818
Interest	318	675	993
Special Assessments	582	0	582
Inventory of Supplies at Cost	60,536	0	60,536
Prepays	27,473	5,834	33,307
Restricted Assets:			
Cash and Cash Equivalents	92,957	0	92,957
Capital Assets:			
Capital Assets Not Being Depreciated	8,719,794	1,401,165	10,120,959
Capital Assets Being Depreciated, Net	17,702,088	15,603,490	33,305,578
Total Assets	40,853,566	19,928,163	60,781,729
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	7,336	25,500	32,836
Pension	2,183,957	332,251	2,516,208
OPEB	682,478	69,842	752,320
Total Deferred Outflows of Resources	2,873,771	427,593	3,301,364
Liabilities:			
Accounts Payable	165,762	82,477	248,239
Accrued Wages and Benefits	199,839	36,838	236,677
Intergovernmental Payable	32,692	308,039	340,731
Accrued Interest Payable	12,162	13,306	25,468
Long Term Liabilities:			
Due Within One Year	540,570	468,878	1,009,448
Due in More Than One Year:			
Net Pension Liability	6,897,398	967,761	7,865,159
Net OPEB Liability	1,637,597	503,232	2,140,829
Other Amounts Due in More Than One Year	4,969,278	8,145,281	13,114,559
Total Liabilities	14,455,298	10,525,812	24,981,110
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	3,812,824	0	3,812,824
Pension	180,271	23,924	204,195
OPEB	222,270	8,314	230,584
Total Deferred Inflows of Resources	4,215,365	32,238	4,247,603

CITY OF LOVELAND, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	21,354,268	9,558,726	30,912,994
Restricted For:			
Capital Projects	88,530	0	88,530
Debt Service	225,418	0	225,418
Streets and Highways	910,968	0	910,968
Public Safety	1,421,554	0	1,421,554
Community Development	91,857	0	91,857
Unrestricted (Deficit)	964,079	238,980	1,203,059
Total Net Position	\$ 25,056,674	\$ 9,797,706	\$ 34,854,380

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

**Statement of Activities
For the Year Ended December 31, 2019**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 3,994,878	\$ 569,468	\$ 0	\$ 24,757
Leisure Time Activities	732,085	16,600	0	14,000
Community Environment	263,089	104,907	0	0
Transportation	1,237,520	16,600	919,861	256,405
General Government	1,907,524	25,384	13,752	0
Interest and Fiscal Charges	192,818	0	0	0
Total Governmental Activities	8,327,914	732,959	933,613	295,162
Business-Type Activities:				
Water	1,887,236	1,811,604	0	0
Sewer	3,900,701	3,935,132	0	0
Stormwater	403,698	449,995	0	0
Sanitation	1,228,695	1,162,874	26,429	0
Total Business-Type Activities	7,420,330	7,359,605	26,429	0
Totals	\$ 15,748,244	\$ 8,092,564	\$ 960,042	\$ 295,162

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
\$ (3,400,653)	\$ 0	\$ (3,400,653)
(701,485)	0	(701,485)
(158,182)	0	(158,182)
(44,654)	0	(44,654)
(1,868,388)	0	(1,868,388)
(192,818)	0	(192,818)
<u>(6,366,180)</u>	<u>0</u>	<u>(6,366,180)</u>
0	(75,632)	(75,632)
0	34,431	34,431
0	46,297	46,297
0	<u>(39,392)</u>	<u>(39,392)</u>
0	<u>(34,296)</u>	<u>(34,296)</u>
<u>\$ (6,366,180)</u>	<u>\$ (34,296)</u>	<u>\$ (6,400,476)</u>
3,750,809	0	3,750,809
4,773,872	0	4,773,872
159,253	0	159,253
641,921	0	641,921
241,238	11,457	252,695
282,033	0	282,033
8,790	<u>(8,790)</u>	<u>0</u>
<u>9,857,916</u>	<u>2,667</u>	<u>9,860,583</u>
3,491,736	(31,629)	3,460,107
21,564,938	9,829,335	31,394,273
<u>\$ 25,056,674</u>	<u>\$ 9,797,706</u>	<u>\$ 34,854,380</u>

CITY OF LOVELAND, OHIO

**Balance Sheet
Governmental Funds
December 31, 2019**

	General Fund	Paramedic Fund	Fire and EMS Fund	Community Improvement Corporation Fund
Assets:				
Pooled Cash and Investments	\$ 5,519,614	\$ 384,137	\$ 560,143	\$ 0
Receivables:				
Taxes	2,494,565	915,222	1,107,313	0
Payment in Lieu of Taxes	0	0	0	0
Accounts	81,809	37,985	0	0
Intergovernmental	172,582	56,398	36,145	0
Interest	0	0	0	0
Special Assessments	582	0	0	0
Interfund Loans Receivable	2,445,243	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	25,096	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	92,957
Total Assets	\$ 10,739,491	\$ 1,393,742	\$ 1,703,601	\$ 92,957
Liabilities:				
Accounts Payable	\$ 89,508	\$ 2,042	\$ 4,959	\$ 1,100
Accrued Wages and Benefits Payable	183,330	0	0	0
Intergovernmental Payable	23,263	0	8,659	0
Interfund Loans Payable	0	0	0	0
Total Liabilities	296,101	2,042	13,618	1,100
Deferred Inflows of Resources:				
Unavailable Amounts	927,681	78,832	63,487	0
Property Tax Levy for Next Fiscal Year	965,179	892,776	1,079,956	0
Total Deferred Inflows of Resources	1,892,860	971,608	1,143,443	0
Fund Balances:				
Nonspendable	2,470,339	0	0	0
Restricted	0	420,092	546,540	91,857
Assigned	43,268	0	0	0
Unassigned	6,036,923	0	0	0
Total Fund Balances	8,550,530	420,092	546,540	91,857
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,739,491	\$ 1,393,742	\$ 1,703,601	\$ 92,957

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

Historic Loveland TIF Fund	Special Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 22,049	\$ 523,190	\$ 922,259	\$ 7,931,392
0	0	619,989	5,137,089
270,129	0	0	270,129
0	0	25	119,819
0	13,752	512,512	791,389
0	318	0	318
0	0	0	582
0	266,000	0	2,711,243
0	0	60,536	60,536
0	0	2,377	27,473
0	0	0	92,957
<u>\$ 292,178</u>	<u>\$ 803,260</u>	<u>\$ 2,117,698</u>	<u>\$ 17,142,927</u>
\$ 0	\$ 65,544	\$ 2,609	\$ 165,762
0	0	16,509	199,839
0	0	770	32,692
2,122,000	0	589,243	2,711,243
<u>2,122,000</u>	<u>65,544</u>	<u>609,131</u>	<u>3,109,536</u>
0	13,752	369,607	1,453,359
270,129	0	604,784	3,812,824
<u>270,129</u>	<u>13,752</u>	<u>974,391</u>	<u>5,266,183</u>
0	0	62,913	2,533,252
0	74,424	1,054,188	2,187,101
0	649,540	0	692,808
(2,099,951)	0	(582,925)	3,354,047
<u>(2,099,951)</u>	<u>723,964</u>	<u>534,176</u>	<u>8,767,208</u>
<u>\$ 292,178</u>	<u>\$ 803,260</u>	<u>\$ 2,117,698</u>	<u>\$ 17,142,927</u>

CITY OF LOVELAND, OHIO

***Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2019***

Total Governmental Fund Balances		\$	8,767,208
<i>Amounts reported for governmental activities in the statement of net position are different because</i>			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			26,421,882
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.			
Property Taxes	89,647		
Income Taxes	767,576		
Special Assessments	582		
Intergovernmental Revenues	<u>595,554</u>		1,453,359
The net pension/OPEB 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	2,183,957		
Deferred Inflows - Pension	(180,271)		
Net Pension Liability	(6,897,398)		
Deferred Outflows - OPEB	682,478		
Deferred Inflows - OPEB	(1,637,597)		
Net OPEB Liability	<u>(222,270)</u>		(6,071,101)
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	(3,573,343)		
Special Obligation TIF Bonds Payable	(550,000)		
Deferred Loss on Debt Refunding	7,336		
Capital Leases	(1,083,428)		
Compensated Absences Payable	(303,077)		
Accrued Interest Payable	<u>(12,162)</u>		(5,514,674)
<i>Net Position of Governmental Activities</i>		\$	<u>25,056,674</u>

See accompanying notes to the basic financial statements



CITY OF LOVELAND, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019**

	General Fund	Paramedic Fund	Fire and EMS Fund	Community Improvement Corporation Fund
Revenues:				
Property Taxes	\$ 953,913	\$ 883,927	\$ 1,069,251	\$ 0
Municipal Income Tax	4,811,133	0	0	0
Intergovernmental Revenue	364,023	112,597	71,502	0
Charges for Services	156,231	360,340	0	0
Licenses and Permits	266,414	0	0	0
Investment Earnings	0	0	0	0
Special Assessments	3,122	0	0	0
Fines and Forfeitures	69,728	0	0	0
All Other Revenue	246,529	0	5,922	140
Total Revenues	6,871,093	1,356,864	1,146,675	140
Expenditures:				
Current:				
Security of Persons and Property	3,155,047	1,299,472	914,621	0
Leisure Time Activities	588,387	0	0	0
Community Environment	228,504	0	0	0
Transportation	0	0	0	0
General Government	2,808,302	0	0	2,634
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	96,643	0
Interest & Fiscal Charges	0	0	42,221	0
Total Expenditures	6,780,240	1,299,472	1,053,485	2,634
Excess (Deficiency) of Revenues Over (Under) Expenditures	90,853	57,392	93,190	(2,494)
Other Financing Sources (Uses):				
Sale of Capital Assets	173	0	4,201	0
Other Financing Sources - Capital Leases	69,065	0	0	0
Transfers In	8,790	0	0	0
Transfers Out	(497,840)	0	(155,969)	0
Total Other Financing Sources (Uses)	(419,812)	0	(151,768)	0
Net Change in Fund Balances	(328,959)	57,392	(58,578)	(2,494)
Fund Balances at Beginning of Year	8,879,489	362,700	605,118	94,351
Increase (Decrease) in Inventory	0	0	0	0
Fund Balances End of Year	\$ 8,550,530	\$ 420,092	\$ 546,540	\$ 91,857

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

Historic Loveland TIF Fund	Special Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 267,237	\$ 0	\$ 598,789	\$ 3,773,117
0	0	0	4,811,133
217	263,360	944,549	1,756,248
0	0	0	516,571
0	0	16,600	283,014
0	241,238	0	241,238
0	149	11,224	14,495
0	0	8,634	78,362
0	0	29,442	282,033
<u>267,454</u>	<u>504,747</u>	<u>1,609,238</u>	<u>11,756,211</u>
0	0	699,560	6,068,700
0	0	0	588,387
0	0	0	228,504
0	0	825,808	825,808
0	0	17,116	2,828,052
32,047	1,920,644	0	1,952,691
0	0	306,304	402,947
0	0	153,315	195,536
<u>32,047</u>	<u>1,920,644</u>	<u>2,002,103</u>	<u>13,090,625</u>
235,407	(1,415,897)	(392,865)	(1,334,414)
0	0	3,000	7,374
0	0	0	69,065
0	350,000	564,862	923,652
(178,298)	0	(82,755)	(914,862)
<u>(178,298)</u>	<u>350,000</u>	<u>485,107</u>	<u>85,229</u>
57,109	(1,065,897)	92,242	(1,249,185)
(2,157,060)	1,789,861	437,734	10,012,193
0	0	4,200	4,200
<u>\$ (2,099,951)</u>	<u>\$ 723,964</u>	<u>\$ 534,176</u>	<u>\$ 8,767,208</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, 2019***

Net Change in Fund Balances - Total Governmental Funds \$ (1,249,185)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	3,493,794	
Depreciation Expense	<u>(918,052)</u>	2,575,742

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Decrease in Property Tax Revenue	(22,308)	
Decrease in Income Tax Revenue	(37,261)	
Increase in Intergovernmental Revenue	114,448	
Decrease in Special Assessments Revenue	<u>(230)</u>	54,649

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	450,398	
OPEB	<u>7,800</u>	458,198

Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:

Pension	(1,142,869)	
OPEB	<u>2,451,801</u>	1,308,932

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

Capital Lease Issuance		(69,065)
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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	306,304	
Deferred Loss on Bond Refunding	(917)	
Capital Lease Payment	96,643	
Premium Amortization	3,021	405,051
	<hr/>	

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 614

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	2,600	
Change in Inventory	4,200	6,800
	<hr/>	<hr/>

Change in Net Position of Governmental Activities **\$ 3,491,736**

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, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 938,889	\$ 953,924	\$ 953,924	\$ 0
Municipal Income Tax	4,444,000	4,444,000	4,787,084	343,084
Intergovernmental Revenue	364,044	393,772	337,603	(56,169)
Charges for Services	564,773	564,773	570,238	5,465
Licenses and Permits	270,000	270,000	267,087	(2,913)
Special Assessments	7,500	7,500	3,122	(4,378)
Fines and Forfeitures	70,000	70,000	68,640	(1,360)
All Other Revenues	156,332	156,332	354,056	197,724
Total Revenues	<u>6,815,538</u>	<u>6,860,301</u>	<u>7,341,754</u>	<u>481,453</u>
Expenditures:				
Current:				
Security of Persons and Property	3,332,559	3,332,559	3,078,276	254,283
Leisure Time Activities	605,117	630,117	616,416	13,701
Community Environment	317,925	321,225	236,730	84,495
General Government	2,383,815	3,768,159	3,365,169	402,990
Total Expenditures	<u>6,639,416</u>	<u>8,052,060</u>	<u>7,296,591</u>	<u>755,469</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	176,122	(1,191,759)	45,163	1,236,922
Other Financing Sources (Uses):				
Sale of Capital Assets	2,500	2,500	173	(2,327)
Transfers Out	(239,336)	(539,336)	(539,336)	0
Advances In	95,000	95,000	95,000	0
Advances Out	(48,254)	(48,254)	(48,254)	0
Total Other Financing Sources (Uses):	<u>(190,090)</u>	<u>(490,090)</u>	<u>(492,417)</u>	<u>(2,327)</u>
Net Change in Fund Balance	(13,968)	(1,681,849)	(447,254)	1,234,595
Fund Balance at Beginning of Year	4,298,877	4,298,877	4,298,877	0
Prior Year Encumbrances	92,505	92,505	92,505	0
Fund Balance at End of Year	<u>\$ 4,377,414</u>	<u>\$ 2,709,533</u>	<u>\$ 3,944,128</u>	<u>\$ 1,234,595</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 – Paramedic Fund
For the Year Ended December 31, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 886,477	\$ 883,937	\$ 883,937	\$ 0
Intergovernmental Revenue	115,000	112,597	112,597	0
Charges for Services	<u>375,000</u>	<u>375,000</u>	<u>350,614</u>	<u>(24,386)</u>
Total Revenues	<u>1,376,477</u>	<u>1,371,534</u>	<u>1,347,148</u>	<u>(24,386)</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>1,674,560</u>	<u>1,674,560</u>	<u>1,304,745</u>	<u>369,815</u>
Total Expenditures	<u>1,674,560</u>	<u>1,674,560</u>	<u>1,304,745</u>	<u>369,815</u>
Net Change in Fund Balance	(298,083)	(303,026)	42,403	345,429
Fund Balance at Beginning of Year	<u>336,697</u>	<u>336,697</u>	<u>336,697</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 38,614</u>	<u>\$ 33,671</u>	<u>\$ 379,100</u>	<u>\$ 345,429</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, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,075,145	\$ 1,069,263	\$ 1,069,263	\$ 0
Intergovernmental Revenue	73,000	71,502	71,502	0
All Other Revenues	0	750	5,922	5,172
Total Revenues	<u>1,148,145</u>	<u>1,141,515</u>	<u>1,146,687</u>	<u>5,172</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>1,552,719</u>	<u>1,552,719</u>	<u>1,058,753</u>	<u>493,966</u>
Total Expenditures	<u>1,552,719</u>	<u>1,552,719</u>	<u>1,058,753</u>	<u>493,966</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(404,574)	(411,204)	87,934	499,138
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	4,201	4,201
Transfers Out	<u>(155,970)</u>	<u>(155,970)</u>	<u>(155,969)</u>	<u>1</u>
Total Other Financing Sources (Uses):	<u>(155,970)</u>	<u>(155,970)</u>	<u>(151,768)</u>	<u>4,202</u>
Net Change in Fund Balance	(560,544)	(567,174)	(63,834)	503,340
Fund Balance at Beginning of Year	616,206	616,206	616,206	0
Prior Year Encumbrances	<u>750</u>	<u>750</u>	<u>750</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 56,412</u>	<u>\$ 49,782</u>	<u>\$ 553,122</u>	<u>\$ 503,340</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 0	\$ 140	\$ 140
Total Revenues	<u>0</u>	<u>0</u>	<u>140</u>	<u>140</u>
Expenditures:				
Current:				
General Government	<u>94,251</u>	<u>94,251</u>	<u>2,634</u>	<u>91,617</u>
Total Expenditures	<u>94,251</u>	<u>94,251</u>	<u>2,634</u>	<u>91,617</u>
Net Change in Fund Balance	(94,251)	(94,251)	(2,494)	91,757
Fund Balance at Beginning of Year	<u>94,351</u>	<u>94,351</u>	<u>94,351</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 91,857</u>	<u>\$ 91,757</u>

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2019**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
Assets:			
<i>Current Assets:</i>			
Pooled Cash and Investments	\$ 477,482	\$ 719,278	\$ 365,724
Receivables:			
Accounts	257,799	635,835	70,958
Intergovernmental	0	0	0
Interest	168	356	42
Prepaid Items	3,740	590	623
<i>Total Current Assets</i>	<u>739,189</u>	<u>1,356,059</u>	<u>437,347</u>
<i>Non Current Assets:</i>			
Capital Assets:			
Capital Assets Not Being Depreciated	1,341,675	59,490	0
Capital Assets Being Depreciated, Net	11,290,301	818,783	3,442,692
<i>Total Non Current Assets</i>	<u>12,631,976</u>	<u>878,273</u>	<u>3,442,692</u>
Total Assets	<u>13,371,165</u>	<u>2,234,332</u>	<u>3,880,039</u>
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	0	0	25,500
Pension	211,594	33,077	38,731
OPEB	44,480	6,953	8,141
Total Deferred Outflows of Resources	<u>256,074</u>	<u>40,030</u>	<u>72,372</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	1,971	1,500	295
Accrued Wages and Benefits	22,122	1,750	10,397
Intergovernmental Payable	1,760	305,792	202
Compensated Absences Payable - Current	11,597	0	12,099
Accrued Interest Payable	12,176	0	1,130
General Obligation Bonds Payable - Current	205,000	0	95,000
OPWC Loans Payable - Current	111,410	0	33,772
<i>Total Current Liabilities</i>	<u>366,036</u>	<u>309,042</u>	<u>152,895</u>
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	33,083	0	0
General Obligation Bonds Payable	4,264,582	0	410,000
OPWC Loans Payable	2,596,305	0	841,311
Net Pension Liability	616,316	96,349	112,812
Net OPEB Liability	320,484	50,101	58,661
<i>Total Long Term Liabilities</i>	<u>7,830,770</u>	<u>146,450</u>	<u>1,422,784</u>
Total Liabilities	<u>8,196,806</u>	<u>455,492</u>	<u>1,575,679</u>

CITY OF LOVELAND, OHIO

<u>Sanitation</u>	<u>Total</u>
\$ 179,229	\$ 1,741,713
184,265	1,148,857
26,429	26,429
109	675
881	5,834
<u>390,913</u>	<u>2,923,508</u>
0	1,401,165
51,714	15,603,490
<u>51,714</u>	<u>17,004,655</u>
<u>442,627</u>	<u>19,928,163</u>
0	25,500
48,849	332,251
10,268	69,842
<u>59,117</u>	<u>427,593</u>
78,711	82,477
2,569	36,838
285	308,039
0	23,696
0	13,306
0	300,000
0	145,182
<u>81,565</u>	<u>909,538</u>
0	33,083
0	4,674,582
0	3,437,616
142,284	967,761
<u>73,986</u>	<u>503,232</u>
<u>216,270</u>	<u>9,616,274</u>
<u>297,835</u>	<u>10,525,812</u>

(Continued)

CITY OF LOVELAND, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2019**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
Deferred Inflows of Resources:			
Pension	15,186	2,502	2,692
OPEB	5,256	911	910
Total Deferred Inflows of Resources	<u>20,442</u>	<u>3,413</u>	<u>3,602</u>
Net Position:			
Net Investment in Capital Assets	6,540,630	878,273	2,088,109
Unrestricted	<u>(1,130,639)</u>	<u>937,184</u>	<u>285,021</u>
Total Net Position	<u>\$ 5,409,991</u>	<u>\$ 1,815,457</u>	<u>\$ 2,373,130</u>

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

<u>Sanitation</u>	<u>Total</u>
3,544	23,924
<u>1,237</u>	<u>8,314</u>
<u>4,781</u>	<u>32,238</u>
51,714	9,558,726
<u>147,414</u>	<u>238,980</u>
<u>\$ 199,128</u>	<u>\$ 9,797,706</u>

CITY OF LOVELAND, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
Operating Revenues:			
Charges for Services	\$ 1,793,805	\$ 3,932,641	\$ 447,434
Total Operating Revenues	<u>1,793,805</u>	<u>3,932,641</u>	<u>447,434</u>
Operating Expenses:			
Personal Services	620,850	84,968	115,092
Contractual Services	569,755	3,746,786	91,009
Materials and Supplies	99,969	19,978	24,403
Depreciation	453,862	48,969	149,382
Total Operating Expenses	<u>1,744,436</u>	<u>3,900,701</u>	<u>379,886</u>
Operating Income (Loss)	49,369	31,940	67,548
Nonoperating Revenues (Expenses):			
Intergovernmental Grants	0	0	0
Investment Earnings	2,663	6,245	710
Interest Expense	(142,800)	0	(23,812)
Other Nonoperating Revenue	17,799	2,491	2,561
Total Nonoperating Revenues (Expenses)	<u>(122,338)</u>	<u>8,736</u>	<u>(20,541)</u>
Income (Loss) Before Transfers	(72,969)	40,676	47,007
Transfers:			
Transfers Out	0	0	(8,790)
Total Transfers	<u>0</u>	<u>0</u>	<u>(8,790)</u>
Change in Net Position	(72,969)	40,676	38,217
Net Position Beginning of Year	<u>5,482,960</u>	<u>1,774,781</u>	<u>2,334,913</u>
Net Position End of Year	<u>\$ 5,409,991</u>	<u>\$ 1,815,457</u>	<u>\$ 2,373,130</u>

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

<u>Sanitation</u>	<u>Total</u>
\$ 1,158,912	\$ 7,332,792
<u>1,158,912</u>	<u>7,332,792</u>
139,043	959,953
1,060,735	5,468,285
19,338	163,688
9,579	661,792
<u>1,228,695</u>	<u>7,253,718</u>
(69,783)	79,074
26,429	26,429
1,839	11,457
0	(166,612)
3,962	26,813
<u>32,230</u>	<u>(101,913)</u>
(37,553)	(22,839)
0	(8,790)
<u>0</u>	<u>(8,790)</u>
(37,553)	(31,629)
236,681	9,829,335
<u>\$ 199,128</u>	<u>\$ 9,797,706</u>

CITY OF LOVELAND, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$1,797,838	\$3,921,617	\$448,055
Cash Payments for Goods and Services	(681,310)	(3,751,799)	(116,280)
Cash Payments to Employees	(500,396)	(79,567)	(85,047)
Net Cash Provided (Used) by Operating Activities	616,132	90,251	246,728
<u>Cash Flows from Noncapital Financing Activities:</u>			
Intergovernmental Grants	0	0	0
Transfers Out to Other Funds	0	0	(8,790)
Advances Out to Other Funds	0	(80,000)	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	(80,000)	(8,790)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(545,730)	0	(17,000)
OPWC Loan Issuance	356,940	0	0
OPWC Loan Retirement	(249,574)	0	(67,543)
Principal Paid on General Obligation Bonds	(200,000)	0	(95,000)
Interest Paid on All Debt	(150,015)	0	(15,471)
Net Cash Used for Capital and Related Financing Activities	(788,379)	0	(195,014)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	2,736	6,482	734
Net Cash Provided by Investing Activities	2,736	6,482	734
Net Increase (Decrease) in Cash and Cash Equivalents	(169,511)	16,733	43,658
Cash and Cash Equivalents at Beginning of Year	646,993	702,545	322,066
Cash and Cash Equivalents at End of Year	\$477,482	\$719,278	\$365,724

CITY OF LOVELAND, OHIO

<u>Sanitation</u>	<u>Total</u>
\$1,157,615	\$7,325,125
(1,080,567)	(5,629,956)
<u>(117,321)</u>	<u>(782,331)</u>
<u>(40,273)</u>	<u>912,838</u>
23,306	23,306
0	(8,790)
0	<u>(80,000)</u>
<u>23,306</u>	<u>(65,484)</u>
(17,831)	(580,561)
0	356,940
0	(317,117)
0	(295,000)
<u>0</u>	<u>(165,486)</u>
<u>(17,831)</u>	<u>(1,001,224)</u>
1,909	11,861
<u>1,909</u>	<u>11,861</u>
(32,889)	(142,009)
<u>212,118</u>	<u>1,883,722</u>
<u>\$179,229</u>	<u>\$1,741,713</u>

(Continued)

CITY OF LOVELAND, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019**

	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)	\$49,369	\$31,940	\$67,548
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	453,862	48,969	149,382
Nonoperating Revenue	17,799	2,491	2,561
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
Increase in Accounts Receivable	(13,766)	(13,515)	(1,940)
Decrease in Prepaid Items	2,495	358	349
Increase in Deferred Outflows of Resources	(154,314)	(22,065)	(29,442)
Decrease in Accounts Payable	(10,799)	(2,254)	(868)
Increase (Decrease) in Intergovernmental Payable	(87)	17,330	116
Increase in Accrued Wages and Benefits	491	481	1,022
Increase in Compensated Absences	13,536	0	2,745
Increase in Net Pension Liability	291,179	38,945	57,120
Increase in Net OPEB Liability	72,695	6,354	16,220
Decrease in Deferred Inflows of Resources	(106,328)	(18,783)	(18,085)
Total Adjustments	566,763	58,311	179,180
Net Cash Provided (Used) by Operating Activities	\$616,132	\$90,251	\$246,728

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

<u>Sanitation</u>	<u>Total</u>
(\$69,783)	\$79,074
9,579	661,792
3,986	26,837
(5,283)	(34,504)
525	3,727
(35,081)	(240,902)
(494)	(14,415)
163	17,522
329	2,323
0	16,281
65,483	452,727
15,457	110,726
<u>(25,154)</u>	<u>(168,350)</u>
<u>29,510</u>	<u>833,764</u>
<u>(\$40,273)</u>	<u>\$912,838</u>

CITY OF LOVELAND, OHIO

***Statement of Net Position
Fiduciary Fund
December 31, 2019***

	<u>Custodial Fund</u>
Assets:	
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	\$ 4,689
Total Assets	<u>4,689</u>
Liabilities:	
Due to Others	4,689
Total Liabilities	<u>4,689</u>
Net Position:	
Total Net Position	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

***Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2019***

	<u>Custodial Fund</u>
Additions:	
Fines and Forfeiture Collections for other Governments	\$ 24,957
Total Additions	<u>24,957</u>
Deductions:	
Distribution of Fines and Forfeitures to other Governments	<u>24,957</u>
Total Deductions	<u>24,957</u>
Change in Net Position	0
Net Position at Beginning of Year	<u>0</u>
Net Position End of Year	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

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, 2019***

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.

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

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

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, 2019***

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 custodial 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 a custodial fund which accounts for the activity of the mayor's court.

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, 2019***

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, 2019***

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, 2019 but which are not intended to finance 2019 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 custodial 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, 2019***

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 custodial 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 2019.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

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.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

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)	(\$328,959)	\$57,392	(\$58,578)	(\$2,494)
Increase (Decrease):				
Accrued Revenues at December 31, 2019 received during 2020	(869,082)	(37,997)	(15)	0
Accrued Revenues at December 31, 2018 received during 2019	787,925	28,281	27	0
Accrued Expenditures at December 31, 2019 paid during 2020	296,101	2,042	13,618	1,100
Accrued Expenditures at December 31, 2018 paid during 2019	(245,477)	(2,278)	(11,865)	0
2019 Prepays for 2020	(25,096)	0	0	0
2018 Prepays for 2019	39,319	0	0	0
Change in Interfund Balances	46,746	0	0	0
Outstanding Encumbrances	(147,907)	(5,037)	(7,021)	(1,100)
Perspective Difference:				
Activity of Funds Reclassified for GAAP Reporting Purposes	(824)	0	0	0
Budget Basis	(\$447,254)	\$42,403	(\$63,834)	(\$2,494)

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

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 2019, 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 \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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, 2019***

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, 2019***

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
Compensated Absences/Net Pension Liability/Net OPEB Liability	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, 2019***

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. Pension/OPEB

The provision for pension/OPEB cost is recorded when the related payroll is accrued and the obligation is incurred. For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB 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.

P. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. 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.

R. 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, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. 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/OPEB 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/OPEB amounts on the government-wide and proprietary funds statement of net position. See Notes 9 and 10.

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/OPEB are reported on the government-wide and proprietary funds statement of net position. See Notes 9 and 10.

T. 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.

U. 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 2019.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. 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 2019, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 83, “Certain Asset Retirement Obligations,” Statement No. 84, “Fiduciary Activities,” Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,” and Statement No. 90, “Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.”

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments.

GASB Statement No. 88 revises the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements.

GASB Statement No. 90 establishes criteria for reporting a government’s majority equity interest in a legally separate organization.

These changes were incorporated in the City’s 2019 financial statements; however, there was no effect on beginning net position/fund balance.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

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			Special Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
				Improvement Corporation Fund	Historic Loveland TIF Fund				
Nonspendable:									
Interfund Loans Receivable	\$2,445,243	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,445,243
Supplies Inventory	0	0	0	0	0	0	0	60,536	60,536
Prepaid Items	25,096	0	0	0	0	0	0	2,377	27,473
Total Nonspendable	2,470,339	0	0	0	0	0	0	62,913	2,533,252
Restricted:									
Fire and EMS Services	0	420,092	546,540	0	0	0	0	177,157	1,143,789
Street Maintenance	0	0	0	0	0	0	0	569,215	569,215
Law Enforcement	0	0	0	0	0	0	0	18,638	18,638
Court Computer Improvements	0	0	0	0	0	0	0	12,264	12,264
Community Environment	0	0	0	91,857	0	0	0	0	91,857
Lighting District Improvements	0	0	0	0	0	0	0	51,142	51,142
Debt Retirement	0	0	0	0	0	0	0	225,418	225,418
Capital Improvements	0	0	0	0	0	74,424	354	0	74,778
Total Restricted	0	420,092	546,540	91,857	0	74,424	1,054,188	0	2,187,101
Assigned:									
Materials and Supplies	43,268	0	0	0	0	0	0	0	43,268
Capital Improvements	0	0	0	0	0	649,540	0	0	649,540
Total Assigned	43,268	0	0	0	0	649,540	0	0	692,808
Unassigned (Deficits):									
	6,036,923	0	0	0	(2,099,951)	0	(582,925)	0	3,354,047
Total Fund Balances	\$8,550,530	\$420,092	\$546,540	\$91,857	(\$2,099,951)	\$723,964	\$534,176	\$0	\$8,767,208

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, 2019, emergency reserve balances for the General Fund, Fire and EMS Fund, and Stormwater Fund were \$1,009,374, \$140,966, and \$37,000, 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, 2019***

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, 2019**

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 \$3,390,760 and the bank balance was \$3,817,835. Federal depository insurance covered \$1,585,849 of the bank balance and \$2,231,986 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, 2019 were as follows:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years)		
				less than 1	1-3	3-5
STAR Ohio ³	\$3,885,286	AAAm ¹	NA	\$3,885,286	\$0	\$0
Money Market Fund ³	9,867	AAAm ¹	NA	9,867	0	0
Marketable CD's	2,484,838	AAA ²	Level 2	535,249	1,369,372	580,217
Total Investments	<u>\$6,379,991</u>			<u>\$4,430,402</u>	<u>\$1,369,372</u>	<u>\$580,217</u>

¹ Standard & Poor’s

² All are fully FDIC insured and therefore have an implied AAA credit rating

³ Reported at amortized cost

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

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

B. Investments (Continued)

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.

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. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 2 inputs are significant other observable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

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 2019 were levied after October 1, 2018 on assessed values as of January 1, 2018, 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, 2018 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, 2019**

NOTE 5 – TAXES (Continued)

A. Property Taxes (Continued)

The assessed values upon which the 2019 property tax receipts were based were as follows:

	County		
	Hamilton	Clermont	Warren
Real Property:			
Residential/Agricultural	\$228,021,840	\$78,318,060	\$42,210,510
Personal Property:			
Public Utility Personal Property	<u>6,614,400</u>	<u>1,471,260</u>	<u>343,930</u>
Total Assessed Value	<u>\$234,636,240</u>	<u>\$79,789,320</u>	<u>\$42,554,440</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, 2019.

Tax Abatement Program	Total Amount of Taxes Abated For the year 2019
<i>Community Reinvestment Area (CRA)</i>	
Manufacturing/Industrial	<u>\$21,833</u>
	<u>\$21,833</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

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 2019, all income tax proceeds were recorded in the General Fund.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2019 consisted of property and income taxes, payment in lieu of taxes, accounts receivable, special assessments, interest, and intergovernmental receivables arising from shared revenues.

NOTE 7 – TRANSFERS AND INTERFUND LOANS

A. Transfers

Following is a summary of transfers in and out for all funds for 2019:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$8,790	\$497,840
Fire and EMS Fund	0	155,969
Historic Loveland TIF Fund	0	178,298
Special Projects Fund	350,000	0
Nonmajor Governmental Funds	564,862	82,755
Total Governmental Funds	<u>923,652</u>	<u>914,862</u>
Enterprise Funds:		
Stormwater Fund	0	8,790
Total Enterprise Funds	<u>0</u>	<u>8,790</u>
Totals	<u>\$923,652</u>	<u>\$923,652</u>

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, and Nonmajor Governmental Funds provided transfers to the Debt Service Fund during the year for debt retirement. In addition, the General Fund provided transfers to the Special Projects Fund for capital improvements.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 7 – TRANSFERS AND INTERFUND LOANS (Continued)

B. Interfund Loans

Interfund balances at December 31, 2019 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	\$2,445,243	\$0
Historic Loveland TIF Fund	0	2,122,000
Special Projects Fund	266,000	0
Nonmajor Governmental Funds	0	589,243
Totals	<u>\$2,711,243</u>	<u>\$2,711,243</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, 2019**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2019:

Historical Cost:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Capital assets not being depreciated:				
Land	\$6,278,060	\$885,076	\$0	\$7,163,136
Construction in Progress	275,548	1,356,619	(75,509)	1,556,658
Subtotal	6,553,608	2,241,695	(75,509)	8,719,794
Capital assets being depreciated:				
Buildings	8,332,879	123,736	0	8,456,615
Improvements Other than Buildings	1,641,674	20,835	0	1,662,509
Machinery and Equipment	4,030,979	357,491	(21,440)	4,367,030
Infrastructure	21,637,115	825,546	0	22,462,661
Total Cost	<u>\$42,196,255</u>	<u>\$3,569,303</u>	<u>(\$96,949)</u>	<u>\$45,668,609</u>

Accumulated Depreciation:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Buildings	(\$2,952,688)	(\$176,359)	\$0	(\$3,129,047)
Improvements Other than Buildings	(795,893)	(42,334)	0	(838,227)
Machinery and Equipment	(2,601,641)	(322,451)	21,440	(2,902,652)
Infrastructure	(11,999,893)	(376,908)	0	(12,376,801)
Total Depreciation	<u>(\$18,350,115)</u>	<u>(\$918,052) *</u>	<u>\$21,440</u>	<u>(\$19,246,727)</u>
Net Value:	<u>\$23,846,140</u>			<u>\$26,421,882</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$313,100
Leisure Time Activities	100,886
Transportation	434,088
General Government	69,978
Total Depreciation Expense	<u>\$918,052</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

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, 2019:

Historical Cost:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Capital assets not being depreciated:				
Land	\$920,027	\$0	\$0	\$920,027
Construction In Progress	60,883	420,255	0	481,138
Subtotal	980,910	420,255	0	1,401,165
Capital assets being depreciated:				
Buildings and Improvements	5,494,012	18,699	0	5,512,711
Utility Structures in Service	21,766,119	104,206	0	21,870,325
Machinery and Equipment	862,148	37,401	0	899,549
Total Cost	\$29,103,189	\$580,561	\$0	\$29,683,750

Accumulated Depreciation:

Class	December 31, 2018	Additions	Deletions	December 31, 2019
Buildings and Improvements	(\$2,256,456)	(\$187,321)	\$0	(\$2,443,777)
Utility Structures in Service	(9,226,889)	(423,047)	0	(9,649,936)
Machinery and Equipment	(533,958)	(51,424)	0	(585,382)
Total Depreciation	(\$12,017,303)	(\$661,792)	\$0	(\$12,679,095)

Net Value:

\$17,085,886	\$17,004,655
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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

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, 2019**

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, including requirements for reduced and unreduced benefits):

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

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 3.00% 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 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member’s FAS for the first 30 years of service.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member’s FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS’s Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	<u>State and Local</u>
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</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 \$224,096 for 2019. Of this amount, \$54,720 is reported as an intergovernmental payable.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Plan Description - City full-time police participate in the 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 that 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. See OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits.

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 participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

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>
2019 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee:	
January 1, 2019 through December 31, 2019	12.25 %
2019 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, 2019 through December 31, 2019	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$296,414 for 2019. Of this amount, \$34,239 is reported as an intergovernmental payable.

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, 2018, 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. 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	\$3,093,196	\$4,771,963	\$7,865,159
Proportion of the Net Pension Liability-2019	0.011294%	0.058461%	
Proportion of the Net Pension Liability-2018	<u>0.009995%</u>	<u>0.053348%</u>	
Percentage Change	<u>0.001299%</u>	<u>0.005113%</u>	
Pension Expense	\$683,587	\$648,064	\$1,331,651

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2019, 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			
Changes in assumptions	\$269,270	\$126,510	\$395,780
Differences between expected and actual experience	142	196,061	196,203
Net difference between projected and actual earnings on pension plan investments	419,833	587,903	1,007,736
Change in proportionate share	148,619	247,360	395,979
City contributions subsequent to the measurement date	224,096	296,414	520,510
Total Deferred Outflows of Resources	<u>\$1,061,960</u>	<u>\$1,454,248</u>	<u>\$2,516,208</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$40,615	\$4,455	\$45,070
Change in proportionate share	34,171	124,954	159,125
Total Deferred Inflows of Resources	<u>\$74,786</u>	<u>\$129,409</u>	<u>\$204,195</u>

\$520,510 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2020	\$323,298	\$308,520	\$631,818
2021	205,580	179,961	385,541
2022	38,947	204,323	243,270
2023	195,253	313,354	508,607
2024	0	22,267	22,267
Total	<u>\$763,078</u>	<u>\$1,028,425</u>	<u>\$1,791,503</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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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. The total pension liability in the December 31, 2018 and December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2018
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	7.2 percent
Actuarial Cost Method	Individual Entry Age
	December 31, 2017
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

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 was a loss of 2.94% for 2018.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

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 2018 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 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 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 7.2 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 (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$4,569,552	\$3,093,196	\$1,866,334

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2018, compared with January 1, 2017, are presented below.

	January 1, 2018	January 1, 2017
Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2018 valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For the January 1, 2018 valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

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.

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, 2018 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2018, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2017 was 8.00 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 8.00 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 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$6,272,416	\$4,771,963	\$3,518,117

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB 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 these estimates 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 OPEB are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (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 postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 10 - DEFINED BENEFIT OPEB PLANS (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 0 percent during calendar year 2019. 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 into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2019.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F 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.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. 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 percent of covered payroll for police employer units. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent 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, 2019***

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2019, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also 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.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$7,800 for 2019. Of this amount, \$901 is reported as an intergovernmental payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,608,452	\$532,377	\$2,140,829
Proportion of the Net OPEB Liability-2019	0.012337%	0.058461%	
Proportion of the Net OPEB Liability-2018	<u>0.011004%</u>	<u>0.053348%</u>	
Percentage Change	<u>0.001333%</u>	<u>0.005113%</u>	
OPEB Expense	\$174,206	(\$2,590,476)	(\$2,416,270)

CITY OF LOVELAND, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$51,859	\$275,959	\$327,818
Differences between expected and actual experience	545	0	545
Net difference between projected and actual earnings on OPEB plan investments	73,735	18,021	91,756
Change in proportionate share	97,093	227,308	324,401
City contributions subsequent to the measurement date	0	7,800	7,800
Total Deferred Outflows of Resources	<u>\$223,232</u>	<u>\$529,088</u>	<u>\$752,320</u>
Deferred Inflows of Resources			
Changes in assumptions	\$0	\$147,387	\$147,387
Differences between expected and actual experience	4,366	14,264	18,630
Change in proportionate share	21,148	43,419	64,567
Total Deferred Inflows of Resources	<u>\$25,514</u>	<u>\$205,070</u>	<u>\$230,584</u>

\$7,800 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2020	\$86,095	\$53,707	\$139,802
2021	60,877	53,707	114,584
2022	13,604	53,708	67,312
2023	37,142	59,160	96,302
2024	0	50,565	50,565
2025	0	44,583	44,583
2026	0	788	788
Total	<u>\$197,718</u>	<u>\$316,218</u>	<u>\$513,936</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior Measurement date	6.50 percent
Municipal Bond Rate:	
Current measurement date	3.71 percent
Prior Measurement date	3.31 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.25 percent, ultimate in 2029
Prior Measurement date	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

The long-term expected rate of return on health care 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 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. 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 Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 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	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease <u>(2.96%)</u>	Current Discount Rate <u>(3.96%)</u>	1% Increase <u>(4.96%)</u>
City's proportionate share of the net OPEB liability	\$2,057,812	\$1,608,452	\$1,251,095

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$1,546,073	\$1,608,452	\$1,680,299

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, 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.

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	4.66 percent	3.24 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB 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 expected. 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. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, are summarized below:

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	120.00 %	

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F'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 OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's proportionate share of the net OPEB liability	\$648,581	\$532,377	\$434,834

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

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 decreased from a beginning of year balance of \$305,677 to a year-end balance of \$303,077.

At December 31, 2019 the total accumulated unpaid time recorded in the Governmental Activities was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	10,602	\$151,382
Vacation/Compensatory	4,143	151,695
Total	<u>14,745</u>	<u>\$303,077</u>

Compensated absences attributable to the Enterprise Funds of \$56,779 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, 2019**

NOTE 12 – LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2019 were as follows:

		Balance December 31, 2018	Issued	(Retired)	Balance December 31, 2019	Amount Due Within One Year
Governmental Activities Debt:						
General Obligation Bonds:						
2017 Land Acquisition Refunding Bonds	1-2.63%	\$395,000	\$0	(\$40,000)	\$355,000	\$40,000
2011 HVAC	2-4.6%	220,000	0	(15,000)	205,000	15,000
2011 Parking and Municipal Real Estate	2-4.6%	1,015,000	0	(60,000)	955,000	65,000
2012 Various Purpose Refunding Bonds	1-2.5%	300,000	0	(75,000)	225,000	70,000
2013 Ambulance	1-1.5%	35,000	0	(35,000)	0	0
2016 Training Tower	3.59%	507,250	0	(31,304)	475,946	32,428
2018 Safety Center	2-4%	1,350,000	0	(50,000)	1,300,000	50,000
		3,822,250	0	(306,304)	3,515,946	272,428
Bond Premium		60,418	0	(3,021)	57,397	0
Total General Obligation Bonds		3,882,668	0	(309,325)	3,573,343	272,428
Special Obligation TIF Bonds:						
2017 Downtown Revitalization	3.75%	550,000	0	0	550,000	0
Governmental Activities Other Long-Term Obligations:						
Capital Leases		1,111,006	69,065	(96,643)	1,083,428	116,447
Compensated Absences		305,677	131,196	(133,796)	303,077	151,695
Total Governmental Activities		\$5,849,351	\$200,261	(\$539,764)	\$5,509,848	\$540,570

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CITY OF LOVELAND, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

		Balance December 31, 2018	Issued	(Retired)	Balance December 31, 2019	Amount Due Within One Year
Business-Type Activities Debt:						
General Obligation Bonds:						
2017 Stormwater Refunding Bonds	1-2.63%	\$200,000	\$0	(\$30,000)	\$170,000	\$30,000
2012 Stormwater System Refunding	1-2.50%	345,000	0	(65,000)	280,000	65,000
2012 Stormwater System Refunding	1-2.75%	55,000	0	0	55,000	0
2013 Water Tower Bond	1-4.00%	3,465,000	0	(140,000)	3,325,000	145,000
2018 Water Tower Maintenance Bond	2-4.00%	1,100,000	0	(60,000)	1,040,000	60,000
		<u>5,165,000</u>	<u>0</u>	<u>(295,000)</u>	<u>4,870,000</u>	<u>300,000</u>
Bond Premium		111,121	0	(6,539)	104,582	0
Total General Obligation Bonds		<u>5,276,121</u>	<u>0</u>	<u>(301,539)</u>	<u>4,974,582</u>	<u>300,000</u>
Ohio Public Works Commission Loans:*						
1999 State Route 48 North	3.00%	26,754	0	(26,754)	0	0
2002 West Loveland Waterline	0.00%	60,000	0	(15,000)	45,000	7,500
2003 West Loveland Avenue Storm Drainage	0.00%	91,683	0	(16,670)	75,013	8,335
2004 Elysiion Extension	0.00%	154,931	0	(23,836)	131,095	11,918
2005 Walker Extension	0.00%	133,928	0	(19,131)	114,797	9,566
2007 Downtown Water Line	0.00%	219,151	0	(24,350)	194,801	12,175
2008 Broadway and Hanna	0.00%	96,212	0	(9,622)	86,590	4,811
2011 Waterline Replacement	0.00%	315,630	0	(23,380)	292,250	11,690
2011 Bellwood Storm Drainage	0.00%	197,266	0	(14,612)	182,654	7,306
2012 Wall Street Waterline	0.00%	300,382	0	(24,030)	276,352	12,015
2012 Park Center Waterline	0.00%	242,347	0	(16,714)	225,633	8,357
2012 Fallis Road Waterline	0.00%	375,317	0	(26,808)	348,509	13,404
2013 Twightwee Waterline	0.00%	181,344	0	(11,700)	169,644	5,850
2013 Stoneybrook Storm Drainage	0.00%	223,680	0	(13,980)	209,700	6,990
2015 Union-Cemetery Waterline	0.00%	494,353	0	(28,249)	466,104	14,124
2015 Fifth Street Reconstruction	0.00%	30,524	0	(1,795)	28,729	898
2017 Loveland Madeira Storm Sewer	0.00%	399,473	0	(20,486)	378,987	10,243
2019 SR 48 and Loveland/Miamiville Waterline	0.00%	0	356,940	0	356,940	0
Total Ohio Public Works Commission Loans		<u>3,542,975</u>	<u>356,940</u>	<u>(317,117)</u>	<u>3,582,798</u>	<u>145,182</u>
Business-Type Activities Other Long-Term Obligations:						
Compensated Absences		40,498	39,143	(22,862)	56,779	23,696
Total Business-Type Activities		<u>\$8,859,594</u>	<u>\$396,083</u>	<u>(\$641,518)</u>	<u>\$8,614,159</u>	<u>\$468,878</u>

*The Ohio Public Works Commission Loans are direct borrowings.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2019**

NOTE 12 - LONG-TERM DEBT AND OTHER 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, 2019, follows:

Years	Governmental Activities			
	General Obligation Bonds		Special Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$272,428	\$125,314	\$0	\$20,625
2021	283,592	118,278	0	20,625
2022	294,798	111,436	0	20,625
2023	221,047	102,534	0	20,625
2024	227,341	95,096	0	20,625
2025-2029	1,162,801	350,388	550,000	41,250
2030-2034	698,939	137,818	0	0
2035-2038	355,000	36,200	0	0
Totals	\$3,515,946	\$1,077,064	\$550,000	\$144,375

Years	Business-Type Activities			
	General Obligation Bonds		OPWC Loans*	
	Principal	Interest	Principal	Interest
2020	\$300,000	\$159,671	\$145,182	\$0
2021	310,000	153,574	308,205	0
2022	320,000	145,298	308,206	0
2023	325,000	137,257	300,704	0
2024	270,000	129,490	293,206	0
2025-2029	1,280,000	541,108	1,179,080	0
2030-2034	1,355,000	301,800	793,013	0
2035-2039	710,000	57,400	237,355	0
2040	0	0	17,847	0
Totals	\$4,870,000	\$1,625,598	\$3,582,798	\$0

*The Ohio Public Works Commission Loans are direct borrowings.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 13 - CAPITAL LEASE COMMITMENTS

The City leases various public safety vehicles 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 \$1,464,623.

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, 2019:

<u>Year Ending December 31,</u>	<u>Governmental Capital Leases</u>
2020	\$157,618
2021	157,618
2022	157,618
2023	157,618
2024	138,864
2025-2029	<u>531,840</u>
Minimum Lease Payments	1,301,176
Less: Amount representing interest at the City's incremental borrowing rate of interest	<u>(217,748)</u>
Present value of minimum lease payments	<u><u>\$1,083,428</u></u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 14 - 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 resulting from claims 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 15 - COMPLIANCE AND ACCOUNTABILITY

The fund deficits of \$2,099,951 in the Historic Loveland TIF Fund and \$582,925 in the Recreation Land TIF Fund (capital projects funds) arose from the recognition of interfund loans payable in the individual fund balance sheet.

NOTE 16 - 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2019***

NOTE 17 – SIGNIFICANT COMMITMENTS

At December 31, 2019 the City had encumbrance commitments in the Governmental Funds as follows:

<u>Fund</u>	<u>Encumbrances</u>
General Fund	\$147,907
Paramedic Fund	5,037
Fire and EMS Fund	7,021
Community Improvement Corporation Fund	1,100
Historic Loveland TIF Fund	14,748
Special Projects Fund	434,889
Other Governmental Funds	<u>12,289</u>
Total Governmental Funds	<u><u>\$622,991</u></u>

The City had the following contractual commitments at December 31, 2019:

<u>Project</u>	<u>Remaining Contractual Commitment</u>	<u>Expected Date of Completion</u>
Safety Center Facility Improvements	\$392,657	May 2020
State Route 48 and Loveland Miami Road Water Main	9,976	February 2020
Cedar Drive Water Main	<u>10,895</u>	April 2020
	<u><u>\$413,528</u></u>	

NOTE 18 – SUBSEQUENT EVENT

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the government’s operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the government for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the City’s financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOVELAND, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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.

See notes to the required supplementary information

CITY OF LOVELAND, OHIO

<u>2017</u>	<u>2018</u>	<u>2019</u>
0.010582%	0.009995%	0.011294%
\$2,402,977	\$1,567,941	\$3,093,196
\$1,370,233	\$1,304,031	\$1,527,236
175.37%	120.24%	202.54%
77.25%	84.66%	74.70%

<u>2017</u>	<u>2018</u>	<u>2019</u>
0.054576%	0.053348%	0.058461%
\$3,456,759	\$3,274,180	\$4,771,963
\$1,303,800	\$1,294,747	\$1,403,389
265.13%	252.88%	340.03%
68.36%	70.91%	63.07%

CITY OF LOVELAND, OHIO

***Schedule of City Pension Contributions
Last Seven Years***

Ohio Public Employees Retirement System

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

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>
Contractually required contribution	\$212,984	\$243,541	\$246,179
Contributions in relation to the contractually required contribution	<u>212,984</u>	<u>243,541</u>	<u>246,179</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$1,341,209	\$1,281,795	\$1,295,679
Contributions as a percentage of covered payroll	15.88%	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. See notes to the required supplementary information

CITY OF LOVELAND, OHIO

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$164,428	\$169,524	\$213,813	\$224,096
<u>164,428</u>	<u>169,524</u>	<u>213,813</u>	<u>224,096</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,370,233	\$1,304,031	\$1,527,236	\$1,600,686
12.00%	13.00%	14.00%	14.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$247,722	\$246,002	\$266,644	\$296,414
<u>247,722</u>	<u>246,002</u>	<u>266,644</u>	<u>296,414</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,303,800	\$1,294,747	\$1,403,389	\$1,560,074
19.00%	19.00%	19.00%	19.00%



CITY OF LOVELAND, OHIO

***Schedule of the City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability
Last Three Years***

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.011597%	0.011004%	0.012337%
City's proportionate share of the net OPEB liability (asset)	\$1,171,312	\$1,194,926	\$1,608,452
City's covered payroll	\$1,370,233	\$1,304,031	\$1,527,236
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	85.48%	91.63%	105.32%
Plan fiduciary net position as a percentage of the total OPEB liability	54.05%	54.14%	46.33%

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

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.054576%	0.053348%	0.058461%
City's proportionate share of the net OPEB liability (asset)	\$2,590,578	\$3,022,598	\$532,377
City's covered payroll	\$1,303,800	\$1,294,747	\$1,403,389
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	198.69%	233.45%	37.94%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

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

Notes: The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2017 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability, which is the prior year end.

See notes to the required supplementary information

CITY OF LOVELAND, OHIO

***Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Seven Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$16,040	\$31,093	\$29,258
Contributions in relation to the contractually required contribution	<u>16,040</u>	<u>31,093</u>	<u>29,258</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$1,604,000	\$1,554,658	\$1,462,883
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%

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>
Contractually required contribution	\$48,552	\$6,409	\$6,478
Contributions in relation to the contractually required contribution	<u>48,552</u>	<u>6,409</u>	<u>6,478</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$1,341,209	\$1,281,795	\$1,295,679
Contributions as a percentage of covered payroll	3.62%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

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.

See notes to the required supplementary information

CITY OF LOVELAND, OHIO

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$27,405	\$13,040	\$0	\$0
<u>27,405</u>	<u>13,040</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,370,233	\$1,304,031	\$1,527,236	\$1,600,686
2.00%	1.00%	0.00%	0.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$6,519	\$6,474	\$7,017	\$7,800
<u>6,519</u>	<u>6,474</u>	<u>7,017</u>	<u>7,800</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,303,800	\$1,294,747	\$1,403,389	\$1,560,074
0.50%	0.50%	0.50%	0.50%

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2019***

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2019.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality Table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2019.

Changes in assumptions:

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2019***

NET OPEB LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2019.

Changes in assumptions:

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

Changes in assumptions:

2018: There were no changes in assumptions.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

General Bond Retirement Fund

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

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.

CITY OF LOVELAND, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Pooled Cash and Investments	\$ 690,169	\$ 225,418	\$ 6,672	\$ 922,259
Receivables:				
Taxes	619,989	0	0	619,989
Accounts	25	0	0	25
Intergovernmental	512,512	0	0	512,512
Inventory of Supplies, at Cost	60,536	0	0	60,536
Prepaid Items	2,377	0	0	2,377
Total Assets	\$ 1,885,608	\$ 225,418	\$ 6,672	\$ 2,117,698
Liabilities:				
Accounts Payable	\$ 2,609	\$ 0	\$ 0	\$ 2,609
Accrued Wages and Benefits Payable	16,509	0	0	16,509
Intergovernmental Payable	770	0	0	770
Interfund Loans Payable	0	0	589,243	589,243
Total Liabilities	19,888	0	589,243	609,131
Deferred Inflows of Resources:				
Unavailable Amounts	369,607	0	0	369,607
Property Tax Levy for Next Fiscal Year	604,784	0	0	604,784
Total Deferred Inflows of Resources	974,391	0	0	974,391
Fund Balances:				
Nonspendable	62,913	0	0	62,913
Restricted	828,416	225,418	354	1,054,188
Unassigned	0	0	(582,925)	(582,925)
Total Fund Balances	891,329	225,418	(582,571)	534,176
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,885,608	\$ 225,418	\$ 6,672	\$ 2,117,698

CITY OF LOVELAND, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$ 598,789	\$ 0	\$ 0	\$ 598,789
Intergovernmental Revenue	919,792	24,757	0	944,549
Licenses and Permits	16,600	0	0	16,600
Special Assessments	11,224	0	0	11,224
Fines and Forfeitures	8,634	0	0	8,634
All Other Revenue	29,442	0	0	29,442
Total Revenues	1,584,481	24,757	0	1,609,238
Expenditures:				
Current:				
Security of Persons and Property	699,560	0	0	699,560
Transportation	825,808	0	0	825,808
General Government	17,116	0	0	17,116
Debt Service:				
Principal Retirement	0	306,304	0	306,304
Interest & Fiscal Charges	0	153,315	0	153,315
Total Expenditures	1,542,484	459,619	0	2,002,103
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	41,997	(434,862)	0	(392,865)
Other Financing Sources (Uses):				
Sale of Capital Assets	3,000	0	0	3,000
Transfers In	75,000	489,862	0	564,862
Transfers Out	(34,501)	0	(48,254)	(82,755)
Total Other Financing Sources (Uses)	43,499	489,862	(48,254)	485,107
Net Change in Fund Balances	85,496	55,000	(48,254)	92,242
Fund Balances at Beginning of Year	801,633	170,418	(534,317)	437,734
Increase in Inventory	4,200	0	0	4,200
Fund Balances End of Year	\$ 891,329	\$ 225,418	\$ (582,571)	\$ 534,176

CITY OF LOVELAND, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019**

	Street Maintenance Fund	Enforcement and Education Fund	Permissive Motor Vehicle License Tax Fund	Fire Protection Fund
Assets:				
Pooled Cash and Investments	\$ 298,021	\$ 18,613	\$ 41,583	\$ 177,755
Receivables:				
Taxes	0	0	0	619,989
Accounts	0	25	0	0
Intergovernmental	365,281	0	79,409	38,205
Inventory of Supplies, at Cost	60,536	0	0	0
Prepaid Items	2,377	0	0	0
Total Assets	<u>\$ 726,215</u>	<u>\$ 18,638</u>	<u>\$ 120,992</u>	<u>\$ 835,949</u>
Liabilities:				
Accounts Payable	\$ 203	\$ 0	\$ 0	\$ 606
Accrued Wages and Benefits Payable	16,509	0	0	0
Intergovernmental Payable	770	0	0	0
Total Liabilities	<u>17,482</u>	<u>0</u>	<u>0</u>	<u>606</u>
Deferred Inflows of Resources:				
Unavailable Amounts	243,521	0	52,939	53,402
Property Tax Levy for Next Fiscal Year	0	0	0	604,784
Total Deferred Inflows of Resources	<u>243,521</u>	<u>0</u>	<u>52,939</u>	<u>658,186</u>
Fund Balances:				
Nonspendable	62,913	0	0	0
Restricted	402,299	18,638	68,053	177,157
Total Fund Balances	<u>465,212</u>	<u>18,638</u>	<u>68,053</u>	<u>177,157</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 726,215</u>	<u>\$ 18,638</u>	<u>\$ 120,992</u>	<u>\$ 835,949</u>

CITY OF LOVELAND, OHIO

<u>State Highway Fund</u>	<u>Mayors Court Computer Fund</u>	<u>Lighting District Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 90,791	\$ 12,264	\$ 51,142	\$ 690,169
0	0	0	619,989
0	0	0	25
29,617	0	0	512,512
0	0	0	60,536
0	0	0	2,377
<u>\$ 120,408</u>	<u>\$ 12,264</u>	<u>\$ 51,142</u>	<u>\$ 1,885,608</u>
\$ 1,800	\$ 0	\$ 0	\$ 2,609
0	0	0	16,509
0	0	0	770
<u>1,800</u>	<u>0</u>	<u>0</u>	<u>19,888</u>
19,745	0	0	369,607
0	0	0	604,784
<u>19,745</u>	<u>0</u>	<u>0</u>	<u>974,391</u>
0	0	0	62,913
98,863	12,264	51,142	828,416
<u>98,863</u>	<u>12,264</u>	<u>51,142</u>	<u>891,329</u>
<u>\$ 120,408</u>	<u>\$ 12,264</u>	<u>\$ 51,142</u>	<u>\$ 1,885,608</u>

CITY OF LOVELAND, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2019**

	Street Maintenance Fund	Enforcement and Education Fund	Permissive Motor Vehicle License Tax Fund	Fire Protection Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 598,789
Intergovernmental Revenue	627,422	0	166,166	76,275
Licenses and Permits	0	0	16,600	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	967	0	0
All Other Revenue	10,842	0	0	18,600
Total Revenues	638,264	967	182,766	693,664
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	699,560
Transportation	590,824	0	196,369	0
General Government	0	0	0	0
Total Expenditures	590,824	0	196,369	699,560
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,440	967	(13,603)	(5,896)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	3,000
Transfers In	75,000	0	0	0
Transfers Out	(34,501)	0	0	0
Total Other Financing Sources (Uses)	40,499	0	0	3,000
Net Change in Fund Balances	87,939	967	(13,603)	(2,896)
Fund Balances at Beginning of Year	373,073	17,671	81,656	180,053
Increase in Inventory	4,200	0	0	0
Fund Balances End of Year	\$ 465,212	\$ 18,638	\$ 68,053	\$ 177,157

CITY OF LOVELAND, OHIO

State Highway Fund	Mayors Court Computer Fund	Lighting District Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 598,789
49,929	0	0	919,792
0	0	0	16,600
0	0	11,224	11,224
0	7,667	0	8,634
0	0	0	29,442
<u>49,929</u>	<u>7,667</u>	<u>11,224</u>	<u>1,584,481</u>
0	0	0	699,560
38,615	0	0	825,808
0	7,656	9,460	17,116
<u>38,615</u>	<u>7,656</u>	<u>9,460</u>	<u>1,542,484</u>
11,314	11	1,764	41,997
0	0	0	3,000
0	0	0	75,000
0	0	0	(34,501)
<u>0</u>	<u>0</u>	<u>0</u>	<u>43,499</u>
11,314	11	1,764	85,496
87,549	12,253	49,378	801,633
0	0	0	4,200
<u>\$ 98,863</u>	<u>\$ 12,264</u>	<u>\$ 51,142</u>	<u>\$ 891,329</u>

CITY OF LOVELAND, OHIO

***Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2019***

	General Bond Retirement Fund	Debt Retirement Sinking Fund	Total Nonmajor Debt Service Funds
Assets:			
Pooled Cash and Investments	\$ 60,418	\$ 165,000	\$ 225,418
Total Assets	<u>\$ 60,418</u>	<u>\$ 165,000</u>	<u>\$ 225,418</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:			
Restricted	60,418	165,000	225,418
Total Fund Balances	<u>60,418</u>	<u>165,000</u>	<u>225,418</u>
Total Liabilities and Fund Balances	<u>\$ 60,418</u>	<u>\$ 165,000</u>	<u>\$ 225,418</u>

CITY OF LOVELAND, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2019**

	<u>General Bond Retirement Fund</u>	<u>Debt Retirement Sinking Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
Revenues:			
Intergovernmental Revenue	\$ 24,757	\$ 0	\$ 24,757
Total Revenues	<u>24,757</u>	<u>0</u>	<u>24,757</u>
Expenditures:			
Debt Service:			
Principal Retirement	306,304	0	306,304
Interest & Fiscal Charges	153,315	0	153,315
Total Expenditures	<u>459,619</u>	<u>0</u>	<u>459,619</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(434,862)	0	(434,862)
Other Financing Sources (Uses):			
Transfers In	434,862	55,000	489,862
Total Other Financing Sources (Uses)	<u>434,862</u>	<u>55,000</u>	<u>489,862</u>
Net Change in Fund Balances	0	55,000	55,000
Fund Balances at Beginning of Year	60,418	110,000	170,418
Fund Balances End of Year	<u>\$ 60,418</u>	<u>\$ 165,000</u>	<u>\$ 225,418</u>

CITY OF LOVELAND, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2019**

	Recreation Land TIF Fund	Training Tower Building Fund	Total Nonmajor Capital Projects Funds
Assets:			
Pooled Cash and Investments	\$ 6,318	\$ 354	\$ 6,672
Total Assets	<u>\$ 6,318</u>	<u>\$ 354</u>	<u>\$ 6,672</u>
Liabilities:			
Interfund Loans Payable	\$ 589,243	\$ 0	\$ 589,243
Total Liabilities	<u>589,243</u>	<u>0</u>	<u>589,243</u>
Fund Balances:			
Restricted	0	354	354
Unassigned	(582,925)	0	(582,925)
Total Fund Balances	<u>(582,925)</u>	<u>354</u>	<u>(582,571)</u>
Total Liabilities and Fund Balances	<u>\$ 6,318</u>	<u>\$ 354</u>	<u>\$ 6,672</u>

CITY OF LOVELAND, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2019**

	Recreation Land TIF Fund	Training Tower Building Fund	Total Nonmajor Capital Project Funds
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Other Financing Sources (Uses):			
Transfers Out	(48,254)	0	(48,254)
Total Other Financing Sources (Uses)	(48,254)	0	(48,254)
Net Change in Fund Balances	(48,254)	0	(48,254)
Fund Balances at Beginning of Year	(534,671)	354	(534,317)
Fund Balances End of Year	\$ (582,925)	\$ 354	\$ (582,571)

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, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 938,889	\$ 953,924	\$ 953,924	\$ 0
Municipal Income Tax	4,444,000	4,444,000	4,787,084	343,084
Intergovernmental Revenue	364,044	393,772	337,603	(56,169)
Charges for Services	564,773	564,773	570,238	5,465
Licenses and Permits	270,000	270,000	267,087	(2,913)
Special Assessments	7,500	7,500	3,122	(4,378)
Fines and Forfeitures	70,000	70,000	68,640	(1,360)
All Other Revenue	156,332	156,332	354,056	197,724
Total Revenues	6,815,538	6,860,301	7,341,754	481,453
Expenditures:				
Security of Persons and Property:				
Police:				
Personal Services	2,618,997	2,618,997	2,396,431	222,566
Other Expenditures	713,562	713,562	681,845	31,717
Total Security of Persons and Property	3,332,559	3,332,559	3,078,276	254,283
Leisure Time Activities:				
Parks and Recreation:				
Personal Services	343,335	343,335	337,906	5,429
Other Expenditures	261,782	286,782	278,510	8,272
Total Leisure Time Activities	605,117	630,117	616,416	13,701
Community Environment:				
Building and Zoning:				
Personal Services	141,696	144,996	141,844	3,152
Other Expenditures	176,229	176,229	94,886	81,343
Total Community Environment	317,925	321,225	236,730	84,495

(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, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government:				
City Council:				
Personal Services	65,885	65,885	65,568	317
Other Expenditures	20,000	35,000	28,304	6,696
Total City Council	85,885	100,885	93,872	7,013
City Manager:				
Personal Services	419,175	450,175	445,264	4,911
Total City Manager	419,175	450,175	445,264	4,911
Mayor's Court:				
Personal Services	88,629	88,629	84,323	4,306
Other Expenditures	26,685	26,685	16,457	10,228
Total Mayor's Court	115,314	115,314	100,780	14,534
Administration:				
Personal Services	3,600	3,600	3,600	0
Other Expenditures	15,900	15,900	12,221	3,679
Total Administration	19,500	19,500	15,821	3,679
Finance and Income Tax:				
Personal Services	335,276	335,276	314,399	20,877
Other Expenditures	23,939	23,939	19,217	4,722
Total Finance and Income Tax	359,215	359,215	333,616	25,599
Solicitor:				
Other Expenditures	85,500	94,000	84,529	9,471
Total Solicitor	85,500	94,000	84,529	9,471
General Operations:				
Other Expenditures	1,277,401	2,605,745	2,268,414	337,331
Total General Operations	1,277,401	2,605,745	2,268,414	337,331

(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, 2019***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Engineer:				
Personal Services	18,575	18,575	18,575	0
Other Expenditures	3,250	4,750	4,298	452
Total Engineer	21,825	23,325	22,873	452
Total General Government	2,383,815	3,768,159	3,365,169	402,990
Total Expenditures	6,639,416	8,052,060	7,296,591	755,469
Excess (Deficiency) of Revenues Over (Under) Expenditures	176,122	(1,191,759)	45,163	1,236,922
Other Financing Sources (Uses):				
Sale of Capital Assets	2,500	2,500	173	(2,327)
Transfers Out	(239,336)	(539,336)	(539,336)	0
Advances In	95,000	95,000	95,000	0
Advances Out	(48,254)	(48,254)	(48,254)	0
Total Other Financing Sources (Uses)	(190,090)	(490,090)	(492,417)	(2,327)
Net Change in Fund Balance	(13,968)	(1,681,849)	(447,254)	1,234,595
Fund Balance at Beginning of Year	4,298,877	4,298,877	4,298,877	0
Prior Year Encumbrances	92,505	92,505	92,505	0
Fund Balance at End of Year	\$ 4,377,414	\$ 2,709,533	\$ 3,944,128	\$ 1,234,595

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, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property Taxes	\$ 886,477	\$ 883,937	\$ 883,937	\$ 0
Intergovernmental Revenue	115,000	112,597	112,597	0
Charges for Services	<u>375,000</u>	<u>375,000</u>	<u>350,614</u>	<u>(24,386)</u>
Total Revenues	<u>1,376,477</u>	<u>1,371,534</u>	<u>1,347,148</u>	<u>(24,386)</u>
Expenditures:				
Security of Persons and Property:				
Other Expenditures	<u>1,674,560</u>	<u>1,674,560</u>	<u>1,304,745</u>	<u>369,815</u>
Total Expenditures	<u>1,674,560</u>	<u>1,674,560</u>	<u>1,304,745</u>	<u>369,815</u>
Net Change in Fund Balance	(298,083)	(303,026)	42,403	345,429
Fund Balance at Beginning of Year	<u>336,697</u>	<u>336,697</u>	<u>336,697</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 38,614</u>	<u>\$ 33,671</u>	<u>\$ 379,100</u>	<u>\$ 345,429</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, 2019***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,075,145	\$ 1,069,263	\$ 1,069,263	\$ 0
Intergovernmental Revenue	73,000	71,502	71,502	0
All Other Revenues	0	750	5,922	5,172
Total Revenues	<u>1,148,145</u>	<u>1,141,515</u>	<u>1,146,687</u>	<u>5,172</u>
Expenditures:				
Security of Persons and Property:				
Other Expenditures	1,552,719	1,552,719	1,058,753	493,966
Total Expenditures	<u>1,552,719</u>	<u>1,552,719</u>	<u>1,058,753</u>	<u>493,966</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(404,574)	(411,204)	87,934	499,138
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	4,201	4,201
Transfers Out	(155,970)	(155,970)	(155,969)	1
Total Other Financing Sources (Uses)	<u>(155,970)</u>	<u>(155,970)</u>	<u>(151,768)</u>	<u>4,202</u>
Net Change in Fund Balance	(560,544)	(567,174)	(63,834)	503,340
Fund Balance at Beginning of Year	616,206	616,206	616,206	0
Prior Year Encumbrances	750	750	750	0
Fund Balance at End of Year	<u>\$ 56,412</u>	<u>\$ 49,782</u>	<u>\$ 553,122</u>	<u>\$ 503,340</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, 2019***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 140</u>	<u>\$ 140</u>
Total Revenues	<u> 0</u>	<u> 0</u>	<u> 140</u>	<u> 140</u>
Expenditures:				
General Government:				
Other Expenditures	<u> 94,251</u>	<u> 94,251</u>	<u> 2,634</u>	<u> 91,617</u>
Total Expenditures	<u> 94,251</u>	<u> 94,251</u>	<u> 2,634</u>	<u> 91,617</u>
 Net Change in Fund Balance	 <u> (94,251)</u>	 <u> (94,251)</u>	 <u> (2,494)</u>	 <u> 91,757</u>
 Fund Balance at Beginning of Year	 <u> 94,351</u>	 <u> 94,351</u>	 <u> 94,351</u>	 <u> 0</u>
Fund Balance at End of Year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 91,857</u>	<u>\$ 91,757</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, 2019***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 275,181	\$ 267,237	\$ (7,944)
Intergovernmental Revenue	0	217	217
All Other Revenues	25,000	0	(25,000)
Total Revenues	<u>300,181</u>	<u>267,454</u>	<u>(32,727)</u>
Expenditures:			
Capital Outlay:			
Other Expenditures	86,053	46,795	39,258
Total Expenditures	<u>86,053</u>	<u>46,795</u>	<u>39,258</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	214,128	220,659	6,531
Other Financing Sources (Uses):			
Transfers Out	(178,298)	(178,298)	0
Advances Out	(55,000)	(55,000)	0
Total Other Financing Sources (Uses)	<u>(233,298)</u>	<u>(233,298)</u>	<u>0</u>
Net Change in Fund Balance	(19,170)	(12,639)	6,531
Fund Balance at Beginning of Year	19,940	19,940	0
Fund Balance at End of Year	<u>\$ 770</u>	<u>\$ 7,301</u>	<u>\$ 6,531</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 – Special Projects Fund
For the Year Ended December 31, 2019***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenue	\$ 508,410	\$ 263,360	\$ (245,050)
Investment Earnings	150,000	161,189	11,189
Special Assessments	10,000	149	(9,851)
All Other Revenue	<u>113,000</u>	<u>0</u>	<u>(113,000)</u>
Total Revenues	<u>781,410</u>	<u>424,698</u>	<u>(356,712)</u>
Expenditures:			
Capital Outlay:			
Other Expenditures	<u>2,768,492</u>	<u>2,648,772</u>	<u>119,720</u>
Total Expenditures	<u>2,768,492</u>	<u>2,648,772</u>	<u>119,720</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,987,082)	(2,224,074)	(236,992)
Other Financing Sources (Uses):			
OPWC Loan Proceeds	584,490	348,927	(235,563)
Transfers In	50,000	350,000	300,000
Advances In	<u>40,000</u>	<u>40,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>674,490</u>	<u>738,927</u>	<u>64,437</u>
Net Change in Fund Balance	(1,312,592)	(1,485,147)	(172,555)
Fund Balance at Beginning of Year	455,115	455,115	0
Prior Year Encumbrances	<u>1,097,785</u>	<u>1,097,785</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 240,308</u>	<u>\$ 67,753</u>	<u>\$ (172,555)</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, 2019***

	<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>1,438,178</u>	<u>49,462</u>	<u>1,388,716</u>
Total Expenditures	<u>1,438,178</u>	<u>49,462</u>	<u>1,388,716</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,438,178)	(49,462)	1,388,716
Other Financing Sources (Uses):			
Transfers In	<u>50,286</u>	<u>50,286</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>50,286</u>	<u>50,286</u>	<u>0</u>
Net Change in Fund Balance	(1,387,892)	824	1,388,716
Fund Balance at Beginning of Year	<u>1,414,351</u>	<u>1,414,351</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 26,459</u>	<u>\$ 1,415,175</u>	<u>\$ 1,388,716</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, 2019***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenue	\$ 490,000	\$ 589,954	\$ 99,954
All Other Revenues	7,339	10,842	3,503
Total Revenues	<u>497,339</u>	<u>600,796</u>	<u>103,457</u>
Expenditures:			
Transportation:			
Personal Services	375,841	368,559	7,282
Other Expenditures	365,792	227,564	138,228
Total Expenditures	<u>741,633</u>	<u>596,123</u>	<u>145,510</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(244,294)	4,673	248,967
Other Financing Sources (Uses):			
Transfers In	75,000	75,000	0
Transfers Out	<u>(34,501)</u>	<u>(34,501)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>40,499</u>	<u>40,499</u>	<u>0</u>
Net Change in Fund Balance	(203,795)	45,172	248,967
Fund Balance at Beginning of Year	246,949	246,949	0
Prior Year Encumbrances	5,900	5,900	0
Fund Balance at End of Year	<u>\$ 49,054</u>	<u>\$ 298,021</u>	<u>\$ 248,967</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, 2019***

ENFORCEMENT AND EDUCATION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	<u>\$ 250</u>	<u>\$ 967</u>	<u>\$ 717</u>
Total Revenues	<u>250</u>	<u>967</u>	<u>717</u>
Expenditures:			
Security of Persons and Property:			
Other Expenditures	<u>17,439</u>	<u>0</u>	<u>17,439</u>
Total Expenditures	<u>17,439</u>	<u>0</u>	<u>17,439</u>
 Net Change in Fund Balance	 (17,189)	 967	 18,156
 Fund Balance at Beginning of Year	 <u>17,646</u>	 <u>17,646</u>	 <u>0</u>
Fund Balance at End of Year	<u>\$ 457</u>	<u>\$ 18,613</u>	<u>\$ 18,156</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, 2019***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenue	\$ 159,700	\$ 165,468	\$ 5,768
Licenses and Permits	29,825	16,600	(13,225)
Total Revenues	<u>189,525</u>	<u>182,068</u>	<u>(7,457)</u>
Expenditures:			
Transportation:			
Other Expenditures	<u>237,252</u>	<u>189,324</u>	<u>47,928</u>
Total Expenditures	<u>237,252</u>	<u>189,324</u>	<u>47,928</u>
Net Change in Fund Balance	(47,727)	(7,256)	40,471
Fund Balance at Beginning of Year	46,060	46,060	0
Prior Year Encumbrances	<u>9,824</u>	<u>9,824</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,157</u>	<u>\$ 48,628</u>	<u>\$ 40,471</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, 2019***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$ 598,796	\$ 598,796	\$ 0
Intergovernmental Revenue	76,275	76,275	0
All Other Revenues	18,600	18,600	0
Total Revenues	<u>693,671</u>	<u>693,671</u>	<u>0</u>
Expenditures:			
Security of Persons and Property:			
Other Expenditures	871,293	711,891	159,402
Total Expenditures	<u>871,293</u>	<u>711,891</u>	<u>159,402</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(177,622)	(18,220)	159,402
Other Financing Sources (Uses):			
Sale of Capital Assets	0	3,000	3,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>3,000</u>	<u>3,000</u>
Net Change in Fund Balance	(177,622)	(15,220)	162,402
Fund Balance at Beginning of Year	182,486	182,486	0
Fund Balance at End of Year	<u>\$ 4,864</u>	<u>\$ 167,266</u>	<u>\$ 162,402</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, 2019***

	STATE HIGHWAY FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Intergovernmental Revenue	\$ 36,600	\$ 46,402	\$ 9,802
Total Revenues	<u>36,600</u>	<u>46,402</u>	<u>9,802</u>
Expenditures:			
Transportation:			
Other Expenditures	<u>116,333</u>	<u>38,615</u>	<u>77,718</u>
Total Expenditures	<u>116,333</u>	<u>38,615</u>	<u>77,718</u>
Net Change in Fund Balance	(79,733)	7,787	87,520
Fund Balance at Beginning of Year	<u>81,204</u>	<u>81,204</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,471</u>	<u>\$ 88,991</u>	<u>\$ 87,520</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, 2019***

MAYORS COURT COMPUTER FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 9,100	\$ 7,592	\$ (1,508)
Total Revenues	<u>9,100</u>	<u>7,592</u>	<u>(1,508)</u>
Expenditures:			
General Government:			
Other Expenditures	<u>20,723</u>	<u>7,656</u>	<u>13,067</u>
Total Expenditures	<u>20,723</u>	<u>7,656</u>	<u>13,067</u>
Net Change in Fund Balance	(11,623)	(64)	11,559
Fund Balance at Beginning of Year	8,318	8,318	0
Prior Year Encumbrances	<u>3,360</u>	<u>3,360</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 55</u>	<u>\$ 11,614</u>	<u>\$ 11,559</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, 2019***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	<u>\$ 16,000</u>	<u>\$ 11,224</u>	<u>\$ (4,776)</u>
Total Revenues	<u>16,000</u>	<u>11,224</u>	<u>(4,776)</u>
Expenditures:			
General Government:			
Other Expenditures	<u>65,886</u>	<u>10,286</u>	<u>55,600</u>
Total Expenditures	<u>65,886</u>	<u>10,286</u>	<u>55,600</u>
 Net Change in Fund Balance	 (49,886)	 938	 50,824
 Fund Balance at Beginning of Year	 <u>50,204</u>	 <u>50,204</u>	 <u>0</u>
Fund Balance at End of Year	<u>\$ 318</u>	<u>\$ 51,142</u>	<u>\$ 50,824</u>

CITY OF LOVELAND, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2019***

	<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:			
Debt Service:			
Principal Retirement	306,304	306,304	0
Interest and Fiscal Charges	<u>153,315</u>	<u>153,315</u>	<u>0</u>
Total Expenditures	<u>459,619</u>	<u>459,619</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(459,619)	(459,619)	0
Other Financing Sources (Uses):			
Transfers In	<u>459,619</u>	<u>459,619</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>459,619</u>	<u>459,619</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>60,418</u>	<u>60,418</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 60,418</u>	<u>\$ 60,418</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 Debt Service Funds
For the Year Ended December 31, 2019***

	<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> 165,000</u>	<u> 0</u>	<u> 165,000</u>
Total Expenditures	<u> 165,000</u>	<u> 0</u>	<u> 165,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> (165,000)</u>	<u> 0</u>	<u> 165,000</u>
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	<u> (110,000)</u>	<u> 55,000</u>	<u> 165,000</u>
Fund Balance at Beginning of Year	<u> 110,000</u>	<u> 110,000</u>	<u> 0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 165,000</u>	<u>\$ 165,000</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, 2019**

	<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> 6,317</u>	<u> 0</u>	<u> 6,317</u>
Total Expenditures	<u> 6,317</u>	<u> 0</u>	<u> 6,317</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,317)	0	6,317
Other Financing Sources (Uses):			
Transfers Out	(48,254)	(48,254)	0
Advances In	<u> 48,255</u>	<u> 48,254</u>	<u> (1)</u>
Total Other Financing Sources (Uses)	<u> 1</u>	<u> 0</u>	<u> (1)</u>
Net Change in Fund Balance	(6,316)	0	6,316
Fund Balance at Beginning of Year	<u> 6,318</u>	<u> 6,318</u>	<u> 0</u>
Fund Balance at End of Year	<u><u>\$ 2</u></u>	<u><u>\$ 6,318</u></u>	<u><u>\$ 6,316</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, 2019***

	<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>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>354</u>	<u>354</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 354</u>	<u>\$ 354</u>	<u>\$ 0</u>



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)

	2010	2011	* 2012	* 2013
Governmental Activities:				
Net Investment in Capital Assets	\$13,337,321	\$13,154,734	\$15,270,813	\$16,042,573
Restricted	4,083,734	3,572,372	3,250,298	2,679,663
Unrestricted	2,127,266	2,645,239	3,173,831	4,640,392
Total Governmental Activities Net Position	<u>\$19,548,321</u>	<u>\$19,372,345</u>	<u>\$21,694,942</u>	<u>\$23,362,628</u>
Business-type Activities:				
Net Investment in Capital Assets	\$12,477,954	\$12,112,597	\$9,655,406	\$9,836,758
Restricted	0	0	0	0
Unrestricted	1,403,373	1,819,854	1,738,906	2,177,421
Total Business-type Activities Net Position	<u>\$13,881,327</u>	<u>\$13,932,451</u>	<u>\$11,394,312</u>	<u>\$12,014,179</u>
Primary Government:				
Net Investment in Capital Assets	\$25,815,275	\$25,267,331	\$24,926,219	\$25,879,331
Restricted	4,083,734	3,572,372	3,250,298	2,679,663
Unrestricted	3,530,639	4,465,093	4,912,737	6,817,813
Total Primary Government Net Position	<u>\$33,429,648</u>	<u>\$33,304,796</u>	<u>\$33,089,254</u>	<u>\$35,376,807</u>

*Restated

Source: Finance Director's Office

City of Loveland, Ohio

*			*		
2014	2015	2016	2017	2018	2019
\$19,348,404	\$18,469,680	\$19,372,310	\$19,515,289	\$19,470,195	\$21,354,268
1,466,093	1,662,026	1,741,174	2,582,085	3,082,182	2,738,327
(216,362)	918,195	1,242,738	(1,546,806)	(987,439)	964,079
<u>\$20,598,135</u>	<u>\$21,049,901</u>	<u>\$22,356,222</u>	<u>\$20,550,568</u>	<u>\$21,564,938</u>	<u>\$25,056,674</u>
\$9,343,559	\$9,452,972	\$9,402,549	\$9,384,084	\$9,450,023	\$9,558,726
0	0	0	0	0	0
2,024,449	1,808,310	2,013,249	1,415,095	379,312	238,980
<u>\$11,368,008</u>	<u>\$11,261,282</u>	<u>\$11,415,798</u>	<u>\$10,799,179</u>	<u>\$9,829,335</u>	<u>\$9,797,706</u>
\$28,691,963	\$27,922,652	\$28,774,859	\$28,899,373	\$28,920,218	\$30,912,994
1,466,093	1,662,026	1,741,174	2,582,085	3,082,182	2,738,327
1,808,087	2,726,505	3,255,987	(131,711)	(608,127)	1,203,059
<u>\$31,966,143</u>	<u>\$32,311,183</u>	<u>\$33,772,020</u>	<u>\$31,349,747</u>	<u>\$31,394,273</u>	<u>\$34,854,380</u>

City of Loveland, Ohio

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

	2010	2011	2012	2013
Expenses				
Governmental Activities:				
Security of Persons and Property	\$5,337,088	\$5,110,699	\$4,837,756	\$4,774,133
Leisure Time Activities	944,693	509,744	523,757	459,669
Community Environment	236,337	221,506	172,262	184,344
Transportation	1,334,262	1,019,091	905,724	925,791
General Government	2,062,417	2,068,656	1,954,219	1,625,043
Interest and Fiscal Charges	192,228	344,242	391,273	172,961
<i>Total Governmental Activities Expenses</i>	<u>10,107,025</u>	<u>9,273,938</u>	<u>8,784,991</u>	<u>8,141,941</u>
Business-type Activities:				
Water	1,546,890	1,483,481	2,008,015	1,371,256
Sewer	3,065,893	3,002,905	3,297,500	3,474,707
Stormwater	444,412	479,090	422,135	370,944
Sanitation	1,187,767	982,682	1,043,202	1,099,467
<i>Total Business-type Activities Expenses</i>	<u>6,244,962</u>	<u>5,948,158</u>	<u>6,770,852</u>	<u>6,316,374</u>
<i>Total Primary Government Expenses</i>	<u>\$16,351,987</u>	<u>\$15,222,096</u>	<u>\$15,555,843</u>	<u>\$14,458,315</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$198,239	\$189,146	\$192,509	\$181,463
Leisure Time Activities	0	0	26,505	29,500
Community Environment	81,992	135,082	178,239	158,425
Transportation	13,692	13,748	26,505	29,500
General Government	57,206	70,734	71,170	65,042
Operating Grants and Contributions	573,445	663,752	710,800	679,478
Capital Grants and Contributions	948,474	29,910	0	104,150
<i>Total Governmental Activities Program Revenues</i>	<u>1,873,048</u>	<u>1,102,372</u>	<u>1,205,728</u>	<u>1,247,558</u>

City of Loveland, Ohio

2014	2015	2016	2017	2018	2019
\$4,788,410	\$5,453,273	\$5,618,023	\$5,633,283	\$6,127,457	\$3,994,878
557,894	499,115	547,141	571,890	606,679	732,085
189,090	230,338	225,430	231,565	205,287	263,089
1,089,455	1,152,321	875,995	890,979	1,000,071	1,237,520
2,218,449	2,329,335	1,769,444	1,670,528	1,572,391	1,907,524
163,308	227,739	214,338	237,372	208,954	192,818
<u>9,006,606</u>	<u>9,892,121</u>	<u>9,250,371</u>	<u>9,235,617</u>	<u>9,720,839</u>	<u>8,327,914</u>
2,002,504	2,076,354	1,629,209	1,635,665	2,687,529	1,887,236
3,675,503	3,839,457	3,931,317	3,969,609	4,228,739	3,900,701
436,323	354,508	316,694	341,908	356,470	403,698
1,091,547	1,064,171	1,160,450	1,166,271	1,190,149	1,228,695
<u>7,205,877</u>	<u>7,334,490</u>	<u>7,037,670</u>	<u>7,113,453</u>	<u>8,462,887</u>	<u>7,420,330</u>
<u>\$16,212,483</u>	<u>\$17,226,611</u>	<u>\$16,288,041</u>	<u>\$16,349,070</u>	<u>\$18,183,726</u>	<u>\$15,748,244</u>
\$182,785	\$485,461	\$509,839	\$489,297	\$465,256	\$569,468
40,500	30,270	26,000	77,000	4,550	16,600
165,852	137,929	139,613	150,818	134,286	104,907
40,500	30,270	26,000	77,000	4,550	16,600
92,168	110,989	95,394	6,461	26,267	25,384
676,950	827,199	765,072	717,431	739,541	933,613
836,473	446,948	281,482	260,860	73,004	295,162
<u>2,035,228</u>	<u>2,069,066</u>	<u>1,843,400</u>	<u>1,778,867</u>	<u>1,447,454</u>	<u>1,961,734</u>

(continued)

City of Loveland, Ohio

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

	2010	2011	2012	2013
Business-type Activities:				
Charges for Services				
Water	1,433,636	1,534,373	1,619,459	1,584,915
Sewer	2,882,618	3,259,099	3,280,557	3,747,355
Stormwater	402,697	437,022	446,027	444,496
Sanitation	1,078,338	1,098,143	1,053,516	1,095,765
Operating Grants and Contributions	32,822	47,017	42,044	36,918
Capital Grants and Contributions	0	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>5,830,111</u>	<u>6,375,654</u>	<u>6,441,603</u>	<u>6,909,449</u>
<i>Total Primary Government Program Revenues</i>	<u>7,703,159</u>	<u>7,478,026</u>	<u>7,647,331</u>	<u>8,157,007</u>
Net (Expense)/Revenue				
Governmental Activities	(8,233,977)	(8,171,566)	(7,579,263)	(6,894,383)
Business-type Activities	(414,851)	427,496	(329,249)	593,075
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$8,648,828)</u>	<u>(\$7,744,070)</u>	<u>(\$7,908,512)</u>	<u>(\$6,301,308)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes	\$3,348,829	\$2,787,525	\$2,834,027	\$2,879,782
Municipal Income Taxes	3,575,815	3,363,631	3,566,706	3,598,230
Other Local Taxes	142,245	181,457	152,759	161,261
Intergovernmental, Unrestricted	867,124	860,409	874,364	793,951
Investment Earnings	60,479	75,345	32,693	37,912
Miscellaneous	437,793	350,851	232,421	435,555
Transfers	290,701	376,372	215,616	(26,792)
<i>Total Governmental Activities</i>	<u>8,722,986</u>	<u>7,995,590</u>	<u>7,908,586</u>	<u>7,879,899</u>
Business-type Activities:				
Investment Earnings	0	0	0	0
Transfers	(290,701)	(376,372)	(215,616)	26,792
<i>Total Business-type Activities</i>	<u>(290,701)</u>	<u>(376,372)</u>	<u>(215,616)</u>	<u>26,792</u>
<i>Total Primary Government</i>	<u>\$8,432,285</u>	<u>\$7,619,218</u>	<u>\$7,692,970</u>	<u>\$7,906,691</u>
Change in Net Position				
Governmental Activities	\$489,009	(\$175,976)	\$329,323	\$985,516
Business-type Activities	(705,552)	51,124	(544,865)	619,867
<i>Total Primary Government Change in Net Position</i>	<u>(\$216,543)</u>	<u>(\$124,852)</u>	<u>(\$215,542)</u>	<u>\$1,605,383</u>

Source: Finance Director's Office

City of Loveland, Ohio

2014	2015	2016	2017	2018	2019
1,589,706	1,679,873	1,669,782	1,675,413	1,733,174	1,811,604
3,763,128	3,990,202	3,983,094	3,932,224	4,041,076	3,935,132
432,907	437,155	431,533	443,771	447,207	449,995
1,093,114	1,138,687	1,124,066	1,141,690	1,163,059	1,162,874
37,475	32,489	34,026	32,272	49,057	26,429
51,350	1,299	0	0	60,883	0
<u>6,967,680</u>	<u>7,279,705</u>	<u>7,242,501</u>	<u>7,225,370</u>	<u>7,494,456</u>	<u>7,386,034</u>
<u>9,002,908</u>	<u>9,348,771</u>	<u>9,085,901</u>	<u>9,004,237</u>	<u>8,941,910</u>	<u>9,347,768</u>
(6,971,378)	(7,823,055)	(7,406,971)	(7,456,750)	(8,273,385)	(6,366,180)
(238,197)	(54,785)	204,831	111,917	(968,431)	(34,296)
<u>(\$7,209,575)</u>	<u>(\$7,877,840)</u>	<u>(\$7,202,140)</u>	<u>(\$7,344,833)</u>	<u>(\$9,241,816)</u>	<u>(\$6,400,476)</u>
\$2,872,211	\$3,224,922	\$3,273,696	\$3,463,847	\$3,714,377	\$3,750,809
3,634,505	4,067,529	4,381,413	4,385,652	4,495,030	4,773,872
156,184	151,224	155,423	151,433	165,372	159,253
596,562	603,570	561,963	564,817	572,734	641,921
36,690	31,671	35,133	68,775	108,661	241,238
318,017	143,964	254,762	335,047	222,703	282,033
47,340	51,941	50,902	43,412	8,878	8,790
<u>7,661,509</u>	<u>8,274,821</u>	<u>8,713,292</u>	<u>9,012,983</u>	<u>9,287,755</u>	<u>9,857,916</u>
0	0	587	3,127	7,465	11,457
(47,340)	(51,941)	(50,902)	(43,412)	(8,878)	(8,790)
<u>(47,340)</u>	<u>(51,941)</u>	<u>(50,315)</u>	<u>(40,285)</u>	<u>(1,413)</u>	<u>2,667</u>
<u>\$7,614,169</u>	<u>\$8,222,880</u>	<u>\$8,662,977</u>	<u>\$8,972,698</u>	<u>\$9,286,342</u>	<u>\$9,860,583</u>
\$690,131	\$451,766	\$1,306,321	\$1,556,233	\$1,014,370	\$3,491,736
(285,537)	(106,726)	154,516	71,632	(969,844)	(31,629)
<u>\$404,594</u>	<u>\$345,040</u>	<u>\$1,460,837</u>	<u>\$1,627,865</u>	<u>\$44,526</u>	<u>\$3,460,107</u>

City of Loveland, Ohio

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

	2010	2011	2012	2013
				*
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	16,986	60,149	407,220
Unassigned	0	2,863,996	3,241,068	3,765,277
Reserved	54,291	0	0	0
Unreserved	2,563,780	0	0	0
Total General Fund	2,618,071	2,880,982	3,301,217	4,172,497
All Other Governmental Funds				
Nonspendable	\$0	\$2,600,937	\$2,610,992	\$31,158
Restricted	0	937,726	781,979	2,289,299
Assigned	0	0	0	0
Unassigned	0	(938,059)	(1,141,994)	(286,805)
Reserved	134,303	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	691,493	0	0	0
Debt Service Funds	0	0	0	0
Capital Projects Funds	576,303	0	0	0
Total All Other Governmental Funds	1,402,099	2,600,604	2,250,977	2,033,652
Total Governmental Funds	\$4,020,170	\$5,481,586	\$5,552,194	\$6,206,149

*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

2014	2015	2016	2017	2018	2019
\$0	\$0	\$0	\$0	\$39,319	\$2,470,339
245,738	937,705	6,627	86,329	13,866	43,268
4,301,272	4,544,994	6,894,401	7,827,774	8,826,304	6,036,923
0	0	0	0	0	0
0	0	0	0	0	0
4,547,010	5,482,699	6,901,028	7,914,103	8,879,489	8,550,530
\$37,775	\$19,787	\$84,453	\$66,204	\$60,075	\$62,913
1,097,524	1,255,059	1,351,823	2,107,784	3,764,360	2,187,101
0	0	0	0	0	649,540
(2,001,065)	(2,459,974)	(3,322,056)	(2,677,476)	(2,691,731)	(2,682,876)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(865,766)	(1,185,128)	(1,885,780)	(503,488)	1,132,704	216,678
\$3,681,244	\$4,297,571	\$5,015,248	\$7,410,615	\$10,012,193	\$8,767,208

City of Loveland, Ohio

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

	2010	2011	2012	2013
Revenues:				
Property Taxes	\$3,457,467	\$2,720,526	\$2,875,721	\$2,887,385
Municipal Income Tax	3,483,522	3,447,047	3,496,995	3,722,897
Intergovernmental Revenue	2,600,644	1,577,254	1,559,656	1,583,098
Charges for Services	81,769	144,706	75,933	78,118
Licenses and Permits	95,684	307,596	313,988	337,581
Investment Earnings	60,997	75,345	32,693	37,912
Special Assessments	35,437	81,369	112,305	92,902
Fines and Forfeitures	138,239	129,146	132,509	121,463
All Other Revenue	437,793	350,851	232,421	435,555
Total Revenues	10,391,552	8,833,840	8,832,221	9,296,911
Expenditures:				
Current:				
Security of Persons and Property	4,753,802	4,865,064	4,542,557	4,578,183
Leisure Time Activities	607,256	391,113	405,289	344,436
Community Environment	236,337	209,694	183,688	184,730
Transportation	686,513	595,393	646,133	712,908
General Government	1,910,296	2,074,607	2,087,152	1,730,094
Capital Outlay	1,369,902	318,937	226,810	347,122
Debt Service:				
Principal Retirement	683,162	685,212	643,828	573,500
Interest and Fiscal Charges	188,266	329,285	347,441	202,174
Total Expenditures	10,435,534	9,469,305	9,082,898	8,673,147
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,982)	(635,465)	(250,677)	623,764

City of Loveland, Ohio

2014	2015	2016	2017	2018	2019
\$2,870,722	\$3,209,671	\$3,288,628	\$3,428,837	\$3,718,153	\$3,773,117
3,723,125	3,956,067	4,418,607	4,446,776	4,496,060	4,811,133
2,108,775	1,875,764	1,432,747	1,505,028	1,371,840	1,756,248
78,596	387,922	429,928	413,289	419,501	516,571
367,765	331,424	331,804	437,249	279,848	283,014
36,690	31,671	35,133	68,775	108,661	241,238
109,106	109,950	50,995	48,997	40,610	14,495
122,785	115,692	97,714	95,542	67,241	78,362
318,017	143,964	254,762	335,047	222,703	282,033
<u>9,735,581</u>	<u>10,162,125</u>	<u>10,340,318</u>	<u>10,779,540</u>	<u>10,724,617</u>	<u>11,756,211</u>
5,833,472	5,110,692	5,138,967	5,452,714	5,497,421	6,068,700
434,864	396,848	448,081	541,706	481,425	588,387
189,090	230,762	221,275	213,703	199,538	228,504
780,618	695,119	657,364	714,686	670,877	825,808
2,263,090	1,418,460	1,319,812	1,556,810	1,615,625	2,828,052
1,353,063	1,040,598	1,722,184	281,266	515,863	1,952,691
572,243	651,817	622,121	1,167,976	361,263	402,947
159,283	223,455	208,405	232,132	204,608	195,536
<u>11,585,723</u>	<u>9,767,751</u>	<u>10,338,209</u>	<u>10,160,993</u>	<u>9,546,620</u>	<u>13,090,625</u>
(1,850,142)	394,374	2,109	618,547	1,177,997	(1,334,414)

(continued)

City of Loveland, Ohio

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

	2010	2011	2012	2013
Other Financing Sources (Uses):				
Sale of Capital Assets	90,866	11,400	9,505	8,088
Other Financing Sources - Capital Leases	0	0	0	0
Loan Proceeds	0	0	0	0
Ohio Public Works Commission Loan Issuance	0	0	75,698	0
Issuance of General Obligation Bonds	0	1,700,000	0	215,000
Refunding General Obligation Bonds Issued	0	0	715,000	0
Premium on General Obligation Bonds	0	0	0	20,616
Payment to Refunded Bond Escrow Agent	0	0	(704,589)	0
Transfers In	840,449	946,651	889,160	745,216
Transfers Out	(549,748)	(570,279)	(673,544)	(699,063)
Total Other Financing Sources (Uses)	<u>381,567</u>	<u>2,087,772</u>	<u>311,230</u>	<u>289,857</u>
Special Items:	0	0	0	0
Net Change in Fund Balance	<u>\$337,585</u>	<u>\$1,452,307</u>	<u>\$60,553</u>	<u>\$913,621</u>
Debt Service as a Percentage of Noncapital Expenditures	8.77%	10.99%	11.59%	9.66%

Source: Finance Director's Office

City of Loveland, Ohio

2014	2015	2016	2017	2018	2019
7,859	63,000	0	572,681	14,153	7,374
1,137,762	125,000	0	204,027	0	69,065
465,000	0	0	0	0	0
0	0	0	0	0	0
0	0	600,000	550,000	1,350,000	0
0	0	0	410,000	0	0
0	0	0	0	60,418	0
0	0	0	0	0	0
1,237,184	741,647	779,387	964,061	754,680	923,652
(1,189,844)	(689,706)	(728,485)	(905,700)	(745,802)	(914,862)
<u>1,657,961</u>	<u>239,941</u>	<u>650,902</u>	<u>1,795,069</u>	<u>1,433,449</u>	<u>85,229</u>
(2,339,341)	0	0	0	0	0
<u>(\$2,531,522)</u>	<u>\$634,315</u>	<u>\$653,011</u>	<u>\$2,413,616</u>	<u>\$2,611,446</u>	<u>(\$1,249,185)</u>
8.43%	9.65%	9.47%	15.44%	6.48%	6.24%

City of Loveland, Ohio

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

Tax year	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Income Tax Rate	1.00%	1.00%	1.00%	1.00%
Estimated Personal Income	\$272,820,600	\$315,529,900	\$333,848,600	\$356,901,800
Total Tax Collected (net of refunds)	\$2,728,206	\$3,155,299	\$3,338,486	\$3,569,018
Income Tax Receipts				
Withholding	1,655,743	1,855,112	1,848,693	1,969,933
Percentage	61%	59%	55%	55%
Corporate	277,815	359,024	454,367	448,949
Percentage	10%	11%	14%	13%
Individuals	794,648	941,163	1,035,426	1,150,136
Percentage	29%	30%	31%	32%

Source: City Income Tax Department

City of Loveland, Ohio

2014	2015	2016	2017	2018	2019
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
\$350,423,300	\$376,604,700	\$408,809,222	\$418,071,710	\$430,636,734	\$450,627,638
\$3,504,233	\$3,766,047	\$4,088,092	\$4,180,717	\$4,306,367	\$4,506,276
1,947,710	2,124,522	2,348,990	2,353,645	2,598,637	2,697,480
55%	57%	57%	56%	60%	60%
440,386	427,054	470,445	457,553	320,046	425,472
13%	11%	12%	11%	8%	9%
1,116,137	1,214,471	1,268,657	1,369,519	1,387,684	1,383,324
32%	32%	31%	33%	32%	31%

City of Loveland, Ohio

Income Tax Statistics Current Year and Nine Years Ago

Income Level	Tax Year 2018 (filed in 2019)			
	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$24,999	1,228	27.87%	\$12,598,913	3.11%
25,000 - 49,999	729	16.54%	26,954,715	6.66%
50,000 - 74,999	637	14.45%	39,170,496	9.68%
75,000 - 99,999	429	9.73%	37,382,825	9.24%
Over 100,000	1,384	31.41%	288,429,042	71.31%
Total	4,407	100.00%	\$404,535,991	100.00%

Income Level	Tax Year 2009 (filed in 2010)			
	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,688	35.43%	\$16,886,667	5.51%
20,000 - 49,999	966	20.28%	35,327,491	11.52%
50,000 - 74,999	658	13.81%	40,661,505	13.26%
75,000 - 99,999	440	9.24%	38,295,568	12.49%
Over 100,000	1,012	21.24%	175,395,502	57.22%
Total	4,764	100.00%	\$306,566,733	100.00%

Source: City Income Tax Department



City of Loveland, Ohio

Ratios of Outstanding Debt By Type Last Ten Years

	2010	2011	2012	2013
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$3,568,665	\$4,853,800	\$4,365,300	\$4,006,800
Special Obligation TIF Bonds	0	0	0	0
Installment Loan	0	0	0	0
Capital Leases	0	0	0	0
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	\$2,322,493	\$2,128,895	\$2,005,581	\$5,340,440
Ohio Public Works Commission Loans	2,259,616	2,787,751	3,953,604	4,139,964
Capital Leases	18,005	12,714	7,206	1,470
Total Primary Government	<u>\$8,168,779</u>	<u>\$9,783,160</u>	<u>\$10,331,691</u>	<u>\$13,488,674</u>
Population ⁽²⁾				
City of Loveland	12,081	12,160	12,160	12,160
Outstanding Debt Per Capita	\$676	\$805	\$850	\$1,109
Income ⁽³⁾				
Personal	\$291,930,200	\$329,104,400	\$354,133,758	\$355,735,000
Percentage of Personal Income	2.80%	2.97%	2.92%	3.79%

Sources:

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

City of Loveland, Ohio

2014	2015	2016	2017	2018	2019
\$3,485,000	\$3,055,000	\$3,186,641	\$2,737,469	\$3,882,668	\$3,573,343
0	0	0	550,000	550,000	550,000
414,557	325,830	234,176	0	0	0
1,137,762	1,129,672	1,067,564	1,207,050	1,111,006	1,083,428
\$5,102,169	\$4,862,098	\$4,622,027	\$4,381,956	\$5,276,121	\$4,974,582
3,875,285	4,136,015	3,788,661	3,849,052	3,542,975	3,582,798
0	0	0	0	0	0
<u>\$14,014,773</u>	<u>\$13,508,615</u>	<u>\$12,899,069</u>	<u>\$12,725,527</u>	<u>\$14,362,770</u>	<u>\$13,764,151</u>
12,160	12,160	12,160	12,160	12,160	12,160
\$1,153	\$1,111	\$1,061	\$1,047	\$1,181	\$1,132
\$350,423,300	\$376,604,700	\$408,809,222	\$418,071,710	\$430,636,734	\$450,627,638
4.00%	3.59%	3.16%	3.04%	3.34%	3.05%

City of Loveland, Ohio

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2010	2011	2012	2013
Population ⁽¹⁾	12,081	12,160	12,160	12,160
Estimated Actual Value ⁽²⁾	\$868,174,531	\$815,086,437	\$817,585,218	\$829,313,737
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$5,891,158	\$6,982,695	\$6,370,881	\$9,347,240
Resources Available to Pay Principal ⁽⁴⁾	\$2,914	\$61,516	\$5,491	\$0
Net General Bonded Debt	\$5,888,244	\$6,921,179	\$6,365,390	\$9,347,240
Ratio of Net Bonded Debt to Estimated Actual Value	0.68%	0.85%	0.78%	1.13%
Net Bonded Debt per Capita	\$487.40	\$569.18	\$523.47	\$768.69

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

2014	2015	2016	2017	2018	2019
12,160	12,160	12,160	12,160	12,160	12,160
\$870,983,339	\$888,604,349	\$910,246,336	\$984,511,119	\$1,005,437,394	\$1,017,313,686
\$8,587,169	\$7,917,098	\$7,808,668	\$7,669,425	\$9,708,789	\$9,097,925
\$0	\$0	\$0	\$0	\$170,418	\$225,418
\$8,587,169	\$7,917,098	\$7,808,668	\$7,669,425	\$9,538,371	\$8,872,507
0.99%	0.89%	0.86%	0.78%	0.95%	0.87%
\$706.18	\$651.08	\$642.16	\$630.71	\$784.41	\$729.65



City of Loveland, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2019*

<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	\$5,206,771	100.00%	\$5,206,771
Overlapping:			
Hamilton County	120,015,000	1.21%	1,452,182
Warren County	37,770,000	0.57%	215,289
Loveland City School District	6,495,000	34.29%	2,227,136
Sycamore Community School District	153,629,545	1.04%	1,597,747
Little Miami School District	107,749,451	3.51%	3,782,006
		Subtotal	<u>9,274,360</u>
		Total	<u><u>\$14,481,131</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*

	2010	2011	2012	2013
Total Debt				
Net Assessed Valuation	\$306,931,824	\$288,674,650	\$289,666,570	\$294,117,190
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	32,227,842	30,310,838	30,414,990	30,882,305
City Debt Outstanding (2)	3,568,665	4,853,800	4,365,300	4,006,800
Less: Applicable Debt Service Fund Amounts	(2,914)	(61,516)	(5,491)	0
Net Indebtedness Subject to Limitation	<u>3,565,751</u>	<u>4,792,284</u>	<u>4,359,809</u>	<u>4,006,800</u>
Overall Legal Debt Margin	<u>\$28,662,091</u>	<u>\$25,518,554</u>	<u>\$26,055,181</u>	<u>\$26,875,505</u>
Debt Margin as a Percentage of Debt Limit	88.94%	84.19%	85.67%	87.03%
Unvoted Debt				
Net Assessed Valuation	\$306,931,824	\$288,674,650	\$289,666,570	\$294,117,190
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	16,881,250	15,877,106	15,931,661	16,176,445
City Debt Outstanding (2)	3,568,665	4,853,800	4,365,300	4,006,800
Less: Applicable Debt Service Fund Amounts	(2,914)	(61,516)	(5,491)	0
Net Indebtedness Subject to Limitation	<u>3,565,751</u>	<u>4,792,284</u>	<u>4,359,809</u>	<u>4,006,800</u>
Overall Legal Debt Margin	<u>\$13,315,499</u>	<u>\$11,084,822</u>	<u>\$11,571,852</u>	<u>\$12,169,645</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

2014	2015	2016	2017	2018	2019
\$308,967,430	\$315,281,720	\$322,994,330	\$349,283,750	\$356,980,000	\$361,415,410
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
32,441,580	33,104,581	33,914,405	36,674,794	37,482,900	37,948,618
3,485,000	3,055,000	3,186,641	2,737,469	3,822,250	3,515,946
0	0	0	0	(170,418)	(225,418)
3,485,000	3,055,000	3,186,641	2,737,469	3,651,832	3,290,528
\$28,956,580	\$30,049,581	\$30,727,764	\$33,937,325	\$33,831,068	\$34,658,090
89.26%	90.77%	90.60%	92.54%	90.26%	91.33%
\$308,967,430	\$315,281,720	\$322,994,330	\$349,283,750	\$356,980,000	\$361,415,410
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
16,993,209	17,340,495	17,764,688	19,210,606	19,633,900	19,877,848
3,485,000	3,055,000	3,186,641	2,737,469	3,822,250	3,515,946
0	0	0	0	(170,418)	(225,418)
3,485,000	3,055,000	3,186,641	2,737,469	3,651,832	3,290,528
\$13,508,209	\$14,285,495	\$14,578,047	\$16,473,137	\$15,982,068	\$16,587,320

City of Loveland, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2010	2011	2012	2013
Population ⁽¹⁾				
City of Loveland	12,081	12,160	12,160	12,160
Hamilton County	802,374	802,374	802,374	802,374
Income ⁽²⁾				
Total Personal	\$291,930,200	\$329,104,400	\$354,133,758	\$355,735,000
Per Capita	24,164	27,065	29,123	29,255
Unemployment Rate ⁽³⁾				
Federal	9.6%	8.9%	7.8%	7.4%
State	10.1%	8.6%	6.7%	7.4%
Hamilton County	9.5%	8.6%	7.0%	7.1%
Civilian Work Force Estimates ⁽³⁾				
State	5,897,600	5,806,000	5,696,700	5,766,000
Hamilton County	431,400	430,600	408,600	403,300

Sources:

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

City of Loveland

2014	2015	2016	2017	2018	2019
12,160	12,160	12,160	12,160	12,160	12,160
802,374	802,374	802,374	802,374	802,374	802,374
\$350,423,300	\$376,604,700	\$408,809,222	\$418,071,710	\$430,636,734	\$450,627,638
28,818	30,971	33,619	34,381	35,414	37,058
6.2%	4.9%	4.7%	4.1%	3.9%	3.5%
5.7%	4.9%	4.9%	4.7%	4.6%	4.2%
5.3%	4.4%	4.0%	4.0%	4.2%	4.4%
5,719,000	5,719,500	5,751,600	5,664,800	5,788,200	5,779,300
404,116	404,100	408,900	402,900	414,700	415,000



City of Loveland, Ohio

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2019	
		Employees	Rank
Loveland Board of Education	Education	896	1
Onesource Employee Management	Business Management	791	2
Swimsafe Pool Management Inc.	Retail	329	3
Kroger Limited Partnership	Retail	247	4
Sheakley HR LLC	Business Management	176	5
Robert McCabe Company, Inc.	Retail	166	6
Federal Express Corporation	Shipping	126	7
Workhorse Technologies Inc.	Technology	117	8
McCluskey Chevrolet Inc.	Retail	112	9
Loveland-Symmes Fire Department	Emergency Medical Services	110	10
Total		<u>3,070</u>	
Total Employment within the City (1)		<u><u>N/A</u></u>	

Employer	Nature of Business	2010	
		Number of 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>	
Total Employment within the City (1)		<u><u>N/A</u></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*

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities				
General Government				
Finance	6.00	6.50	5.50	5.00
Income Tax	2.00	0.00	0.00	0.00
Mayor's Court	1.00	1.00	1.00	1.00
City Manager's Office	2.75	3.25	2.75	2.50
Council/Clerk of Council	1.00	1.00	1.00	1.00
Security of Persons and Property				
Police	22.75	21.75	21.75	21.00
Community Environment				
Engineering	1.00	1.00	1.00	1.50
Building and Zoning	2.00	2.00	2.00	2.00
Business-Type Activities				
Utilities, Streets, Storm, Sanitation and Parks (Public Works Department)				
	<u>17.50</u>	<u>15.25</u>	<u>15.50</u>	<u>14.25</u>
<i>Total Employees</i>	<u><u>56.00</u></u>	<u><u>51.75</u></u>	<u><u>50.50</u></u>	<u><u>48.25</u></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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
5.00	5.00	5.00	5.00	5.00	5.00
0.00	0.00	0.00	0.00	0.00	0.00
1.00	1.00	1.00	1.00	1.00	1.00
2.50	1.50	1.50	1.50	3.00	3.00
1.00	0.50	0.50	0.50	0.50	0.50
19.00	19.00	19.00	19.00	19.50	19.50
1.00	1.00	1.00	1.00	1.00	1.00
1.50	1.50	1.50	1.50	1.50	2.00
<u>12.75</u>	<u>12.75</u>	<u>12.75</u>	<u>12.75</u>	<u>13.75</u>	<u>14.75</u>
<u>43.75</u>	<u>42.25</u>	<u>42.25</u>	<u>42.25</u>	<u>45.25</u>	<u>46.75</u>

City of Loveland, Ohio

Operating Indicators by Function Last Ten Years

	2010	2011	2012	2013
Governmental Activities				
General Government				
Court				
Number of Criminal Cases	234	288	297	204
Number of Traffic Cases	1,327	1,314	1,221	1,199
Licenses and Permits				
Number of Residential Building Permits	115	129	133	168
Number of Commercial Building Permits	42	54	77	94
Number of Residential Building Inspections	141	386	407	421
Number of Commercial Building Inspections	89	50	163	177
Security of Persons and Property				
Police				
Number of Calls for Service	10,402	11,460	10,507	12,275
Number of Criminal Arrests	612	789	536	630
Number of DUI Arrests	35	24	26	36
Number of Traffic Accidents	153	161	180	156
Transportation				
Street				
Number of Streets Resurfaced	3	5	6	6
Business-Type Activities				
Water				
Number of Service Connections	4,858	4,830	4,875	4,891
Daily Average Consumption (MGD)	1.792M	1.304M	1.258M	1.230M
Peak Daily Consumption (MGD)	3.17M	2.21M	2.52M	1.80M

Source: Finance Director's Office

City of Loveland

2014	2015	2016	2017	2018	2019
201	135	98	77	68	47
1,037	920	814	656	591	588
177	181	169	200	140	149
91	134	93	144	103	105
413	476	434	349	266	413
112	153	123	149	254	462
13,804	14,160	12,360	10,661	10,457	9,644
565	502	389	337	380	343
31	44	46	66	34	20
163	181	186	205	205	210
2	3	6	8	16	20
4,923	4,996	5,037	5,060	5,080	5,094
1.212M	1.240M	1.201M	1.156M	1.153M	1.046M
2.39M	2.06M	2.32M	2.21M	2.07M	2.15M

City of Loveland, Ohio

Capital Asset Statistics by Function Last Ten Years

	2010	2011	2012	2013
Governmental Activities				
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	12	13	13	14
Fire/EMS				
Vehicles	12	12	15	15
Transportation				
Street				
Number of Paved Streets	198	199	206	202
Total Paved Miles	102	102	104	102
Signal Controlled Intersections	13	13	13	13
Licensed Vehicles	10	12	13	13
Leisure Time Activities				
Parks and Recreation				
Land (acres)	99	99	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

2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
14	14	13	14	15	17
15	16	17	17	19	19
202	201	201	209	209	209
102	109	109	109	109	109
13	13	13	13	13	13
13	24	25	25	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	9	9	9	9
3	3	4	4	4	4
8	8	8	8	8	8
4	4	4	4	4	4
76	78	78	79	79	79
1	1	1	1	1	1
8	8	8	8	8	8
5	11	11	11	11	11
3	3	3	3	3	3
5,000	5,000	5,000	5,555	5,555	5,555



OHIO AUDITOR OF STATE KEITH FABER



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 30, 2020**