

BASIC FINANCIAL STATEMENTS

UNAUDITED

**FOR THE YEAR ENDED
DECEMBER 31, 2015**

Prepared by:
Kelly Beach
Director of Finance

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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, 2015. 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 2015 are as follows:

- In total, net position increased \$345,040. Net position of governmental activities increased \$451,766, which represents a 2% increase from 2014. Net position of business-type activities decreased \$106,726, or 1% from 2014.
- General revenues accounted for \$8,222,880 in revenue or 47% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9,348,771 or 53% of total revenues of \$17,571,651.
- The City had \$9,892,121 in expenses related to governmental activities; only \$2,069,066 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$8,222,880 were adequate to provide for these programs.
- Among major funds, the general fund had \$5,781,217 in revenues and other financing sources and \$4,845,528 in expenditures and other financing uses. The general fund's fund balance increased from \$4,547,010 to \$5,482,699.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

**Management’s Discussion and Analysis
For the Year Ended December 31, 2015**

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City’s net position at December 31, 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
	Restated		Restated		Restated	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$10,088,753	\$9,035,635	\$2,355,279	\$2,579,111	\$12,444,032	\$11,614,746
Capital Assets, Net	23,554,142	24,369,164	18,387,939	18,248,153	41,942,081	42,617,317
Total Assets	<u>33,642,895</u>	<u>33,404,799</u>	<u>20,743,218</u>	<u>20,827,264</u>	<u>54,386,113</u>	<u>54,232,063</u>
Deferred Outflows of Resources	<u>560,977</u>	<u>391,333</u>	<u>141,825</u>	<u>128,186</u>	<u>702,802</u>	<u>519,519</u>
Net Pension Liability	4,029,468	3,829,398	429,306	415,960	4,458,774	4,245,358
Other Long-term Liabilities	4,769,882	5,337,447	9,053,395	9,036,105	13,823,277	14,373,552
Other Liabilities	1,122,277	947,420	133,583	135,377	1,255,860	1,082,797
Total Liabilities	<u>9,921,627</u>	<u>10,114,265</u>	<u>9,616,284</u>	<u>9,587,442</u>	<u>19,537,911</u>	<u>19,701,707</u>
Deferred Inflows of Resources	<u>3,232,344</u>	<u>3,083,732</u>	<u>7,477</u>	<u>0</u>	<u>3,239,821</u>	<u>3,083,732</u>
Net Position						
Net Investment in Capital Assets	18,469,680	19,348,404	9,452,972	9,343,559	27,922,652	28,691,963
Restricted	1,662,026	1,466,093	0	0	1,662,026	1,466,093
Unrestricted	918,195	(216,362)	1,808,310	2,024,449	2,726,505	1,808,087
Total Net Position	<u>\$21,049,901</u>	<u>\$20,598,135</u>	<u>\$11,261,282</u>	<u>\$11,368,008</u>	<u>\$32,311,183</u>	<u>\$31,966,143</u>

During 2015, the City adopted GASB Statement 68, “Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27,” which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

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

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014. The net pension liability reduced beginning of year net position by \$3,454,624 in governmental activities and \$360,634 in business-type activities.

**Management's Discussion and Analysis
For the Year Ended December 31, 2015**

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Changes in Net Position – The following table shows the changes in net position for 2015 and 2014:

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2015	2014
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for Services and Sales	\$794,919	\$521,805	\$7,245,917	\$6,878,855	\$8,040,836	\$7,400,660
Operating Grants and Contributions	827,199	676,950	32,489	37,475	859,688	714,425
Capital Grants and Contributions	446,948	836,473	1,299	51,350	448,247	887,823
Total Program Revenues	<u>2,069,066</u>	<u>2,035,228</u>	<u>7,279,705</u>	<u>6,967,680</u>	<u>9,348,771</u>	<u>9,002,908</u>
General Revenues:						
Property Taxes	3,224,922	2,872,211	0	0	3,224,922	2,872,211
Municipal Income Taxes	4,067,529	3,634,505	0	0	4,067,529	3,634,505
Other Local Taxes	151,224	156,184	0	0	151,224	156,184
Intergovernmental, Unrestricted	603,570	596,562	0	0	603,570	596,562
Investment Earnings	31,671	36,690	0	0	31,671	36,690
Miscellaneous	143,964	318,017	0	0	143,964	318,017
Total General Revenues	<u>8,222,880</u>	<u>7,614,169</u>	<u>0</u>	<u>0</u>	<u>8,222,880</u>	<u>7,614,169</u>
Total Revenues	<u>10,291,946</u>	<u>9,649,397</u>	<u>7,279,705</u>	<u>6,967,680</u>	<u>17,571,651</u>	<u>16,617,077</u>
Program Expenses						
Security of Persons and Property	5,453,273	4,788,410	0	0	5,453,273	4,788,410
Leisure Time Activities	499,115	557,894	0	0	499,115	557,894
Community Environment	230,338	189,090	0	0	230,338	189,090
Transportation	1,152,321	1,089,455	0	0	1,152,321	1,089,455
General Government	2,329,335	2,218,449	0	0	2,329,335	2,218,449
Interest and Fiscal Charges	227,739	163,308	0	0	227,739	163,308
Water	0	0	2,076,354	2,002,504	2,076,354	2,002,504
Sewer	0	0	3,839,457	3,675,503	3,839,457	3,675,503
Stormwater	0	0	354,508	436,323	354,508	436,323
Sanitation	0	0	1,064,171	1,091,547	1,064,171	1,091,547
Total Expenses	<u>9,892,121</u>	<u>9,006,606</u>	<u>7,334,490</u>	<u>7,205,877</u>	<u>17,226,611</u>	<u>16,212,483</u>
Change in Net Position before Transfers	399,825	642,791	(54,785)	(238,197)	345,040	404,594
Transfers	<u>51,941</u>	<u>47,340</u>	<u>(51,941)</u>	<u>(47,340)</u>	<u>0</u>	<u>0</u>
Total Change in Net Position	451,766	690,131	(106,726)	(285,537)	345,040	404,594
Beginning Net Position - Restated	<u>20,598,135</u>	<u>NA</u>	<u>11,368,008</u>	<u>NA</u>	<u>31,966,143</u>	<u>NA</u>
Ending Net Position - Restated	<u>\$21,049,901</u>	<u>\$20,598,135</u>	<u>\$11,261,282</u>	<u>\$11,368,008</u>	<u>\$32,311,183</u>	<u>\$31,966,143</u>

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$374,774 for Governmental Activities and \$55,326 for Business-type Activities computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$408,395 for Governmental Activities and \$53,441 for Business-type Activities.

**Management's Discussion and Analysis
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Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-type Activities
Total 2015 program expenses under GASB 68	\$9,892,121	\$7,334,490
Pension expense under GASB 68	(408,395)	(53,441)
2015 contractually required contribution	365,754	55,971
Adjusted 2015 program expenses	9,849,480	7,337,020
Total 2014 program expenses under GASB 27	9,006,606	7,205,877
Change in program expenses not related to pension	\$842,874	\$131,143

Governmental Activities

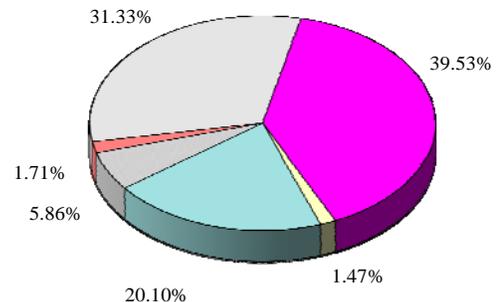
Net position of the City's governmental activities increased \$451,766 or 2% in 2015. The City approved a new contract with the Loveland-Symmes Fire Department, which resulted in an increase in EMS call revenue collected by the City. Capital grants and contributions can be attributed to OPWC grants received for improvements to Fifth Street and Union Cemetery Road as well as ODNR grants for the McCoy Trail spur and parking lot improvement project. A 12% increase in property taxes can be attributed to a 1.75 mill fire and EMS levy approved in 2014.

Expenses increased 11%, which can mostly be attributed to a new contract with the Loveland-Symmes Fire Department for personnel and equipment for the City's fire and EMS service.

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 31% and 40% respectively of revenues for governmental activities in 2015. The City's reliance upon tax revenues is demonstrated by the following graph indicating 72% of total revenues from general tax revenues:

Revenue Sources	2015	Percent of Total
Property Taxes	\$3,224,922	31.33%
Municipal Income Taxes	4,067,529	39.53%
Other Local Taxes	151,224	1.47%
Program Revenues	2,069,066	20.10%
Intergovernmental, Unrestricted	603,570	5.86%
General Other	175,635	1.71%
Total Revenue	\$10,291,946	100.00%



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Business-Type Activities

Net position of the business-type activities decreased \$106,726, or 1%. An increase in charges for services can be attributed to increased sewer revenues, which was the result of a 6% increase in rates, effective March 2015.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$4,297,571, which is an increase from last year's balance of \$3,681,244. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2015 and 2014:

	Fund Balance December 31, 2015	Fund Balance December 31, 2014	Increase (Decrease)
General	\$5,482,699	\$4,547,010	\$935,689
Paramedic	121,397	70,530	50,867
Fire and EMS	303,891	28,387	275,504
Fire Protection	87,851	84,554	3,297
Historic Loveland TIF	(1,757,234)	(1,475,937)	(281,297)
Nonmajor Governmental	58,967	426,700	(367,733)
Total	\$4,297,571	\$3,681,244	\$616,327

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:

	2015 Revenues	2014 Revenues	Increase (Decrease)
Property Taxes	\$820,310	\$781,984	\$38,326
Municipal Income Tax	3,956,067	3,723,125	232,942
Intergovernmental Revenue	465,356	330,595	134,761
Charges for Services	18,153	18,596	(443)
Licenses and Permits	301,154	327,265	(26,111)
Special Assessments	1,549	1,048	501
Fines and Forfeitures	101,422	114,259	(12,837)
All Other Revenue	103,740	242,971	(139,231)
Total	\$5,767,751	\$5,539,843	\$227,908

General Fund revenues increased approximately 4% when compared with the previous year. Increased efforts to collect on delinquent taxes resulted in the increase in income taxes. An increase in intergovernmental revenue can be attributed to Ohio Department of Natural Resources recreational trail program grants.

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	2015 <u>Expenditures</u>	2014 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$2,546,866	\$2,462,140	\$84,726
Leisure Time Activities	396,848	434,864	(38,016)
Community Environment	230,762	189,090	41,672
General Government	<u>1,343,615</u>	<u>1,458,941</u>	<u>(115,326)</u>
Total	<u><u>\$4,518,091</u></u>	<u><u>\$4,545,035</u></u>	<u><u>(\$26,944)</u></u>

Overall, General Fund expenditures remained stable, decreasing \$26,944, or less than 1% from the prior year. An increase in security of persons and property can be attributed to wage and benefit increases for police. In 2014 the City hired a consulting firm to conduct the search for a new City Manager. In addition, the former City manager had a one-year salary severance in his resignation agreement. Both of these contributed to an increase in general government expenditures in the prior year and a subsequent decrease in 2015.

Paramedic Fund – The Paramedic Fund reported an increase in fund balance of \$50,867. The City approved a new contract with the Loveland-Symmes Fire Department, which resulted in an increase in EMS call revenue collected by the City as well as an increase in costs for personnel and equipment for the City's EMS service.

Fire and EMS Fund – The Fire and EMS Fund balance increased \$275,504, which can be attributed to a 1.75 mill fire and EMS levy approved in 2014.

Fire Protection Fund – Revenues and expenditures in the Fire Protection Fund remained consistent with the prior year, resulting in an increase in fund balance of \$3,297.

Historic Loveland TIF Fund – The Historic Loveland TIF Fund balance decreased \$281,297. An interfund loan payable and notes payable reported on the balance sheet are the primary factors causing a negative year end fund balance of \$1,757,234.

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 2015 the City amended its General Fund budget several times, none significant.

For the General Fund, final revenue estimates were 5% higher than original revenue estimates due to an increase in income tax revenues. Final revenue estimates and actual budget basis revenues were not materially different. Final budgeted expenditures were not materially different from original estimates. Actual budget basis expenditures were 11% 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.

***Management's Discussion and Analysis
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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015 the City had \$41,942,081 net of accumulated depreciation invested in land, buildings, improvements, infrastructure, equipment and vehicles. Of this total, \$23,554,142 was related to governmental activities and \$18,387,939 to the business-type activities. The following tables show 2015 and 2014 balances:

	Governmental Activities		Increase (Decrease)
	2015	2014	
Land	\$6,633,060	\$6,633,060	\$0
Construction In Progress	275,630	704,960	(429,330)
Buildings	7,501,745	7,501,745	0
Improvements Other than Buildings	934,424	934,424	0
Machinery and Equipment	4,138,807	4,016,673	122,134
Infrastructure	20,360,121	19,993,630	366,491
Less: Accumulated Depreciation	<u>(16,289,645)</u>	<u>(15,415,328)</u>	<u>(874,317)</u>
Totals	<u>\$23,554,142</u>	<u>\$24,369,164</u>	<u>(\$815,022)</u>

	Business-Type Activities		Increase (Decrease)
	2015	2014	
Land	\$920,027	\$920,027	\$0
Construction in Progress	0	51,350	(51,350)
Buildings and Improvements	5,494,012	5,346,806	147,206
Utility Structures in Service	21,293,975	20,640,441	653,534
Machinery and Equipment	734,925	700,356	34,569
Less: Accumulated Depreciation	<u>(10,055,000)</u>	<u>(9,410,827)</u>	<u>(644,173)</u>
Totals	<u>\$18,387,939</u>	<u>\$18,248,153</u>	<u>\$139,786</u>

In governmental activities capital assets, additions to machinery and equipment included police vehicles, parks department equipment, and playground equipment. Infrastructure additions were the result of the Fifth Street reconstruction project as well as routine street maintenance. Business-type capital asset activity included water lines for the Union-Cemetery Road project and storm water improvements for Fifth Street. For additional information on the City's capital assets see Note 8.

**Management's Discussion and Analysis
For the Year Ended December 31, 2015****Unaudited****Debt**

At December 31, 2015, the City had \$7,840,000 in bonds outstanding, \$670,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2015 and 2014:

	2015	Restated 2014
Governmental Activities:		
General Obligation Bonds	\$3,055,000	\$3,485,000
Installment Loan	325,830	414,557
Capital Leases Payable	1,129,672	1,137,762
Net Pension Liability	4,029,468	3,829,398
Compensated Absences	259,380	300,128
Total Governmental Activities	<u>\$8,799,350</u>	<u>\$9,166,845</u>
Business-Type Activities:		
General Obligation Bonds	\$4,785,000	\$5,020,000
Premium on Refunding Bonds	77,098	82,169
Ohio Public Works Commission Loans	4,136,015	3,875,285
Net Pension Liability	429,306	415,960
Compensated Absences	55,282	58,651
Total Business-Type Activities	<u>9,482,701</u>	<u>9,452,065</u>
Totals	<u>\$18,282,051</u>	<u>\$18,618,910</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, 2015, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

Staff continues to aggressively work towards attracting businesses to the City, along with the retention and expansion of existing businesses. The City meets with existing businesses and realtors to assure that all are aware of available incentives, contact information, and relevant developments within the City which may impact their businesses. During 2015, the City continued its focus on the Commerce Park businesses in an effort to understand their particular operations and build a connection between the businesses and the City.

Notable economic development activities for 2015 included the following:

- Approvals were finalized for the commencement of a commercial development at 10565 East Kemper Road. The project includes a new 9,830 square foot development with up to six (6) units including a national franchise tenant.
- After considerable time and effort by City Staff, the conditional approval for the development of the McCluskey Auto Group Headquarters within the Commerce Park was secured during 2015. The 42,000 square foot development will house the auto group's administrative and accounting team and also include the processing and storage of vehicles for the auto group's area dealerships. The project, which is scheduled to commence in May of 2016, will result in only two (2) vacant lots remaining in the Commerce Park.

- During 2015, in an effort to expand commercial opportunities, City Staff and the Planning and Zoning Commission developed, and City Council approved, language allowing for the development of microbrewery operations.
- Nearly \$15 million in new estimated valuation was added from private residential and commercial building and improvements in 2015. There were a total of 338 permits issued for commercial, residential and zoning, which included 31 single family dwellings and 22 multi-family units.

Loveland Station:

Per the Loveland Station Development Agreement, throughout 2015 the City began performing certain post-closing obligations. These obligations include:

- Relocation of Overhead Utilities: Project entails the relocation of overhead utility lines along West Loveland, Second Street, and Broadway. This includes the relocation of electric, cable, phone, and telecommunication lines to Third Street and via conduit along Broadway. Throughout 2015, the work progressed with only the West Loveland portion of the project uncompleted at the end of the year.
- Quiet Zone: The City worked with its consultant (CTC) to initiate the commencement of the Quiet Zone. Despite delays in railroad approval, the commencement of the project is underway. In an effort to expedite the project, in 2015 the City installed the required medians along West Loveland and expanded the pavement at the Bike Trail crossing to accommodate the future crossing gates.

Bowling Alley

The City secured \$44,777 in grant funding for demolition of the former Loveland Lanes bowling alley property located at 897 Loveland Madeira Road. The City hired a part-time Economic Development Consultant in 2015 that assisted in the preparation and solicitation of Request for Proposals (RFP) for the purchase and development of the 6.5 +/- acre bowling alley site. The intent of the RFP is to select a preferred developer which will develop the site in a manner that is beneficial to the City and complimentary to the Loveland Madeira Business Corridor.

Downtown Improvements

With 250 new public parking spaces being installed in the downtown district through the Loveland Station Development and the McCoy Parking facility, the City began to focus on improvements to traffic flow. Two projects were included in the 2016 Budget and Capital Improvement Program to assist with addressing downtown traffic flow:

- Downtown Wayfinding is the result of an extensive amount of work by the City's Downtown Parking Advisory Committee (DPAC) in 2014 and 2015. Although the project resulted from a parking committee, effective wayfinding can work to more efficiently move vehicles through a community.

- Traffic Signal Improvements became a priority to improve traffic flow in the downtown district. The timing-only technology of the City's three downtown traffic signals greatly limits the ability to accommodate the varying traffic flows observed in downtown. Based on a recommendation from the City Engineer, a proposal to install radar detection systems, which allows for an entire queue of vehicles to be sensed on each approach to an intersection and adjusts the traffic signal's cycle lengths within pre-set parameters, was reviewed. This technology will be especially beneficial to automatically make adjustments to the signal timing during peak traffic flows, but also an improvement during off-peak times when vehicles may be sitting at a red light when no cross traffic is present. With all three downtown traffic signals upgraded and coordinated, the signals will work in unison to achieve optimum traffic flow.

REQUESTS FOR INFORMATION

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

CITY OF LOVELAND, OHIO

**Statement of Net Position
December 31, 2015**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	\$ 4,052,906	\$ 1,616,862	\$ 5,669,768
Receivables:			
Taxes	4,747,282	0	4,747,282
Accounts	71,901	1,058,417	1,130,318
Intergovernmental	815,893	0	815,893
Interest	703	0	703
Special Assessments	8,971	0	8,971
Internal Balances	320,000	(320,000)	0
Inventory of Supplies at Cost	19,787	0	19,787
Restricted Assets:			
Cash and Cash Equivalents	51,310	0	51,310
Capital Assets:			
Capital Assets Not Being Depreciated	6,908,690	920,027	7,828,717
Capital Assets Being Depreciated, Net	16,645,452	17,467,912	34,113,364
Total Assets	33,642,895	20,743,218	54,386,113
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	11,040	63,146	74,186
Pension:			
OPERS	173,437	78,679	252,116
OP&F	376,500	0	376,500
Total Deferred Outflows of Resources	560,977	141,825	702,802
Liabilities:			
Accounts Payable	277,112	89,798	366,910
Accrued Wages and Benefits	144,154	27,353	171,507
Intergovernmental Payable	90,494	596	91,090
Accrued Interest Payable	25,517	15,836	41,353
Special Obligation Notes Payable	585,000	0	585,000
Long Term Liabilities:			
Due Within One Year	721,387	591,361	1,312,748
Due in More Than One Year:			
Net Pension Liability	4,029,468	429,306	4,458,774
Other Amounts Due in More Than One Year	4,048,495	8,462,034	12,510,529
Total Liabilities	9,921,627	9,616,284	19,537,911
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	3,214,610	0	3,214,610
Pension:			
OPERS	17,734	7,477	25,211
Total Deferred Inflows of Resources	3,232,344	7,477	3,239,821
Net Position:			
Net Investment in Capital Assets	18,469,680	9,452,972	27,922,652
Restricted For:			
Capital Projects	608,042	0	608,042
Streets and Highways	291,682	0	291,682
Public Safety	762,302	0	762,302
Unrestricted	918,195	1,808,310	2,726,505
Total Net Position	\$ 21,049,901	\$ 11,261,282	\$ 32,311,183

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

**Statement of Activities
For the Year Ended December 31, 2015**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 5,453,273	\$ 485,461	\$ 30,192	\$ 0
Leisure Time Activities	499,115	30,270	100,633	0
Community Environment	230,338	137,929	0	0
Transportation	1,152,321	30,270	656,515	446,948
General Government	2,329,335	110,989	39,859	0
Interest and Fiscal Charges	227,739	0	0	0
Total Governmental Activities	9,892,121	794,919	827,199	446,948
Business-Type Activities:				
Water	2,076,354	1,679,873	0	0
Sewer	3,839,457	3,990,202	0	0
Stormwater	354,508	437,155	0	1,299
Sanitation	1,064,171	1,138,687	32,489	0
Total Business-Type Activities	7,334,490	7,245,917	32,489	1,299
Totals	\$ 17,226,611	\$ 8,040,836	\$ 859,688	\$ 448,247

General Revenues and Transfers

Property Taxes
Municipal Income Taxes
Other Local Taxes
Intergovernmental, Unrestricted
Investment Earnings
Miscellaneous
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year - Restated
Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (4,937,620)	\$ 0	\$ (4,937,620)
(368,212)	0	(368,212)
(92,409)	0	(92,409)
(18,588)	0	(18,588)
(2,178,487)	0	(2,178,487)
(227,739)	0	(227,739)
<u>(7,823,055)</u>	<u>0</u>	<u>(7,823,055)</u>
0	(396,481)	(396,481)
0	150,745	150,745
0	83,946	83,946
0	107,005	107,005
<u>0</u>	<u>(54,785)</u>	<u>(54,785)</u>
\$ (7,823,055)	\$ (54,785)	\$ (7,877,840)
3,224,922	0	3,224,922
4,067,529	0	4,067,529
151,224	0	151,224
603,570	0	603,570
31,671	0	31,671
143,964	0	143,964
51,941	(51,941)	0
<u>8,274,821</u>	<u>(51,941)</u>	<u>8,222,880</u>
451,766	(106,726)	345,040
<u>20,598,135</u>	<u>11,368,008</u>	<u>31,966,143</u>
\$ <u>21,049,901</u>	\$ <u>11,261,282</u>	\$ <u>32,311,183</u>

CITY OF LOVELAND, OHIO

**Balance Sheet
Governmental Funds
December 31, 2015**

	General Fund	Paramedic Fund	Fire and EMS Fund	Fire Protection Fund
Assets:				
Pooled Cash and Investments	\$ 2,449,750	\$ 93,349	\$ 314,031	\$ 88,663
Receivables:				
Taxes	2,306,492	850,069	1,014,869	575,852
Accounts	45,230	25,805	0	0
Intergovernmental	224,030	59,518	31,926	36,701
Interest	0	0	0	0
Special Assessments	8,971	0	0	0
Interfund Loans Receivable	2,596,329	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Total Assets	\$ 7,630,802	\$ 1,028,741	\$ 1,360,826	\$ 701,216
Liabilities:				
Accounts Payable	\$ 101,148	\$ 3,119	\$ 4,209	\$ 826
Accrued Wages and Benefits Payable	129,732	0	0	0
Intergovernmental Payable	15,104	0	5,955	0
Interfund Loans Payable	0	0	0	0
Accrued Interest Payable	0	0	0	0
Special Obligation Notes Payable	0	0	0	0
Total Liabilities	245,984	3,119	10,164	826
Deferred Inflows of Resources:				
Unavailable Amounts	1,066,167	76,210	57,040	51,627
Property Tax Levy for Next Fiscal Year	835,952	828,015	989,731	560,912
Total Deferred Inflows of Resources	1,902,119	904,225	1,046,771	612,539
Fund Balances:				
Nonspendable	0	0	0	0
Restricted	0	121,397	303,891	87,851
Assigned	937,705	0	0	0
Unassigned	4,544,994	0	0	0
Total Fund Balances	5,482,699	121,397	303,891	87,851
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,630,802	\$ 1,028,741	\$ 1,360,826	\$ 701,216

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

Historic Loveland TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 550,450	\$ 556,663	\$ 4,052,906
0	0	4,747,282
0	866	71,901
143,644	320,074	815,893
0	703	703
0	0	8,971
0	327,488	2,923,817
0	19,787	19,787
0	51,310	51,310
<u>\$ 694,094</u>	<u>\$ 1,276,891</u>	<u>\$ 12,692,570</u>
\$ 159,454	\$ 8,356	\$ 277,112
0	14,422	144,154
0	69,435	90,494
1,691,488	912,329	2,603,817
15,386	0	15,386
585,000	0	585,000
<u>2,451,328</u>	<u>1,004,542</u>	<u>3,715,963</u>
0	213,382	1,464,426
0	0	3,214,610
0	213,382	4,679,036
0	19,787	19,787
0	741,920	1,255,059
0	0	937,705
(1,757,234)	(702,740)	2,085,020
<u>(1,757,234)</u>	<u>58,967</u>	<u>4,297,571</u>
<u>\$ 694,094</u>	<u>\$ 1,276,891</u>	<u>\$ 12,692,570</u>

CITY OF LOVELAND, OHIO

***Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2015***

Total Governmental Fund Balances \$ 4,297,571

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

Capital Assets used in governmental activities are not
resources and therefore are not reported in the funds. 23,554,142

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

Property Taxes	95,653	
Income Taxes	904,185	
Special Assessments	8,971	
Intergovernmental Revenues	<u>455,617</u>	1,464,426

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

Deferred Outflows - Pension	549,937	
Deferred Inflows - Pension	(17,734)	
Net Pension Liability	<u>(4,029,468)</u>	(3,497,265)

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	(3,055,000)	
Deferred Loss on Debt Refunding	11,040	
Installment Loan	(325,830)	
Capital Leases	(1,129,672)	
Compensated Absences Payable	(259,380)	
Accrued Interest Payable	<u>(10,131)</u>	<u>(4,768,973)</u>

Net Position of Governmental Activities \$ 21,049,901

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, 2015**

	General Fund	Paramedic Fund	Fire and EMS Fund	Fire Protection Fund
Revenues:				
Property Taxes	\$ 820,310	\$ 828,045	\$ 989,758	\$ 560,915
Municipal Income Tax	3,956,067	0	0	0
Intergovernmental Revenue	465,356	116,499	71,981	75,301
Charges for Services	18,153	369,769	0	0
Licenses and Permits	301,154	0	0	0
Investment Earnings	0	0	0	0
Special Assessments	1,549	0	0	0
Fines and Forfeitures	101,422	0	0	0
All Other Revenue	103,740	0	8,207	18,600
Total Revenues	5,767,751	1,314,313	1,069,946	654,816
Expenditures:				
Current:				
Security of Persons and Property	2,546,866	1,263,446	647,003	651,519
Leisure Time Activities	396,848	0	0	0
Community Environment	230,762	0	0	0
Transportation	0	0	0	0
General Government	1,343,615	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	133,090	0
Interest & Fiscal Charges	0	0	44,508	0
Total Expenditures	4,518,091	1,263,446	824,601	651,519
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,249,660	50,867	245,345	3,297
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	0	58,000	0
Other Financing Sources - Capital Leases	0	0	125,000	0
Transfers In	8,466	0	0	0
Transfers Out	(327,437)	0	(152,841)	0
Total Other Financing Sources (Uses)	(313,971)	0	30,159	0
Net Change in Fund Balances	935,689	50,867	275,504	3,297
Fund Balances at Beginning of Year	4,547,010	70,530	28,387	84,554
Decrease in Inventory	0	0	0	0
Fund Balances End of Year	\$ 5,482,699	\$ 121,397	\$ 303,891	\$ 87,851

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

Historic Loveland TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,000	\$ 3,643	\$ 3,209,671
0	0	3,956,067
212,001	934,626	1,875,764
0	0	387,922
0	30,270	331,424
8,617	23,054	31,671
0	108,401	109,950
0	14,270	115,692
0	13,417	143,964
<u>227,618</u>	<u>1,127,681</u>	<u>10,162,125</u>
0	1,858	5,110,692
0	0	396,848
0	0	230,762
0	695,119	695,119
0	74,845	1,418,460
360,868	679,730	1,040,598
0	518,727	651,817
44,162	134,785	223,455
<u>405,030</u>	<u>2,105,064</u>	<u>9,767,751</u>
(177,412)	(977,383)	394,374
0	0	63,000
0	0	125,000
0	733,181	741,647
<u>(103,885)</u>	<u>(105,543)</u>	<u>(689,706)</u>
<u>(103,885)</u>	<u>627,638</u>	<u>239,941</u>
(281,297)	(349,745)	634,315
(1,475,937)	426,700	3,681,244
0	(17,988)	(17,988)
<u>\$ (1,757,234)</u>	<u>\$ 58,967</u>	<u>\$ 4,297,571</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, 2015***

Net Change in Fund Balances - Total Governmental Funds		\$ 634,315
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Outlay	697,097	
Depreciation Expense	<u>(895,795)</u>	(198,698)
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.		
Capital Asset Donation to Other Governments		(609,164)
The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.		
		(7,160)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Increase in Property Tax Revenue	15,251	
Increase in Income Tax Revenue	111,462	
Increase in Intergovernmental Revenue	1,953	
Increase in Special Assessments Revenue	<u>1,155</u>	129,821
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		365,754
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(408,395)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.		
Capital Lease Issuance		(125,000)
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bond Principal Payment	430,000	
Amortization of Deferred Loss on Bond Refunding	(5,519)	
Capital Lease Payment	133,090	
Installment Loan Principal Payment	<u>88,727</u>	646,298
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		1,235
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	40,748	
Change in Inventory	<u>(17,988)</u>	<u>22,760</u>
<i>Change in Net Position of Governmental Activities</i>		<u>\$ 451,766</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)
General Fund
For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 796,552	\$ 820,294	\$ 820,312	\$ 18
Municipal Income Tax	3,625,000	3,850,000	3,942,423	92,423
Intergovernmental Revenue	298,958	328,769	333,832	5,063
Charges for Services	561,773	562,230	562,260	30
Licenses and Permits	254,000	295,270	302,268	6,998
Special Assessments	1,000	1,549	1,549	0
Fines and Forfeitures	112,000	112,000	104,796	(7,204)
All Other Revenues	93,986	88,968	102,977	14,009
Total Revenues	5,743,269	6,059,080	6,170,417	111,337
Expenditures:				
Current:				
Security of Persons and Property	2,671,206	2,639,927	2,553,875	86,052
Leisure Time Activities	419,395	414,072	399,734	14,338
Community Environment	251,019	241,741	233,107	8,634
General Government	2,265,755	2,207,775	1,711,272	496,503
Total Expenditures	5,607,375	5,503,515	4,897,988	605,527
Excess (Deficiency) of Revenues Over (Under) Expenditures	135,894	555,565	1,272,429	716,864
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	5,000	5,000	0
Transfers In	0	3,423	3,423	0
Transfers Out	(299,637)	(355,707)	(355,707)	0
Advances In	80,589	80,589	80,589	0
Advances Out	(436,886)	(721,886)	(721,886)	0
Total Other Financing Sources (Uses):	(650,934)	(988,581)	(988,581)	0
Net Change in Fund Balance	(515,040)	(433,016)	283,848	716,864
Fund Balance at Beginning of Year	861,152	861,152	861,152	0
Prior Year Encumbrances	30,544	30,544	30,544	0
Fund Balance at End of Year	\$ 376,656	\$ 458,680	\$ 1,175,544	\$ 716,864

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, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 804,379	\$ 828,015	\$ 828,032	\$ 17
Intergovernmental Revenue	107,975	111,158	111,158	0
Charges for Services	330,000	315,852	343,964	28,112
Total Revenues	<u>1,242,354</u>	<u>1,255,025</u>	<u>1,283,154</u>	<u>28,129</u>
Expenditures:				
Current:				
Security of Persons and Property	<u>1,304,652</u>	<u>1,297,493</u>	<u>1,260,628</u>	<u>36,865</u>
Total Expenditures	<u>1,304,652</u>	<u>1,297,493</u>	<u>1,260,628</u>	<u>36,865</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,298)	(42,468)	22,526	64,994
Fund Balance at Beginning of Year	51,823	51,823	51,823	0
Prior Year Encumbrances	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,525</u>	<u>\$ 28,355</u>	<u>\$ 93,349</u>	<u>\$ 64,994</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, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 937,900	\$ 989,731	\$ 989,749	\$ 18
Intergovernmental Revenue	76,622	71,981	71,981	0
All Other Revenues	2,000	7,916	8,207	291
Total Revenues	<u>1,016,522</u>	<u>1,069,628</u>	<u>1,069,937</u>	<u>309</u>
Expenditures:				
Current:				
Security of Persons and Property	858,510	853,933	695,412	158,521
Debt Service:				
Principal Retirement	95,224	0	0	0
Total Expenditures	<u>953,734</u>	<u>853,933</u>	<u>695,412</u>	<u>158,521</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	62,788	215,695	374,525	158,830
Other Financing Sources (Uses):				
Sale of Capital Assets	75,000	58,000	58,000	0
Transfers Out	(152,841)	(152,841)	(152,841)	0
Total Other Financing Sources (Uses):	<u>(77,841)</u>	<u>(94,841)</u>	<u>(94,841)</u>	<u>0</u>
Net Change in Fund Balance	(15,053)	120,854	279,684	158,830
Fund Balance at Beginning of Year	34,347	34,347	34,347	0
Fund Balance at End of Year	<u>\$ 19,294</u>	<u>\$ 155,201</u>	<u>\$ 314,031</u>	<u>\$ 158,830</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 Protection Fund
For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 544,901	\$ 560,912	\$ 560,924	\$ 12
Intergovernmental Revenue	73,144	75,301	75,301	0
All Other Revenues	18,600	18,600	18,600	0
Total Revenues	<u>636,645</u>	<u>654,813</u>	<u>654,825</u>	<u>12</u>
Expenditures:				
Current:				
Security of Persons and Property	714,081	693,266	650,693	42,573
Total Expenditures	<u>714,081</u>	<u>693,266</u>	<u>650,693</u>	<u>42,573</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,436)	(38,453)	4,132	42,585
Fund Balance at Beginning of Year	57,531	57,531	57,531	0
Prior Year Encumbrances	27,000	27,000	27,000	0
Fund Balance at End of Year	<u>\$ 7,095</u>	<u>\$ 46,078</u>	<u>\$ 88,663</u>	<u>\$ 42,585</u>

See accompanying notes to the basic financial statements



**Statement of Net Position
Proprietary Funds
December 31, 2015**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
Assets:			
<i>Current Assets:</i>			
Pooled Cash and Investments	\$ 371,524	\$ 947,917	\$ 125,454
Receivables:			
Accounts	226,435	602,313	63,145
Total Current Assets	<u>597,959</u>	<u>1,550,230</u>	<u>188,599</u>
<i>Non Current Assets:</i>			
Capital Assets:			
Capital Assets Not Being Depreciated	860,537	59,490	0
Capital Assets Being Depreciated, Net	12,832,229	1,020,770	3,557,897
Total Assets	<u>14,290,725</u>	<u>2,630,490</u>	<u>3,746,496</u>
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	3,646	0	59,500
Pension:			
OPERS	49,828	7,067	11,619
Total Deferred Outflows of Resources	<u>53,474</u>	<u>7,067</u>	<u>71,119</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	13,217	2,103	1,355
Accrued Wages and Benefits	17,981	437	8,266
Intergovernmental Payable	596	0	0
Compensated Absences Payable - Current	12,449	0	10,682
Interfund Loans Payable	0	320,000	0
Accrued Interest Payable	13,433	0	2,403
General Obligation Bonds Payable - Current	140,000	0	95,000
OPWC Loans Payable - Current	286,168	0	47,062
Total Current Liabilities	<u>483,844</u>	<u>322,540</u>	<u>164,768</u>
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	32,151	0	0
General Obligation Bonds Payable	3,837,098	0	790,000
OPWC Loans Payable	3,165,517	0	637,268
Net Pension Liability	279,563	22,598	71,748
Total Liabilities	<u>7,798,173</u>	<u>345,138</u>	<u>1,663,784</u>
Deferred Inflows of Resources:			
Pension:			
OPERS	4,897	335	1,280
Total Deferred Inflows of Resources	<u>4,897</u>	<u>335</u>	<u>1,280</u>
Net Position:			
Net Investment in Capital Assets	6,267,629	1,080,260	2,048,067
Unrestricted	273,500	1,211,824	104,484
Total Net Position	<u>\$ 6,541,129</u>	<u>\$ 2,292,084</u>	<u>\$ 2,152,551</u>

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

Sanitation	Total
\$ 171,967	\$ 1,616,862
<u>166,524</u>	<u>1,058,417</u>
338,491	2,675,279
0	920,027
<u>57,016</u>	<u>17,467,912</u>
<u>395,507</u>	<u>21,063,218</u>
0	63,146
<u>10,165</u>	<u>78,679</u>
<u>10,165</u>	<u>141,825</u>
73,123	89,798
669	27,353
0	596
0	23,131
0	320,000
0	15,836
0	235,000
<u>0</u>	<u>333,230</u>
73,792	1,044,944
0	32,151
0	4,627,098
0	3,802,785
<u>55,397</u>	<u>429,306</u>
<u>129,189</u>	<u>9,936,284</u>
<u>965</u>	<u>7,477</u>
<u>965</u>	<u>7,477</u>
57,016	9,452,972
<u>218,502</u>	<u>1,808,310</u>
<u>\$ 275,518</u>	<u>\$ 11,261,282</u>

CITY OF LOVELAND, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
Operating Revenues:			
Charges for Services	\$ 1,644,399	\$ 3,988,401	\$ 435,133
Other Operating Revenue	35,474	1,801	2,022
Total Operating Revenues	1,679,873	3,990,202	437,155
Operating Expenses:			
Personal Services	400,963	71,175	86,392
Contractual Services	751,546	3,696,333	84,164
Materials and Supplies	346,192	18,384	15,111
Depreciation	443,861	53,565	134,046
Total Operating Expenses	1,942,562	3,839,457	319,713
Operating Income (Loss)	(262,689)	150,745	117,442
Nonoperating Revenues (Expenses):			
Intergovernmental Grants	0	0	0
Interest Expense	(133,792)	0	(34,795)
Total Nonoperating Revenues (Expenses)	(133,792)	0	(34,795)
Income (Loss) Before Transfers and Contributions	(396,481)	150,745	82,647
Transfers and Contributions:			
Transfers Out	(11,305)	0	(34,984)
Capital Contributions	0	0	1,299
Total Transfers and Contributions	(11,305)	0	(33,685)
Change in Net Position	(407,786)	150,745	48,962
Net Position Beginning of Year - Restated	6,948,915	2,141,339	2,103,589
Net Position End of Year	\$ 6,541,129	\$ 2,292,084	\$ 2,152,551

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

<u>Sanitation</u>	<u>Total</u>
\$ 1,134,830	\$ 7,202,763
3,857	43,154
<u>1,138,687</u>	<u>7,245,917</u>
80,580	639,110
957,442	5,489,485
13,448	393,135
12,701	644,173
<u>1,064,171</u>	<u>7,165,903</u>
74,516	80,014
32,489	32,489
0	(168,587)
<u>32,489</u>	<u>(136,098)</u>
107,005	(56,084)
(5,652)	(51,941)
0	1,299
<u>(5,652)</u>	<u>(50,642)</u>
101,353	(106,726)
174,165	11,368,008
<u>\$ 275,518</u>	<u>\$ 11,261,282</u>

CITY OF LOVELAND, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$1,647,051	\$3,939,043	\$430,432
Cash Payments for Goods and Services	(1,074,897)	(3,713,768)	(98,574)
Cash Payments to Employees	(407,366)	(72,101)	(84,685)
Net Cash Provided by Operating Activities	164,788	153,174	247,173
<u>Cash Flows from Noncapital Financing Activities:</u>			
Intergovernmental Grants	0	0	0
Transfers Out to Other Funds	(11,305)	0	(34,984)
Advances Out to Other Funds	0	(80,589)	0
Net Cash Provided (Used) by Noncapital Financing Activities	(11,305)	(80,589)	(34,984)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(712,182)	0	(54,493)
Capital Contributions	0	0	1,299
OPWC Loan Issuance	564,976	0	35,909
OPWC Loan Retirement	(294,897)	0	(45,258)
Principal Paid on General Obligation Bonds	(140,000)	0	(95,000)
Interest Paid on All Debt	(139,624)	0	(26,479)
Net Cash Used for Capital and Related Financing Activities	(721,727)	0	(184,022)
Net Increase (Decrease) in Cash and Cash Equivalents	(568,244)	72,585	28,167
Cash and Cash Equivalents at Beginning of Year	939,768	875,332	97,287
Cash and Cash Equivalents at End of Year	\$371,524	\$947,917	\$125,454

CITY OF LOVELAND, OHIO

<u>Sanitation</u>	<u>Total</u>
\$1,118,493	\$7,135,019
(968,794)	(5,856,033)
<u>(81,439)</u>	<u>(645,591)</u>
68,260	633,395
32,489	32,489
(5,652)	(51,941)
<u>0</u>	<u>(80,589)</u>
26,837	(100,041)
(17,284)	(783,959)
0	1,299
0	600,885
0	(340,155)
0	(235,000)
<u>0</u>	<u>(166,103)</u>
(17,284)	(923,033)
77,813	(389,679)
<u>94,154</u>	<u>2,006,541</u>
<u>\$171,967</u>	<u>\$1,616,862</u>

(Continued)

CITY OF LOVELAND, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Stormwater
<u>Reconciliation of Operating Income (Loss) to</u>			
<u>Net Cash Provided by Operating Activities:</u>			
Operating Income (Loss)	(\$262,689)	\$150,745	\$117,442
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by Operating Activities:			
Depreciation Expense	443,861	53,565	134,046
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(32,822)	(51,159)	(6,723)
Decrease in Inventory	25,640	0	0
Increase in Deferred Outflows of Resources	(49,828)	(7,067)	(11,619)
Increase (Decrease) in Accounts Payable	(3,395)	949	701
Increase in Intergovernmental Payable	596	0	0
Increase (Decrease) in Accrued Wages and Benefits	(163)	(652)	765
Increase (Decrease) in Compensated Absences	(4,660)	0	1,291
Increase in Net Pension Liability	43,351	6,458	9,990
Increase in Deferred Inflows of Resources	4,897	335	1,280
Total Adjustments	427,477	2,429	129,731
Net Cash Provided by Operating Activities	\$164,788	\$153,174	\$247,173

See accompanying notes to the basic financial statements

CITY OF LOVELAND, OHIO

<u>Sanitation</u>	<u>Total</u>
\$74,516	\$80,014
12,701	644,173
(20,194)	(110,898)
0	25,640
(10,165)	(78,679)
2,096	351
0	596
(532)	(582)
0	(3,369)
8,873	68,672
965	7,477
<u>(6,256)</u>	<u>553,381</u>
<u>\$68,260</u>	<u>\$633,395</u>

CITY OF LOVELAND, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2015***

	<u>Agency</u>
Assets:	
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	\$ 8,528
Total Assets	<u>8,528</u>
Liabilities:	
Due to Others	<u>8,528</u>
Total Liabilities	<u>\$ 8,528</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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 an eleven-member board comprised of one City official, seven council members and three community representatives. Although it is legally separate from the City, the CIC is reported as if it were part of the primary government due to the fact that the CIC board is substantively the same as the City's governing body and the City has a history of providing financial support to 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, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

Fiduciary Funds

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

C. Basis of Presentation - Financial Statements

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

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

Special assessments receivable, which are measurable, but not available at December 31, are recorded as deferred inflows of resources. Property taxes which are measurable at December 31, 2015 but which are not intended to finance 2015 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 5.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2015.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

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

4. Encumbrances

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

5. Lapsing of Appropriations

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

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

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

	Net Change in Fund Balance			
	General Fund	Paramedic Fund	Fire and EMS Fund	Fire Protection Fund
GAAP Basis (as reported)	\$935,689	\$50,867	\$275,504	\$3,297
Increase (Decrease):				
Accrued Revenues at December 31, 2015 received during 2016	(3,278,933)	(31,167)	(24)	(14)
Accrued Revenues at December 31, 2014 received during 2015	2,536,548	8	15	23
Accrued Expenditures at December 31, 2015 paid during 2016	245,984	3,119	10,164	826
Accrued Expenditures at December 31, 2014 paid during 2015	(269,000)	(301)	(5,975)	0
Outstanding Encumbrances	(7,394)	0	0	0
Perspective Difference:				
Activity of Funds Reclassified for GAAP Reporting Purposes	120,954	0	0	0
Budget Basis	<u>\$283,848</u>	<u>\$22,526</u>	<u>\$279,684</u>	<u>\$4,132</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

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

G. Investments

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

The City invested funds in STAR Ohio during 2015. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2015.

H. Inventory

On the government-wide financial statements and in the proprietary funds, 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.

I. Capital Assets and Depreciation

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities

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

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

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

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

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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

K. Compensated Absences

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Restricted Assets

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

M. Intergovernmental Revenues

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

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

N. Pensions

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

O. Interfund Activity

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balances

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

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

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

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

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

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

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

Q. Net Position

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows for the deferred charge on debt refunding and for deferred pension amounts. The deferred charge on debt refunding is reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources are reported for pension amounts on the government-wide and proprietary funds statement of net position. See Note 9.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes and special assessments that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide and proprietary funds statement of net position. See Note 9.

S. Operating Revenues and Expenses

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. The City had no special or extraordinary items to report during 2015.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Estimates

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

In 2015 the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure.

The implementation of GASB 68 had the following effect on net position as reported December 31, 2014:

	Governmental Activities	Business-type Activities	Water Fund
Net Position December 31, 2014	\$24,052,759	\$11,728,642	\$7,185,127
Adjustments:			
Net Pension Liability	(3,829,398)	(415,960)	(272,450)
Deferred Outflows -			
Payments Subsequent to Measurement Date	374,774	55,326	36,238
Restated Net Position December 31, 2014	<u>\$20,598,135</u>	<u>\$11,368,008</u>	<u>\$6,948,915</u>
	Sewer Fund	Stormwater Fund	Sanitation Fund
Net Position December 31, 2014	\$2,157,479	\$2,165,347	\$220,689
Adjustments:			
Net Pension Liability	(18,616)	(71,233)	(53,661)
Deferred Outflows -			
Payments Subsequent to Measurement Date	2,476	9,475	7,137
Restated Net Position December 31, 2014	<u>\$2,141,339</u>	<u>\$2,103,589</u>	<u>\$174,165</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 3 – FUND BALANCE

A. Classification

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

Fund Balances	General Fund	Paramedic Fund	Fire and EMS Fund	Fire Protection Fund	Historic Loveland TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Supplies Inventory	\$0	\$0	\$0	\$0	\$0	\$19,787	\$19,787
Total Nonspendable	0	0	0	0	0	19,787	19,787
Restricted:							
Fire and EMS Services	0	121,397	303,891	87,851	0	0	513,139
Street Maintenance	0	0	0	0	0	69,592	69,592
Law Enforcement	0	0	0	0	0	7,794	7,794
Court Computer Improvements	0	0	0	0	0	16,809	16,809
Lighting District Improvements	0	0	0	0	0	39,683	39,683
Capital Improvements	0	0	0	0	0	608,042	608,042
Total Restricted	0	121,397	303,891	87,851	0	741,920	1,255,059
Assigned:							
Fiscal 2016 Budget Deficit	917,355	0	0	0	0	0	917,355
Nature/Park Preserve	20,350	0	0	0	0	0	20,350
Total Assigned	937,705	0	0	0	0	0	937,705
Unassigned (Deficits):							
	4,544,994	0	0	0	(1,757,234)	(702,740)	2,085,020
Total Fund Balances	<u>\$5,482,699</u>	<u>\$121,397</u>	<u>\$303,891</u>	<u>\$87,851</u>	<u>(\$1,757,234)</u>	<u>\$58,967</u>	<u>\$4,297,571</u>

B. Stabilization Arrangements

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

At December 31, 2015, emergency reserve balances for the General Fund, Fire and EMS Fund, and Stormwater Fund were \$998,441, \$110,966, and \$46,794, respectively. The General, Fire and EMS, and Stormwater Fund reserves are reported in the General Fund.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 4 - CASH AND CASH EQUIVALENTS

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

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

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

A. Deposits

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

At year end the carrying amount of the City's deposits was \$3,096,823 and the bank balance was \$3,564,242. Federal depository insurance covered the entire bank balance.

B. Investments

The City's investments at December 31, 2015 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
Repurchase Agreements	\$1,378,236	N/A	\$1,378,236	\$0	\$0
STAR Ohio	100,099	AAA ^m ¹	100,099	0	0
Money Market Fund	7,862	AA+ ¹ /Aaa ²	7,862	0	0
FNMA	812,627	AA+ ¹ /Aaa ²	0	812,627	0
FFCB	122,384	AA+ ¹ /Aaa ²	0	122,384	0
FHLMC	211,575	AA+ ¹ /Aaa ²	0	0	211,575
Total Investments	<u>\$2,632,783</u>		<u>\$1,486,197</u>	<u>\$935,011</u>	<u>\$211,575</u>

¹ Standard & Poor's

² Moody's Investor Service

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 4 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

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

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 44% are in Federal and State Securities, 52% is invested in a repurchase agreement, and the remaining 4% is in STAR Ohio.

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

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2015 were levied after October 1, 2014 on assessed values as of January 1, 2014, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed for tax year 2014 for Clermont County, 2012 for Warren County, and 2011 for Hamilton County. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 5 – TAXES (Continued)

A. Property Taxes (Continued)

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

The assessed values upon which the 2015 property tax receipts were based were as follows:

	County		
	Hamilton	Clermont	Warren
Real Property:			
Residential/Agricultural	\$212,140,990	\$60,397,280	\$29,582,990
Personal Property:			
Public Utility Personal Property	5,441,360	1,125,640	279,170
Total Assessed Value	<u>\$217,582,350</u>	<u>\$61,522,920</u>	<u>\$29,862,160</u>
Tax Rate/Assessed Value	\$12.10/\$1,000	\$11.65/\$1,000	\$11.82/\$1,000

B. Income Tax

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

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

For 2015, all income tax proceeds were recorded in the General Fund.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2015 consisted of property and income taxes, accounts receivable, special assessments, interest, and intergovernmental receivables arising from shared revenues.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 7 – TRANSFERS AND INTERFUND ACTIVITY

A. Transfers

Following is a summary of transfers in and out for all funds for 2015:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$8,466	\$327,437
Fire and EMS Fund	0	152,841
Historic Loveland TIF Fund	0	103,885
Nonmajor Governmental Funds	733,181	105,543
Total Governmental Funds	741,647	689,706
Enterprise Funds:		
Water Fund	0	11,305
Stormwater Fund	0	34,984
Sanitation Fund	0	5,652
Total Enterprise Funds	0	51,941
Totals	\$741,647	\$741,647

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. The General Fund, Fire and EMS Fund, Historic Loveland TIF Fund, Nonmajor Governmental Funds, and Enterprise Funds provided transfers to the Debt Service Fund during the year to retire a portion of debt paid by Governmental Activities. In addition, in 2015 the General Fund transferred \$180,555 to the Special Projects Fund for costs associated with the Loveland Station downtown development.

B. Interfund Activity

Interfund balances at December 31, 2015 consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
Governmental Funds:		
General Fund	\$2,596,329	\$0
Historic Loveland TIF Fund	0	1,691,488
Nonmajor Governmental Funds	327,488	912,329
Total Governmental Funds	2,923,817	2,603,817
Enterprise Fund:		
Sewer Fund	0	320,000
Totals	\$2,923,817	\$2,923,817

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2015:

Historical Cost:

Class	December 31, 2014	Additions	Deletions *	December 31, 2015
<i>Capital assets not being depreciated:</i>				
Land	\$6,633,060	\$0	\$0	\$6,633,060
Construction in Progress	704,960	275,630	(704,960)	275,630
Subtotal	7,338,020	275,630	(704,960)	6,908,690
<i>Capital assets being depreciated:</i>				
Buildings	7,501,745	0	0	7,501,745
Improvements Other than Buildings	934,424	0	0	934,424
Machinery and Equipment	4,016,673	150,772	(28,638)	4,138,807
Infrastructure	19,993,630	366,491	0	20,360,121
Total Cost	\$39,784,492	\$792,893	(\$733,598)	\$39,843,787

Accumulated Depreciation:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Buildings	(\$2,296,028)	(\$153,143)	\$0	(\$2,449,171)
Improvements Other than Buildings	(687,683)	(13,637)	0	(701,320)
Machinery and Equipment	(1,863,762)	(375,114)	21,478	(2,217,398)
Infrastructure	(10,567,855)	(353,901)	0	(10,921,756)
Total Depreciation	(\$15,415,328)	(\$895,795) **	\$21,478	(\$16,289,645)
<i>Net Value:</i>	\$24,369,164			\$23,554,142

* Construction in Progress disposals include \$609,164 of roadway improvements donated to other governments.

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

Security of Persons and Property	\$315,224
Leisure Time Activities	100,967
Transportation	444,300
General Government	35,304
Total Depreciation Expense	\$895,795

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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, 2015:

Historical Cost:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Capital assets not being depreciated:				
Land	\$920,027	\$0	\$0	\$920,027
Construction In Progress	51,350	0	(51,350)	0
Subtotal	971,377	0	(51,350)	920,027
Capital assets being depreciated:				
Buildings and Improvements	5,346,806	147,206	0	5,494,012
Utility Structures in Service	20,640,441	653,534	0	21,293,975
Machinery and Equipment	700,356	34,569	0	734,925
Total Cost	<u>\$27,658,980</u>	<u>\$835,309</u>	<u>(\$51,350)</u>	<u>\$28,442,939</u>

Accumulated Depreciation:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Buildings and Improvements	(\$1,517,309)	(\$182,492)	\$0	(\$1,699,801)
Utility Structures in Service	(7,559,051)	(409,172)	0	(7,968,223)
Machinery and Equipment	(334,467)	(52,509)	0	(386,976)
Total Depreciation	<u>(\$9,410,827)</u>	<u>(\$644,173)</u>	<u>\$0</u>	<u>(\$10,055,000)</u>
Net Value:	<u>\$18,248,153</u>			<u>\$18,387,939</u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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, 2015**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

	<u>State and Local</u>
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$175,546 for 2015.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Plan Description - City full-time police officers participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report 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 after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

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>
2015 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee:	
January 1, 2015 through July 1, 2015	11.50 %
July 2, 2015 through December 31, 2015	12.25 %
2015 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, 2015 through July 1, 2015	11.50 %
July 2, 2015 through December 31, 2015	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$246,179 for 2015.

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, 2014, 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, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. 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	\$1,435,031	\$3,023,743	\$4,458,774
Proportion of the Net Pension			
Liability	0.0118980%	0.0583687%	
Pension Expense	\$167,612	\$294,224	\$461,836

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$76,570	\$130,321	\$206,891
City contributions subsequent to the measurement date	<u>175,546</u>	<u>246,179</u>	<u>421,725</u>
Total Deferred Outflows of Resources	<u>\$252,116</u>	<u>\$376,500</u>	<u>\$628,616</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	<u>\$25,211</u>	<u>\$0</u>	<u>\$25,211</u>

\$421,725 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, 2016. 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>
2016	\$7,510	\$32,580	\$40,090
2017	7,510	32,580	40,090
2018	17,196	32,580	49,776
2019	<u>19,143</u>	<u>32,581</u>	<u>51,724</u>
Total	<u>\$51,359</u>	<u>\$130,321</u>	<u>\$181,680</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

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 2014 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 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 8 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 8 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 (7 percent) or one-percentage-point higher (9 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	\$2,640,047	\$1,435,031	\$420,118

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. 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, 2014 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	120.00 %	

* 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, 2015**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$4,182,293	\$3,023,743	\$2,042,802

NOTE 10 - POSTEMPLOYMENT BENEFITS

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

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee’s Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees 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 2.0% during calendar year 2015. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The 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 to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

The City's contributions for health care to the OPERS for the years ending December 31, 2015, 2014, and 2013 were \$32,441, \$31,971 and \$16,502, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2015, the portion of employer contributions allocated to health care was 0.5% of covered payroll for police officers. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2015, 2014, and 2013 were \$6,478, \$6,412 and \$69,034 for police, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

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 \$300,128 to a year-end balance of \$259,380.

At December 31, 2015 the total accumulated unpaid sick leave time recorded in the Governmental Activities was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	7,610	\$126,755
Vacation/Compensatory	<u>4,109</u>	<u>132,625</u>
Total	<u><u>11,719</u></u>	<u><u>\$259,380</u></u>

Compensated absences attributable to the Enterprise Funds of \$55,282 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, 2015**

NOTE 12 - NOTES PAYABLE

Note Payable activity of the City for the year ended December 31, 2015, was as follows:

	Issue Date	Balance January 1, 2015	Issued	(Retired)	Balance December 31, 2015
Capital Projects Notes Payable:					
3.00% Recreation Land Acquisition	02/11/14	\$620,000	\$0	(\$620,000)	\$0
3.00% Recreation Land Acquisition	02/10/15	0	585,000	0	585,000
Total Capital Project Notes Payable		<u>\$620,000</u>	<u>\$585,000</u>	<u>(\$620,000)</u>	<u>\$585,000</u>

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

NOTE 13 - LONG-TERM OBLIGATIONS

Long-term obligations of the City at December 31, 2015 were as follows:

		Restated Balance December 31, 2014	Issued	(Retired)	Balance December 31, 2015	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
2005 Various Purpose Refunding Bonds	4.25%	\$560,000	\$0	(\$180,000)	\$380,000	\$185,000
2007 Christman Park Land T.I.F.	4.13%	495,000	0	(30,000)	465,000	30,000
2007 P.W. Buildings	4.13%	155,000	0	(50,000)	105,000	50,000
2011 HVAC	2-4.6%	270,000	0	(10,000)	260,000	10,000
2011 Parking and Municipal Real Estate	2-4.6%	1,240,000	0	(55,000)	1,185,000	55,000
2012 Various Purpose Refunding Bonds	1-2.5%	580,000	0	(70,000)	510,000	70,000
2013 Ambulance	1-1.5%	185,000	0	(35,000)	150,000	35,000
Total General Obligation Bonds		<u>3,485,000</u>	<u>0</u>	<u>(430,000)</u>	<u>3,055,000</u>	<u>435,000</u>
Installment Loan:						
2014 Land Purchase	3.25%	414,557	0	(88,727)	325,830	91,654
Capital Leases		1,137,762	125,000	(133,090)	1,129,672	62,108
Net Pension Liability:						
Ohio Public Employees Retirement System		986,659	19,066	0	1,005,725	0
Ohio Police and Fire Pension Fund		2,842,739	181,004	0	3,023,743	0
Total Net Pension Liability		<u>3,829,398</u>	<u>200,070</u>	<u>0</u>	<u>4,029,468</u>	<u>0</u>
Compensated Absences		300,128	87,476	(128,224)	259,380	132,625
Total Governmental Activities		<u>\$9,166,845</u>	<u>\$412,546</u>	<u>(\$780,041)</u>	<u>\$8,799,350</u>	<u>\$721,387</u>

CITY OF LOVELAND, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Long-term obligations of the City at December 31, 2015 were as follows:

		Restated Balance December 31, 2014	Issued	(Retired)	Balance December 31, 2015	Amount Due Within One Year
Business-Type Activities:						
General Obligation Bonds:						
2005 Stormwater System	4.48%	\$105,000	\$0	(\$15,000)	\$90,000	\$15,000
2007 Stormwater System	4.25%	215,000	0	(15,000)	200,000	15,000
2009 Water Refunding Bonds	1.00%	555,000	0	(135,000)	420,000	135,000
2012 Stormwater System Refunding	1-2.50%	600,000	0	(60,000)	540,000	65,000
2012 Stormwater System Refunding	1-2.75%	60,000	0	(5,000)	55,000	0
2013 Water Tower Bond	1-4.00%	3,485,000	0	(5,000)	3,480,000	5,000
Bond Premium		82,169	0	(5,071)	77,098	0
Total General Obligation Bonds		<u>5,102,169</u>	<u>0</u>	<u>(240,071)</u>	<u>4,862,098</u>	<u>235,000</u>
Ohio Public Works Commission Loans:						
1994 East Loveland Avenue	3.00%	10,604	0	(10,604)	0	0
1995 Lever Water Tower	3.00%	116,955	0	(37,830)	79,125	38,974
1996 Maderia Road Waterline	0.00%	70,372	0	(28,147)	42,225	28,147
1999 State Route 48 North	3.00%	126,145	0	(23,749)	102,396	24,468
2002 West Loveland Waterline	0.00%	120,000	0	(15,000)	105,000	15,000
2003 West Loveland Avenue Storm Drainage	0.00%	158,362	0	(16,666)	141,696	16,673
2004 Elyson Extension	0.00%	250,273	0	(23,831)	226,442	23,840
2005 Walker Extension	0.00%	210,458	0	(19,133)	191,325	19,132
2007 Downtown Water Line	0.00%	316,553	0	(24,350)	292,203	24,352
2008 Broadway and Hanna	0.00%	134,697	0	(9,621)	125,076	9,622
2011 Waterline Replacement	0.00%	409,150	0	(23,380)	385,770	23,380
2011 Bellwood Storm Drainage	0.00%	255,717	0	(14,612)	241,105	14,614
2012 Wall Street Waterline	0.00%	396,506	0	(24,030)	372,476	24,033
2012 Park Center Waterline	0.00%	309,200	0	(16,714)	292,486	16,712
2012 Fallis Road Waterline	0.00%	482,551	0	(26,808)	455,743	26,809
2013 Twightwee Waterline	0.00%	228,142	0	(11,700)	216,442	11,699
2013 Stoneybrook Storm Drainage	0.00%	279,600	0	(13,980)	265,620	13,980
2015 Union-Cemetery Waterline	0.00%	0	564,976	0	564,976	0
2015 Fifth Street Reconstruction	0.00%	0	35,909	0	35,909	1,795
Total Ohio Public Works Commission Loans		<u>3,875,285</u>	<u>600,885</u>	<u>(340,155)</u>	<u>4,136,015</u>	<u>333,230</u>
Net Pension Liability:						
Ohio Public Employees Retirement System		415,960	13,346	0	429,306	0
Compensated Absences		<u>58,651</u>	<u>19,236</u>	<u>(22,605)</u>	<u>55,282</u>	<u>23,131</u>
Total Business-Type Activities		<u>\$9,452,065</u>	<u>\$633,467</u>	<u>(\$602,831)</u>	<u>\$9,482,701</u>	<u>\$591,361</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2015, follows:

Years	Governmental Activities			
	General Obligation Bonds		Installment Loan	
	Principal	Interest	Principal	Interest
2016	\$435,000	\$109,513	\$91,654	\$9,232
2017	455,000	97,849	94,677	6,209
2018	225,000	80,699	97,801	3,085
2019	220,000	74,700	41,698	339
2020	185,000	68,750	0	0
2021-2025	790,000	253,688	0	0
2026-2030	625,000	107,734	0	0
2031-2034	120,000	5,520	0	0
Totals	<u>\$3,055,000</u>	<u>\$798,453</u>	<u>\$325,830</u>	<u>\$18,865</u>

Years	Business-Type Activities			
	General Obligation Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest
2016	\$235,000	\$153,113	\$333,230	\$4,976
2017	235,000	146,479	321,057	3,055
2018	250,000	139,471	267,594	1,389
2019	235,000	131,230	268,379	601
2020	240,000	126,593	241,627	0
2021-2025	1,140,000	544,444	1,126,211	0
2026-2030	915,000	404,728	742,682	0
2031-2035	1,055,000	226,200	270,259	0
2036-2037	480,000	29,000	0	0
Totals	<u>\$4,785,000</u>	<u>\$1,901,258</u>	<u>\$3,571,039</u>	<u>\$10,021</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2015**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

B. Defeasance of General Obligation Debt

In May of 2005 The City issued \$1,715,000 of Various Purpose Refunding General Obligation Bonds to defease the \$1,586,079 of General Obligation Bonds for Various Purposes dated October 1, 1997. The net proceeds of the 2005 Various Purpose Refunding General Obligation Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, was and will be used to pay the principal and interest on the refunded bonds. The refunded General Obligation Bonds, which have a balance of \$380,000 at December 31, 2015, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advanced refunding.

In June of 2012 The City issued \$1,415,000 of Various Purpose Refunding General Obligation Bonds to defease \$560,000 of General Obligation Bonds for Stormwater System Improvements dated August 1, 2003, \$55,000 of General Obligation Bonds for Stormwater Improvements dated June 1, 2005 and \$670,000 of Various Purpose General Obligation Bonds dated October 1, 2002. The net proceeds of the 2012 Various Purpose Refunding General Obligation Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, was and will be used to pay the principal and interest on the refunded bonds. The refunded General Obligation Bonds, which have a balance of \$1,065,000 at December 31, 2015, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advanced refunding.

NOTE 14 - CAPITAL LEASE COMMITMENTS

The City leases two fire engines and related equipment. The cost of the leased assets and the related liability are accounted for in the Governmental Activities capital assets and long-term debt accounts. The original cost of the assets under capital lease is \$1,191,531.

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, 2015:

<u>Year Ending December 31,</u>	<u>Governmental Capital Leases</u>
2016	\$106,368
2017	106,368
2018	106,368
2019	106,368
2020	106,368
2021-2025	531,840
2026-2029	425,472
Minimum Lease Payments	1,489,152
Less: Amount representing interest at the City's incremental borrowing rate of interest	(359,480)
Present value of minimum lease payments	<u>\$1,129,672</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 15 - INSURANCE AND RISK MANAGEMENT

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

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

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

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

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

NOTE 16 - COMPLIANCE AND ACCOUNTABILITY

The fund deficits of \$1,757,234 in the Historic Loveland TIF Fund and \$390,042 in the Recreation Land TIF Fund (capital projects funds) arose from the recognition of interfund loans payable and notes payable in the individual fund balance sheet. The fund deficits of \$58,892 in the Street Maintenance Fund and \$234,019 in the Community Improvement Corporation Fund (special revenue funds) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The General Fund provides transfers when cash is required, not when accruals occur.

NOTE 17 - CONTINGENCIES

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2015***

NOTE 18 – SIGNIFICANT COMMITMENTS

At December 31, 2015 the City had encumbrance commitments in the Governmental Funds as follows:

<u>Fund</u>	<u>Encumbrances</u>
General Fund	\$7,394
Historic Loveland TIF Fund	544,552
Other Governmental Funds	<u>329,179</u>
Total Governmental Funds	<u><u>\$881,125</u></u>

The City had the following contractual commitments at December 31, 2015:

<u>Project</u>	<u>Remaining Contractual Commitment</u>	<u>Expected Date of Completion</u>
Historic Bike Trail Parking Lot and Trail Connector	\$549,935	June 2016
Duke Energy Downtown Overhead Utility Relocation	273,000	April 2016
Time Warner Cable Downtown Overhead Utility Relocation	36,655	April 2016
Cincinnati Bell Downtown Overhead Utility Relocation	36,407	June 2016
East Loveland Nature Preserve Pedestrian Bridge	<u>86,910</u>	August 2016
	<u><u>\$982,907</u></u>	

REQUIRED SUPPLEMENTAL INFORMATION

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

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.011898%	0.011898%
City's proportionate share of the net pension liability (asset)	\$1,402,619	\$1,435,031
City's covered-employee payroll	\$1,604,000	\$1,554,658
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	87.45%	92.31%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%

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>
City's proportion of the net pension liability (asset)	0.0583687%	0.0583687%
City's proportionate share of the net pension liability (asset)	\$2,842,739	\$3,023,743
City's covered-employee payroll	\$1,341,209	\$1,281,795
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	211.95%	235.90%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%

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

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

***Schedule of City Contributions
Last Three 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-employee payroll	\$1,604,000	\$1,554,658	\$1,462,883
Contributions as a percentage of covered-employee 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-employee payroll	\$1,341,209	\$1,281,795	\$1,295,679
Contributions as a percentage of covered-employee 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.

Information prior to 2013 is not available.