



Dave Yost • Auditor of State



CITY OF CENTERVILLE  
MONTGOMERY COUNTY

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# Dave Yost • Auditor of State

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

City of Centerville  
Montgomery County  
100 West Spring Valley Road  
Centerville, Ohio 45458

To the Mayor and the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Centerville, Montgomery County, (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2015, wherein we noted that the January 1, 2014 fund balance for Special Assessment Debt Retirement Fund was restated.

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

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

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

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***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 30, 2015

**CITY OF CENTERVILLE  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**MATERIAL WEAKNESS**

The City presented its financial statements in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for the State and Local Governments*. The City's 2014 comprehensive annual financial report contained errors which resulted in following reclassifications and adjustments to correctly report the City's financial activity:

- i. The City overstated Cash Payments to Employees and understated Cash Payments to Suppliers by \$296,800, \$473,830, and \$26,547 in the Waste Collection, Golf Course, and Internal Service funds, respectively, on the Statement of Cash Flows - Proprietary funds.
- ii. The City overstated inventory by \$55,775 in the Street Construction and Maintenance fund and understated inventory by the same amount in Other Governmental Funds.
- iii. The City understated Depreciable Capital Assets, Net and overstated Supplies and Materials Operating (Golf Course) Expenses by \$410,000 in the Golf Course Fund and Business-Type Activities.
- iv. The City overstated Opening Equity by \$592,356 and understated Deferred Inflows: Special Assessments and Special Assessment Revenue by \$521,686 and \$70,670, respectively, in the Special Assessment Debt Retirement Fund.
- v. The City did not record on-behalf activity on its federal highway cluster grant, thereby understating intergovernmental revenue and transportation expenditures/expense by \$149,910 in other governmental funds and governmental activities.

In addition following errors were identified which are not material and not adjusted in the accompanying financial statements:

- i. The City overstated Taxes Receivable, Tax Revenue, and Deferred Inflows - Property Taxes by \$243,392, \$24,510, and \$218,882, respectively, in Governmental Activities and the General Fund.
- ii. The City understated Charges for Services and overstated Unearned Revenue by \$6,196 in the Waste Collection Fund.
- iii. The City overstated Original Budgeted Receipts in the General Fund by \$78,434 on the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budgetary (Non-GAAP) Basis.
- iv. The City overstated Other Revenue (Charges for Services) and Expenses in the Golf Course Fund by \$129,480.
- v. The City understated Assigned fund balance and overstated Unassigned fund balance in the General Fund by \$78,156.
- vi. The City overstated Restricted for Debt Service and overstated Unrestricted Net Position in the Golf Course Fund and Business-Type Activities by \$78,288.
- vii. The City understated Accounts Receivable, Intergovernmental Revenue, Accounts Payable, and Transportation Expenditures (Expense) by \$51,115 in Other Governmental Funds and Governmental Activities.
- viii. The City understated Intergovernmental Receivable and Intergovernmental Revenue by \$9,568 in Governmental Activities and Other Governmental Funds.

**FINDING NUMBER 2014-001  
(Continued)**

Policies and procedures should be established and implemented to verify that the City records and reports all on-behalf activity on its financial statements. Additionally, policies and procedures should also be established and implemented to verify the accuracy of financial statements. Failure to do so could result in material misstatements going unnoticed.

**Official's Response:**

We did not receive a response from officials.





# Comprehensive Annual Financial Report

for the fiscal year ended  
December 31, 2014

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**City of Centerville, Ohio**  
**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended December 31, 2014

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Prepared by:  
Department of Finance  
Steven A. Hinshaw, Ph.D., Director

**City of Centerville, Ohio**  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended December 31, 2014

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For the Fiscal Year Ended December 31, 2014

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**City of Centerville, Ohio**  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2014

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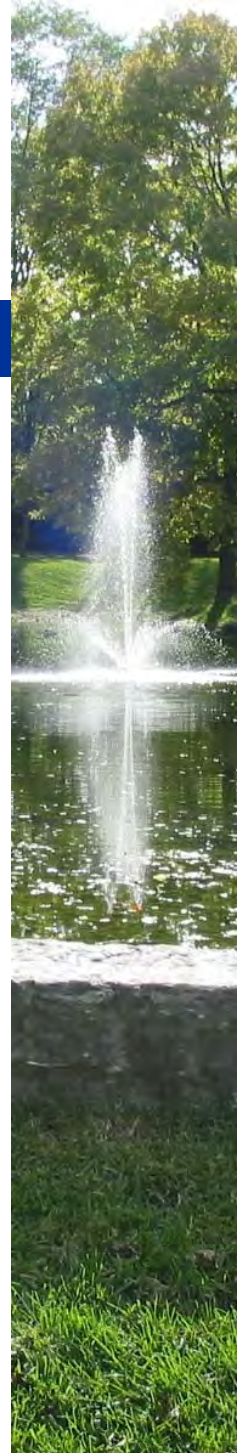
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# Introductory Section









*C. Mark Kingseed, Mayor*  
*Gregory B. Horn, City Manager*

June 30, 2015

Honorable Mayor, Members of City Council, and Citizens of Centerville, Ohio:

The comprehensive annual financial report of the City of Centerville, Ohio (the City) for the fiscal year ended December 31, 2014 is hereby submitted for your review. This report represents the commitment of the City to adhere to nationally recognized standards of excellence in financial reporting.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's discussion and analysis complements this letter of transmittal and should be read in conjunction with it.

### **History and Background**

Centerville is located in Montgomery County in southwest Ohio, approximately twelve miles south of the City of Dayton. It was first settled in 1796, incorporated as a village in 1830, and became a city in 1968. The City operates under and is governed by its Charter, first adopted by voters in 1968 and has been amended by the voters from time to time. The Charter provides for a Council-Manager form of government. Legislative authority is vested in a seven member Council, all of whom are elected at-large for staggered four-year terms including the Mayor who is the presiding officer. The City's chief executive and administrative officer is the Manager, who is appointed by council to serve at its pleasure.

The City provides a wide variety of services, including police protection; the construction and maintenance of streets, sidewalks, stormwater drainage facilities, traffic signals and other infrastructure; residential waste collection; planning, zoning, building inspection and property inspection; and recreational activities including the City's municipal golf course, The Golf Club at Yankee Trace.

The City adopts an annual budget before December 31 for the upcoming fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is adopted at the department level for the general fund and fund level for remaining City funds. Any modifications to a fund's appropriations require approval of City Council. In addition, a five-year capital improvement program is adopted on an annual basis. This program serves as a plan for long-range infrastructure improvements and capital purchases.

### **Economic Condition and Outlook**

The City has a population of 23,999 according to the U.S. Census Bureau's 2010 decennial census estimate and is home to over 700 businesses. The City is beginning to see growth in both residential development and business development. In the recent past, several residential subdivisions have been under development. The largest of these developments is Yankee Trace which surrounds the City's golf facility, The Golf Club at Yankee Trace. When complete, the Yankee Trace development will include approximately 938 residential units.

The City remains fiscally strong even in the face of significant local government funding reductions adopted by the state legislature. Built on a diversified base of small businesses, Centerville continues to be well positioned for the future. The employers with the largest workforce within Centerville include the public school district, multiple retirement communities, a growing regional hospital and medical center, several auto dealerships and small manufacturers.

In 2014, the City continued to witness a commercial development market focused both on new development, but also a sizeable reinvestment in existing facilities. The City's Community Reinvestment Area (CRA) provides an incentive for property owners and developers to reinvest in the City by granting a temporary property tax abatement on the increase in value that results from the renovation or expansion of existing buildings and the construction of new structures. The CRA program signals a focus on fostering reinvestment in developed areas of our city and promoting the long-term health of our residential neighborhoods and business community.

Looking toward the future, the City is poised to sustain and likely increase its 2014 level of commercial development and redevelopment. Through its *BusinessFirst!* program, Centerville continues to take progressive strides toward helping its existing business community grow even in tough economic times. In 2013, the City partnered with local, regional, and state-level resource partners to assist existing businesses in the City retain jobs, optimize operations, retrain workers, and add new jobs to the local economy. Those efforts resulted in local businesses obtaining tax credits from the State of Ohio, grants through the Dayton Development Coalition's Entrepreneurial Signature Program, grants from the State of Ohio 3<sup>rd</sup> Frontier Program, and grants from the Centerville Property Investment Reimbursement program. Also businesses received financing for job creation through the Ohio Department of Development, CountyCorp, and other economic development financing agencies with which the City maintains a strong relationship.

In addition, the City continues to foster the steady development of the Cornerstone of Centerville, which is a 200-acre mixed-used development. The northern portion of the development will be anchored by Costco, Kroger, and Cabela's while the southern portion of the development is expected to be a premier office park and mixed-use development. It is a development that will create new jobs, broaden the City's tax base, and create business and redevelopment synergies that will ripple throughout the area.

## **Major Initiatives**

- The municipal income tax rate remained at 1.75% for the 33<sup>rd</sup> consecutive year. And, the municipal property tax rate remained at its lowest rate for the 36<sup>th</sup> consecutive year.
- The City maintained its municipal bond rating of Aa2 from Moody's Investor Services. This rating helps to lower the interest rate on any future bonds the City may issue.

## **Independent Audit**

The City had an independent audit of all funds performed by the State Auditor for the year ended December 31, 2014. The opinion of the Auditor appears in the financial section of this report.

## **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Centerville, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2013. This was the 14<sup>th</sup> consecutive year that Centerville has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility.

## **Acknowledgements**

Sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. The members of the Finance Department, particularly Jonathan Hudson, are to be especially commended for their input and commitment. And, appreciation is extended to all members of the staff, whose efforts have made this report possible.

Respectfully submitted,

*Gregory B. Horn*

Gregory B. Horn  
City Manager

*Steven A. Hinshaw*

Steven A. Hinshaw  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Centerville  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO

**City of Centerville, Ohio**  
List of Elected and Appointed Officials  
as of December 31, 2014

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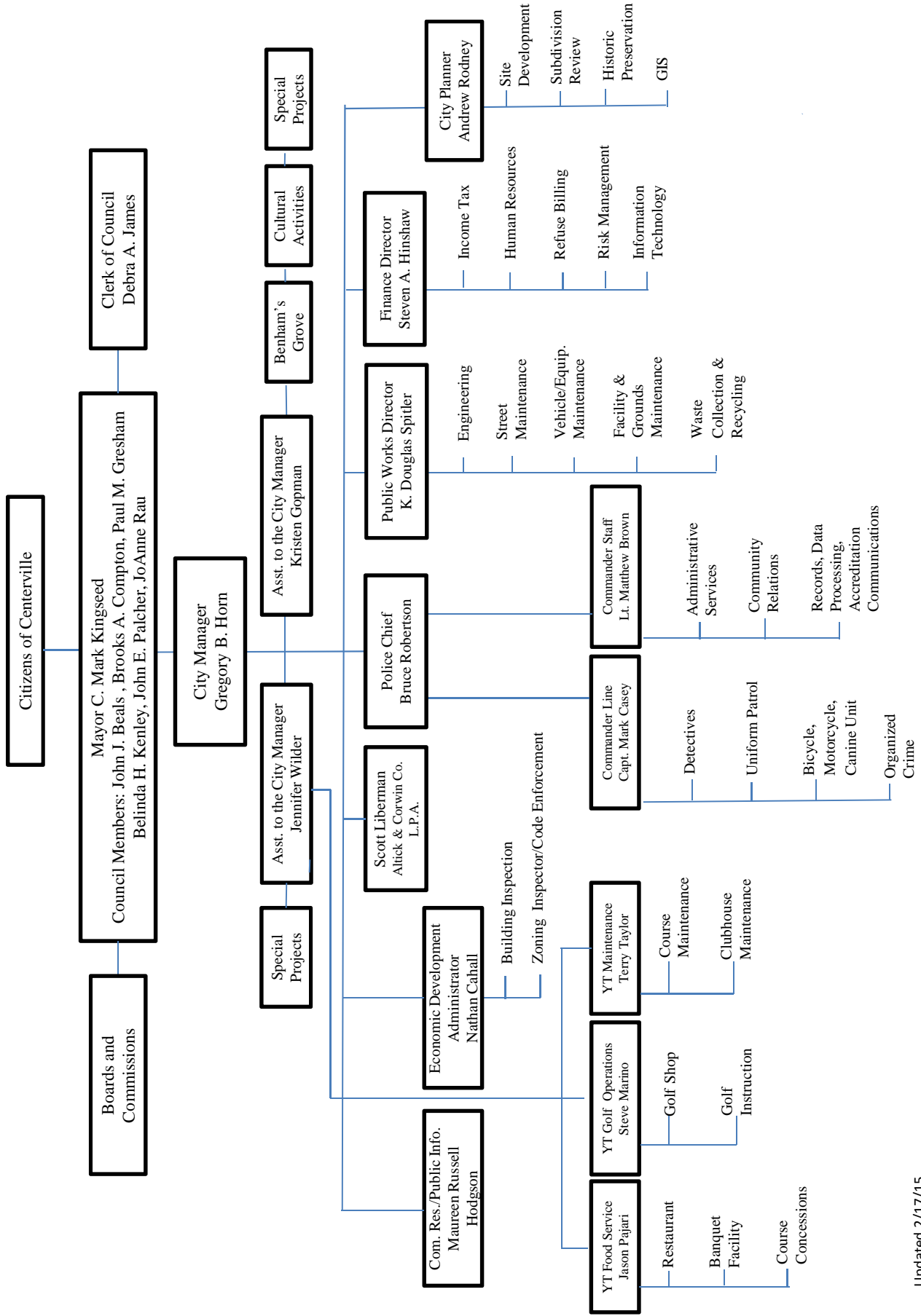
**ELECTED OFFICIALS**

Mayor and Councilmember .....	C. Mark Kingseed
Deputy Mayor and Councilmember.....	Brooks A. Compton
Councilmember.....	Paul M. Gresham
Councilmember.....	John J. Beals
Councilmember.....	Belinda S. Kenley
Councilmember.....	John E. Palcher
Councilmember.....	JoAnne C. Rau

**APPOINTED OFFICIALS**

City Manager .....	Gregory B. Horn
Clerk of Council.....	Debra A. James
Municipal Attorney .....	Scott A. Liberman
Chief of Police .....	Bruce P. Robertson
Finance Director.....	Steven A. Hinshaw
Public Works Director .....	K. Douglas Spitler
City Engineer .....	James G. Brinegar
City Planner .....	Andrew E. Rodney
Economic Development Administrator .....	Nathan E. Cahall
Information Technology Manager .....	Scott R. Ontjes
Head Golf Professional .....	Steven T. Marino
Golf Maintenance Superintendent .....	Terry L. Taylor
Director of Food Service.....	Jason M. Pajari
Assistant to the City Manager.....	Jennifer S. Wilder
Assistant to the City Manager.....	Kristen P. Gopman

# City of Centerville Organizational Chart





# Financial Section









# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

City of Centerville  
Montgomery County  
100 West Spring Valley Road  
Centerville, Ohio 45458

To the Mayor and the City Council:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Centerville, Montgomery County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Centerville, Montgomery County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the January 1, 2014 fund balance for Special Assessment Debt Retirement Fund was restated. We did not modify our opinion regarding this matter.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 30, 2015

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**City of Centerville, Ohio**  
Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2014  
(Unaudited)

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The City of Centerville's (City) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ending December 31, 2014. Readers should consider the information presented here in conjunction with additional information that has been furnished in the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the City's fiscal performance.

### **Financial Highlights**

- The City's total net position as of December 31, 2014 was \$85.3 million. Of this amount, \$16.4 million (unrestricted net position) is available for future use as directed by City Council.
- The net position of the City increased by \$2.1 million during 2014, the most recent fiscal year. The net position of the City's governmental activities increased \$1.1 million or 1.6%. And, the net position of the City's business-type activities increased \$1.0 million or 6.1%.
- As of December 31, 2014, the City's governmental funds report combined ending fund balances of \$15.4 million. Over 64% or \$9.9 million of this fund balance is available for spending at the City's discretion (unassigned).

### **Overview of the Financial Statements**

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

### **Government-wide Financial Statements**

The analysis of the City as a whole begins with the Government-wide Financial Statements. These reports provide information that will help the reader to determine if the City of Centerville is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements report the City's net position and changes to net position. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well being. Some of these factors include the City's tax base and the condition of capital assets.

**City of Centerville, Ohio**  
Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2014  
(Unaudited)

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In the Government-wide Financial Statements, the City is divided into two kinds of activities.

- **Governmental Activities** - Most of the City's services are reported here including police, street maintenance, parks and recreation, and general administration. Income taxes, property taxes, intergovernmental revenue, charges for services, and interest finance most of these activities.
- **Business-Type Activities** - These services include waste collection and golf course operations. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

### **Fund Financial Statements**

Information about the City's major funds is presented in the Fund Financial Statements (see table of contents). Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the City, with approval of council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds are General, Street Construction and Maintenance, Special Assessment Debt Retirement, TIF Projects, Waste Collection, and Golf Course.

#### Governmental Funds

Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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 to determine whether there are more or less financial resources that can be spent in the near future on services provided to City residents. 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

When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match with the exception of enterprise funds' share of internal service allocations on the business-type activities statements.

#### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the city. Fiduciary funds are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The City is the fiscal agent for one agency fund. All of the City's fiduciary activities are reported in the separate Statements of Fiduciary Assets and Liabilities.

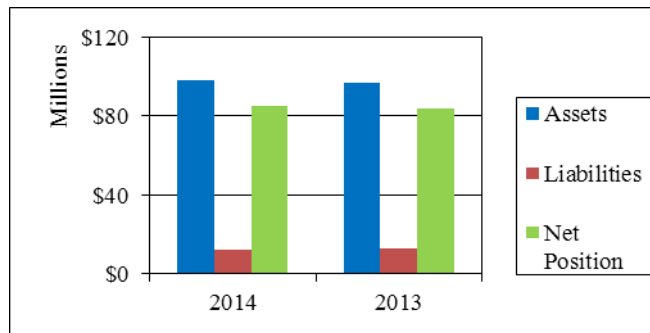
**City of Centerville, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2014**  
**(Unaudited)**

**Government-wide Financial Analysis**

As stated previously, the Statement of Net Position may serve over time as a useful indicator of the City's financial position. Table 1 presents a summary of the City's net position for 2014 compared to 2013.

**Table 1**  
**Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$30,949,471	\$32,011,310	\$1,711,476	\$1,715,415	\$32,660,947	\$33,726,725
Capital assets	<u>47,344,966</u>	<u>45,321,065</u>	<u>18,366,538</u>	<u>17,994,890</u>	<u>65,711,504</u>	<u>63,315,955</u>
Total Assets	<u>78,294,437</u>	<u>77,332,375</u>	<u>20,078,014</u>	<u>19,710,305</u>	<u>98,372,451</u>	<u>97,042,680</u>
Deferred outflows of resources	<u>118,040</u>	<u>127,877</u>	<u>538,133</u>	<u>672,666</u>	<u>656,173</u>	<u>800,543</u>
Long-term liabilities	7,025,172	7,341,525	3,307,021	4,037,650	10,332,193	11,379,175
Other liabilities	<u>1,081,327</u>	<u>1,223,430</u>	<u>564,289</u>	<u>557,633</u>	<u>1,645,616</u>	<u>1,781,063</u>
Total Liabilities	<u>8,106,499</u>	<u>8,564,955</u>	<u>3,871,310</u>	<u>4,595,283</u>	<u>11,977,809</u>	<u>13,160,238</u>
Deferred inflows of resources	<u>1,750,080</u>	<u>1,448,427</u>	<u>0</u>	<u>0</u>	<u>1,750,080</u>	<u>1,448,427</u>
Net Position:						
Net investment in capital assets	41,293,351	38,942,917	15,716,382	14,732,195	57,009,733	53,675,112
Restricted	11,560,436	12,007,221	351,200	351,200	11,911,636	12,358,421
Unrestricted	<u>15,702,111</u>	<u>16,496,732</u>	<u>677,255</u>	<u>704,293</u>	<u>16,379,366</u>	<u>17,201,025</u>
Total net position	<u>\$68,555,898</u>	<u>\$67,446,870</u>	<u>\$16,744,837</u>	<u>\$15,787,688</u>	<u>\$85,300,735</u>	<u>\$83,234,558</u>



In total, the net position increased from \$83.2 million to \$85.3 million in 2014. The unrestricted net position, which is available for future use as directed by City Council, decreased \$0.8 million. The unrestricted net position of the City's governmental activities decreased \$0.8 million and the unrestricted net position of the business-type activities increased \$0.02 million.

The restricted net position is subject to external restrictions as to its use. This category decreased \$0.5 million from \$12.4 million at December 31, 2013 to \$11.9 million at December 31, 2014.

**City of Centerville, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2014**  
(Unaudited)

Table 2 presents the changes in the net position for the year ended December 31, 2014.

**Table 2**  
**Changes in Net Position**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Revenues</b>						
Program Revenues:						
Charges for Services and Sales	\$699,647	\$651,059	\$4,700,644	\$4,719,793	\$5,400,291	\$5,370,852
Operating Grants and Contributions	1,226,390	1,056,212	0	0	1,226,390	1,056,212
Capital Grants and Contributions	<u>231,975</u>	<u>333,760</u>	<u>0</u>	<u>0</u>	<u>231,975</u>	<u>333,760</u>
Total Program Revenues	2,158,012	2,041,031	4,700,644	4,719,793	6,858,656	6,760,824
General Revenues:						
Income Taxes	12,888,194	13,255,407	0	0	12,888,194	13,255,407
Property Taxes	1,352,405	1,310,538	0	0	1,352,405	1,310,538
Grants and Entitlements, not Restricted	1,064,072	1,347,732	0	0	1,064,072	1,347,732
Revenue In Lieu of Taxes	190,838	0	0	0	190,838	0
Investment Earnings	193,056	67,416	12,016	29,409	205,072	96,825
Other Revenues	<u>167,546</u>	<u>245,448</u>	<u>495,104</u>	<u>54,074</u>	<u>662,650</u>	<u>299,522</u>
Total General Revenues	<u>15,856,111</u>	<u>16,226,541</u>	<u>507,120</u>	<u>83,483</u>	<u>16,363,231</u>	<u>16,310,024</u>
Total Revenues	<u>18,014,123</u>	<u>18,267,572</u>	<u>5,207,764</u>	<u>4,803,276</u>	<u>23,221,887</u>	<u>23,070,848</u>
<b>Expenses</b>						
Program Expenses:						
General Government	4,707,720	4,837,041	0	0	4,707,720	4,837,041
Public Safety	6,519,809	6,585,920	0	0	6,519,809	6,585,920
Community Environment	223,463	288,406	0	0	223,463	288,406
Recreation	232,550	330,822	0	0	232,550	330,822
Transportation	4,609,430	4,444,780	0	0	4,609,430	4,444,780
Interest and Other Charges	217,123	326,705	0	0	217,123	326,705
Waste Collection	0	0	1,270,737	1,244,933	1,270,737	1,244,933
Golf Course	<u>0</u>	<u>0</u>	<u>3,374,878</u>	<u>3,322,195</u>	<u>3,374,878</u>	<u>3,322,195</u>
Total Program Expenses	<u>16,510,095</u>	<u>16,813,674</u>	<u>4,645,615</u>	<u>4,567,128</u>	<u>21,155,710</u>	<u>21,380,802</u>
Increase (Decrease) in Net Position						
before transfers	1,504,028	1,453,898	562,149	236,148	2,066,177	1,690,046
Transfers – Internal Activities	<u>(395,000)</u>	<u>(2,499,000)</u>	<u>395,000</u>	<u>2,499,000</u>	<u>0</u>	<u>0</u>
Change in net position	1,109,028	(1,045,102)	957,149	2,735,148	2,066,177	1,690,046
Net Position Beginning of Year	<u>67,446,870</u>	<u>68,491,972</u>	<u>15,787,688</u>	<u>13,052,540</u>	<u>83,234,558</u>	<u>81,544,512</u>
Net Position End of Year	<u>\$68,555,898</u>	<u>\$67,446,870</u>	<u>\$16,744,837</u>	<u>\$15,787,688</u>	<u>\$85,300,735</u>	<u>\$83,234,558</u>

The change in net position was an increase of \$2.1 million for the year ended December 31, 2014 as compared to an increase of \$1.7 million the prior year. Total revenues increased \$151,039 and total expenses decreased \$225,092, which represented the City's continuing efforts to control expenses.

Total revenues for governmental activities decreased 1.4%, which was primarily due to the elimination of the estate tax. Income taxes, the largest governmental activities revenue source, decreased 2.8% from 2013 due to lower business net profit taxes.

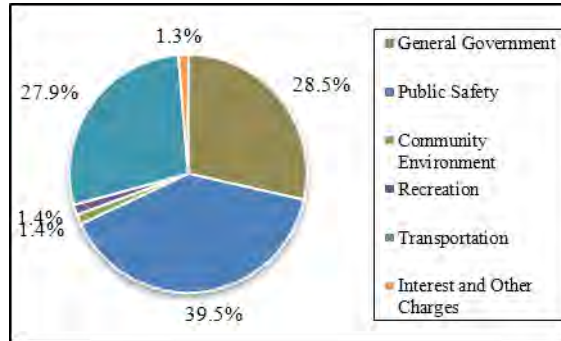


**City of Centerville, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2014**  
**(Unaudited)**

**Governmental Activities**

The municipal income tax (1.75% rate) is the largest source of revenue for the City. Revenues generated by the earnings tax represent over 81% of the City's governmental activities general revenues.

Governmental Activities Program Expenses for 2014	
	<u>Percent</u>
General Government	28.5%
Public Safety	39.5%
Community Environment	1.4%
Recreation	1.4%
Transportation	27.9%
Interest and Other Charges	1.3%
<b>Total</b>	<b>100.0%</b>



Public safety, consisting of the police division, comprises over 39% of governmental activities' expenses. Transportation, which consists of street repair and maintenance activities, accounts for over 27% of expenses. General government, consists of departments such as: city management, finance, planning, and clerk accounts for over 28% of expenses.

**Business-Type Activities**

Business-type activities include the City's waste collection and the golf course. These programs had revenues of \$5.2 million and expenses of \$4.6 million for fiscal year 2014. Business-type activities receive no support from tax revenues. The business-type activities net position at the end of the year was \$16.7 million, which increased \$0.7 million from 2013 (not including internal service allocated to business-type activities).

**Financial Analysis of the City's Funds**

The City has four major governmental funds: the General Fund, Street Construction and Maintenance Fund, Special Assessment Debt Retirement Fund, and TIF Projects Fund. Assets of the general fund comprised \$17.1 million (53%), street construction and maintenance fund comprised \$1.2 million (4%), special assessment debt retirement fund comprised \$9.1 million (28%), and TIF projects fund comprised \$6,846 (0.02%) of the total \$32.2 million governmental funds assets.

The General Fund is the primary operating fund of the City, accounting for such activities as police protection, general government (administration, finance, engineering, building inspection), community environment (planning) and recreation. The General Fund balance increased \$1.1 million for the year ended December 31, 2014. General fund revenues were \$0.004 million higher than 2013.

The Street Construction and Maintenance Fund is used to account for the general maintenance and upkeep of City streets, roads, bridges, park areas, and greenways that include snow and ice control, street repair, ditch and catch basin cleaning and maintenance, and leaf pickup. Primarily funded with a transfer from the General Fund, the fund balance remains relatively stable from year to year.

The Special Assessment Debt Retirement Fund is used to account for the receipt of special assessments and the payment of the associated special assessment debt. Revenues and expenditures for this fund remain relatively stable from year to year unless additional special assessment debt is issued.

**City of Centerville, Ohio**  
Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2014  
(Unaudited)

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The TIF Projects Fund is a capital projects fund that accounts for the public infrastructure improvements made and service payments received in lieu of property taxes from property owners in the TIF district. At December 31, 2014 the fund had a deficit fund balance of \$2.4 million, which was primarily due to an interfund payable. In future years, the deficit fund balance is expected to be eliminated as service payments and debt proceeds will be used to repay the amount owed to the General Fund.

### **General Fund Budgeting Highlights**

General fund appropriations, excluding transfers, were increased only slightly (+0.9%) during 2014 and were budgeted below estimated revenue. Actual expenditures were \$0.9 million less than the final appropriations. Typically, the City has not decreased appropriations when the entire budget will not be spent. Actual revenues were below budgetary estimates by \$196.

### **Capital Asset and Debt Administration**

The governmental activities ended 2014 with total net capital assets of \$47.3 million. Of this total, \$4.2 million was not being depreciated and the capital assets being depreciated totaled \$82.4 million with accumulated depreciation of \$39.3 million. The business-type activities ended 2014 with total net capital assets of \$18.4 million. Of this total, \$15.1 million was not being depreciated and the capital assets being depreciated totaled \$7.0 million with accumulated depreciation of \$3.7 million.

At December 31, 2014, the City had various debt issues outstanding, which included \$3,188,289 of general obligation bonds, \$5,490,000 of special assessment debt, and \$600,230 of promissory notes. As of December 31, 2014, the City's net general obligation bonded debt of \$600,230 was well below the legal limit of \$67,230,558 and debt per capita equaled \$133. Additionally, the City's rating remained at "Aa2" from Moody's Investors Service.

For more detail on capital asset and long-term debt activity, please refer to note 4 and note 8 respectively in the Notes to the Basic Financial Statements.

### **Economic Factors**

The City is currently in a strong financial position, yet the City realizes it is not immune to economic conditions that have negatively affected many public and private entities in the region. The City's efforts to hold the line on expenditures throughout the last several years, coupled with a conservative approach to maintaining but right-sizing staffing levels, have resulted in a relatively stable financial position for our community.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions or need additional financial information, please contact Steven A. Hinshaw, Ph.D., Finance Director, City of Centerville, 100 West Spring Valley Road, Centerville, Ohio 45458.

City of Centerville, Ohio  
Statement of Net Position  
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$15,165,465	\$1,640,923	\$16,806,388
<b>Receivables (Net):</b>			
Taxes	5,469,947	0	5,469,947
Accounts	76,368	66,166	142,534
Interest	38,390	0	38,390
Intergovernmental	1,094,002	0	1,094,002
Special Assessments	8,650,226	0	8,650,226
Internal Balances	114,991	(114,991)	0
Inventory	248,614	101,989	350,603
Prepaid Items	91,468	17,389	108,857
Nondepreciable Capital Assets	4,245,419	15,098,026	19,343,445
Depreciable Capital Assets, Net	43,099,547	3,268,512	46,368,059
<b>Total Assets</b>	<b>78,294,437</b>	<b>20,078,014</b>	<b>98,372,451</b>
<b>Deferred Outflows of Resources:</b>			
Deferred Loss on Refunding	118,040	538,133	656,173
<b>Total Deferred Outflows of Resources</b>	<b>118,040</b>	<b>538,133</b>	<b>656,173</b>
<b>Liabilities:</b>			
Accounts Payable	371,415	71,228	442,643
Accrued Wages and Benefits	514,426	106,724	621,150
Accrued Interest Payable	17,822	8,175	25,997
Deposit Liability	0	123,007	123,007
Unearned Revenue	177,664	255,155	432,819
<b>Long-Term Liabilities:</b>			
Due Within One Year	640,149	766,219	1,406,368
Due In More Than One Year	6,385,023	2,540,802	8,925,825
<b>Total Liabilities</b>	<b>8,106,499</b>	<b>3,871,310</b>	<b>11,977,809</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	1,450,080	0	1,450,080
Revenue in Lieu of Taxes	300,000	0	300,000
<b>Total Deferred Inflows of Resources</b>	<b>1,750,080</b>	<b>0</b>	<b>1,750,080</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	41,293,351	15,716,382	57,009,733
<b>Restricted for:</b>			
Debt Service	9,117,551	351,200	9,468,751
Capital Projects	470,191	0	470,191
Street Improvements	1,137,917	0	1,137,917
Public Safety	834,777	0	834,777
Unrestricted	15,702,111	677,255	16,379,366
<b>Total Net Position</b>	<b>\$68,555,898</b>	<b>\$16,744,837</b>	<b>\$85,300,735</b>

See accompanying notes to the basic financial statements.

City of Centerville, Ohio  
Statement of Activities  
For the Fiscal Year Ended December 31, 2014

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$4,707,720	\$389,805	\$0	\$13,955
Public Safety	6,519,809	124,888	0	0
Community Environment	223,463	0	55,525	0
Recreation	232,550	183,532	0	160,370
Transportation	4,609,430	1,422	1,170,865	57,650
Interest and Other Charges	217,123	0	0	0
<b>Total Governmental Activities</b>	<b>16,510,095</b>	<b>699,647</b>	<b>1,226,390</b>	<b>231,975</b>
<b>Business-Type Activities:</b>				
Waste Collection	1,270,737	1,388,621	0	0
Golf Course	3,374,878	3,312,023	0	0
<b>Total Business-Type Activities</b>	<b>4,645,615</b>	<b>4,700,644</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$21,155,710</b>	<b>\$5,400,291</b>	<b>\$1,226,390</b>	<b>\$231,975</b>

General Revenues:  
Income Taxes  
Property Taxes Levied for:  
    General Purposes  
    Grants and Entitlements, Not Restricted  
Revenue in Lieu of Taxes  
Investment Earnings  
Other Revenues  
Transfers-Internal Activities  
  
Total General Revenues and Transfers  
  
Change in Net Position  
  
Net Position - Beginning of Year  
  
Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$4,303,960)	\$0	(\$4,303,960)
(6,394,921)	0	(6,394,921)
(167,938)	0	(167,938)
111,352	0	111,352
(3,379,493)	0	(3,379,493)
(217,123)	0	(217,123)
<u>(14,352,083)</u>	<u>0</u>	<u>(14,352,083)</u>
0	117,884	117,884
0	(62,855)	(62,855)
<u>0</u>	<u>55,029</u>	<u>55,029</u>
<u>(14,352,083)</u>	<u>55,029</u>	<u>(14,297,054)</u>
12,888,194	0	12,888,194
1,352,405	0	1,352,405
1,064,072	0	1,064,072
190,838	0	190,838
193,056	12,016	205,072
167,546	495,104	662,650
(395,000)	395,000	0
<u>15,461,111</u>	<u>902,120</u>	<u>16,363,231</u>
1,109,028	957,149	2,066,177
<u>67,446,870</u>	<u>15,787,688</u>	<u>83,234,558</u>
<u>\$68,555,898</u>	<u>\$16,744,837</u>	<u>\$85,300,735</u>

City of Centerville, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2014

	General	Street Construction and Maintenance	Special Assessment Debt Retirement	TIF Projects
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$8,760,812	\$558,217	\$482,246	\$6,846
<b>Receivables (Net):</b>				
Taxes	5,469,947	0	0	0
Accounts	76,368	0	0	0
Interest	38,390	0	0	0
Intergovernmental	275,369	462,107	0	0
Special Assessments	0	0	8,650,226	0
Interfund	2,448,488	0	0	0
Inventory	489	156,679	0	0
Prepaid Items	71,736	19,732	0	0
<b>Total Assets</b>	<b>17,141,599</b>	<b>1,196,735</b>	<b>9,132,472</b>	<b>6,846</b>
<b>Liabilities:</b>				
Accounts Payable	177,548	16,732	0	128,303
Accrued Wages and Benefits	423,727	90,699	0	0
Interfund Payable	0	0	0	2,250,000
Unearned Revenue	0	0	0	0
<b>Total Liabilities</b>	<b>601,275</b>	<b>107,431</b>	<b>0</b>	<b>2,378,303</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	1,462,515	0	0	0
Income Taxes	2,507,638	0	0	0
Grants and Other Taxes	202,169	303,381	0	0
Special Assessments	0	0	8,650,226	0
Revenue in Lieu of Taxes	0	0	0	0
Investment Earnings	34,260	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>4,206,582</b>	<b>303,381</b>	<b>8,650,226</b>	<b>0</b>
<b>Fund Balances:</b>				
Nonspendable	72,225	176,411	0	0
Restricted	0	609,512	482,246	0
Assigned	0	0	0	0
Unassigned	12,261,517	0	0	(2,371,457)
<b>Total Fund Balances</b>	<b>12,333,742</b>	<b>785,923</b>	<b>482,246</b>	<b>(2,371,457)</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$17,141,599</b>	<b>\$1,196,735</b>	<b>\$9,132,472</b>	<b>\$6,846</b>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$4,278,439	\$14,086,560
0	5,469,947
0	76,368
0	38,390
356,526	1,094,002
0	8,650,226
0	2,448,488
91,446	248,614
0	91,468
<u>4,726,411</u>	<u>32,204,063</u>
42,942	365,525
0	514,426
0	2,250,000
<u>177,664</u>	<u>177,664</u>
<u>220,606</u>	<u>3,307,615</u>
0	1,462,515
0	2,507,638
43,657	549,207
0	8,650,226
300,000	300,000
<u>0</u>	<u>34,260</u>
<u>343,657</u>	<u>13,503,846</u>
91,446	340,082
1,401,137	2,492,895
2,669,565	2,669,565
<u>0</u>	<u>9,890,060</u>
<u>4,162,148</u>	<u>15,392,602</u>
<u>\$4,726,411</u>	<u>\$32,204,063</u>





City of Centerville, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 December 31, 2014

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Total Governmental Fund Balance \$15,392,602

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

Capital assets used in governmental activities are not financial  
 resources and, therefore, are not reported in the funds.

Capital assets used in the operation of Governmental Activities	46,251,557	
Capital assets used in the operation of Internal Service Funds	1,093,409	
		47,344,966

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

Income Taxes	2,507,638	
Delinquent Property Taxes	12,435	
Interest	34,260	
Special Assessments	8,650,226	
Intergovernmental	549,207	
		11,753,766

An internal service fund is used by management to charge  
 back costs to individual funds. The assets and  
 liabilities of the internal service fund are included in  
 governmental activities in the statement of net position.

Internal Service Net Position	2,166,424	
Capital assets used in the operation of Internal Service Funds	(1,093,409)	
Allocation to Business-Type Activities	(83,497)	
		989,518

In the statement of net position interest payable is accrued when  
 incurred; whereas, in the governmental funds interest is  
 reported as a liability only when it will require the use of  
 current financial resources. (17,822)

Some liabilities reported in the statement of net position do not  
 require the use of current financial resources and, therefore,  
 are not reported as liabilities in governmental funds.

Compensated Absences	(855,517)
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Deferred outflow of resources associated with long-term liabilities  
 are not reported in the funds. 118,040

Long-term liabilities are not due and payable in the current  
 period and, therefore, are not reported in the funds. (6,169,655)

Net Position of Governmental Activities \$68,555,898

See accompanying notes to the basic financial statements.

City of Centerville, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2014

	General	Street Construction and Maintenance	Special Assessment Debt Retirement	TIF Projects
<b>Revenues:</b>				
Property and Other Taxes	\$1,353,901	\$0	\$0	\$0
Income Taxes	12,984,375	0	0	0
Charges for Services	346,126	1,422	0	0
Investment Earnings	131,409	5,197	6,687	0
Intergovernmental	913,953	943,915	0	214,127
Special Assessments	21,272	0	521,687	0
Fines, Licenses & Permits	329,191	0	0	0
Revenue in Lieu of Taxes	0	0	0	190,838
Other Revenues	111,211	20,813	0	0
<b>Total Revenues</b>	<b>16,191,438</b>	<b>971,347</b>	<b>528,374</b>	<b>404,965</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	4,421,965	0	28,083	0
Public Safety	6,088,058	0	0	0
Community Environment	245,177	0	0	0
Recreation	174,644	0	0	0
Transportation	0	2,520,585	0	0
Capital Outlay	220,346	0	0	2,776,422
<b>Debt Service:</b>				
Principal	0	0	290,000	0
Interest and Other Charges	0	0	212,899	0
<b>Total Expenditures</b>	<b>11,150,190</b>	<b>2,520,585</b>	<b>530,982</b>	<b>2,776,422</b>
<b>Excess of Revenues Over (Under) Expenditure:</b>	<b>5,041,248</b>	<b>(1,549,238)</b>	<b>(2,608)</b>	<b>(2,371,457)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	1,450,000	0	0
Transfers (Out)	(3,991,052)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(3,991,052)</b>	<b>1,450,000</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>1,050,196</b>	<b>(99,238)</b>	<b>(2,608)</b>	<b>(2,371,457)</b>
Fund Balance - Beginning of Year, Restated	11,283,057	795,881	484,854	0
Change in Nonspendable for Inventory	489	89,280	0	0
<b>Fund Balance - End of Year</b>	<b>\$12,333,742</b>	<b>\$785,923</b>	<b>\$482,246</b>	<b>(\$2,371,457)</b>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$0	\$1,353,901
0	12,984,375
0	347,548
40,412	183,705
467,109	2,539,104
18,472	561,431
1,637	330,828
0	190,838
35,521	167,545
<u>563,151</u>	<u>18,659,275</u>
0	4,450,048
776	6,088,834
0	245,177
0	174,644
295,357	2,815,942
1,718,672	4,715,440
39,751	329,751
6,301	219,200
<u>2,060,857</u>	<u>19,039,036</u>
<u>(1,497,706)</u>	<u>(379,761)</u>
2,146,052	3,596,052
0	(3,991,052)
<u>2,146,052</u>	<u>(395,000)</u>
648,346	(774,761)
3,431,425	15,995,217
82,377	172,146
<u>\$4,162,148</u>	<u>\$15,392,602</u>

City of Centerville, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended December 31, 2014

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Net Change in Fund Balance - Total Governmental Funds (\$774,761)

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

Governmental funds report capital asset additions 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 of the difference between capital  
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	\$4,327,435	
Depreciation Expense	(2,287,445)	
		2,039,990

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

Income Taxes	(\$96,181)	
Delinquent Property Taxes	(1,496)	
Interest	9,351	
Special Assessment	(522,311)	
Intergovernmental	(34,515)	
		(645,152)

Repayment of bond principal is an expenditure in the  
 governmental funds, but the repayment reduces long-term  
 liabilities in the statement of net position. 329,751

In the statement of activities interest expense is accrued when incurred;  
 whereas, in governmental funds an interest expenditure is reported  
 when due. 5,295

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 governmental funds.

Compensated Absences	(\$20,017)	
Amortization of Bond Premium	6,619	
Amortization of Deferred Charge on Refunding	(9,837)	
Change in Inventory	172,146	
		148,911

The internal service fund used by management to charge back costs  
 to individual funds is not reported in the entity-wide statement of  
 activities. Governmental fund expenditures and the related internal  
 service fund revenues are eliminated. The net revenue (expense) of  
 the internal service fund is allocated among the governmental activities.

Change in Net Position - Internal Service Funds	23,336	
Change in portion of Internal Service Fund Net Position allocated to Business-Type Activities	(18,342)	
		4,994

Change in Net Position of Governmental Activities \$1,109,028

See accompanying notes to the basic financial statements.

City of Centerville, Ohio  
Statement of Net Position  
Proprietary Funds  
December 31, 2014

	Business-Type Activities -Enterprise Funds			Governmental Activities- Internal Service Funds
	Waste Collection	Golf Course	Total Business-Type Activities	
<b>Current Assets:</b>				
Equity in Pooled Cash and Investments	\$637,342	\$1,003,581	\$1,640,923	\$1,078,905
<b>Receivables (Net):</b>				
Accounts	66,166	0	66,166	0
Inventory	9,308	92,681	101,989	0
Prepaid Items	8,361	9,028	17,389	0
<b>Total Current Assets</b>	<b>721,177</b>	<b>1,105,290</b>	<b>1,826,467</b>	<b>1,078,905</b>
<b>Noncurrent Assets:</b>				
<b>Capital Assets:</b>				
Nondepreciable Capital Assets	0	15,098,026	15,098,026	0
Depreciable Capital Assets, Net	0	3,268,512	3,268,512	1,093,409
<b>Total Noncurrent Assets</b>	<b>0</b>	<b>18,366,538</b>	<b>18,366,538</b>	<b>1,093,409</b>
<b>Total Assets</b>	<b>721,177</b>	<b>19,471,828</b>	<b>20,193,005</b>	<b>2,172,314</b>
<b>Deferred Outflows of Resources:</b>				
Deferred Loss on Refunding	0	538,133	538,133	0
<b>Total Deferred Outflows of Resources</b>	<b>0</b>	<b>538,133</b>	<b>538,133</b>	<b>0</b>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	35,287	35,941	71,228	5,890
Accrued Wages and Benefits	29,644	77,080	106,724	0
Compensated Absences	11,623	29,596	41,219	0
Accrued Interest Payable	0	8,175	8,175	0
Interfund Payable	0	198,488	198,488	0
Deposit Liability	0	123,007	123,007	0
Unearned Revenue	255,155	0	255,155	0
Bonds Payable	0	725,000	725,000	0
<b>Total Current Liabilities</b>	<b>331,709</b>	<b>1,197,287</b>	<b>1,528,996</b>	<b>5,890</b>
<b>Long-Term Liabilities:</b>				
Compensated Absences	40,451	37,062	77,513	0
Bonds Payable	0	2,463,289	2,463,289	0
<b>Total Noncurrent Liabilities</b>	<b>40,451</b>	<b>2,500,351</b>	<b>2,540,802</b>	<b>0</b>
<b>Total Liabilities</b>	<b>372,160</b>	<b>3,697,638</b>	<b>4,069,798</b>	<b>5,890</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	0	15,716,382	15,716,382	1,093,409
<b>Restricted for:</b>				
Debt Service	0	351,200	351,200	0
Unrestricted	349,017	244,741	593,758	1,073,015
<b>Total Net Position</b>	<b>\$349,017</b>	<b>\$16,312,323</b>	<b>16,661,340</b>	<b>\$2,166,424</b>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Business-Type Activities			83,497	
<b>Net Position of Business-Type Activities</b>			<b>\$16,744,837</b>	

See accompanying notes to the basic financial statements.

City of Centerville, Ohio  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2014

	Business-Type Activities -Enterprise Funds			Governmental Activities- Internal Service Funds
	Waste Collection	Golf Course	Total Business-Type Activities	
Operating Revenues:				
Charges for Services	\$1,388,621	\$3,312,023	\$4,700,644	\$289,570
Other Revenues	4,839	490,265	495,104	15,430
Total Operating Revenues	1,393,460	3,802,288	5,195,748	305,000
Operating Expenses:				
Personal Services	749,574	1,422,401	2,171,975	0
Purchased Services	297,335	431,651	728,986	20,246
Supplies and Materials	173,899	843,469	1,017,368	1,305
Depreciation	0	230,212	230,212	283,063
Other Expense	68,271	241,057	309,328	12,127
Total Operating Expenses	1,289,079	3,168,790	4,457,869	316,741
Operating Income (Loss)	104,381	633,498	737,879	(11,741)
Non-Operating Revenues (Expenses):				
Investment Earnings	5,167	6,849	12,016	9,455
Interest (Expense)	0	(206,088)	(206,088)	0
Gain on Disposal of Capital Assets	0	0	0	25,622
Total Non-Operating Revenues (Expenses)	5,167	(199,239)	(194,072)	35,077
Income (Loss) Before Contributions and Transfers	109,548	434,259	543,807	23,336
Transfers In	0	395,000	395,000	0
Change in Net Position	109,548	829,259	938,807	23,336
Net Position - Beginning of Year	239,469	15,483,064	15,722,533	2,143,088
Net Position - End of Year	\$349,017	\$16,312,323	\$16,661,340	\$2,166,424
Adjustment to reflect the consolidation of Internal Service Fund activities related to Business-Type Activities			\$18,342	
Change in Net Position - Total Business-Type Activities			\$957,149	

See accompanying notes to the basic financial statements.

City of Centerville, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2014

	Business-Type Activities -Enterprise Funds			Governmental Activities- Internal Service Funds
	Waste Collection	Golf Course	Total Business-Type Activities	
Cash Flows from Operating Activities:				
Cash Received from Customers	\$1,387,011	\$3,792,932	\$5,179,943	\$309,447
Cash Payments to Employees	(735,445)	(1,400,427)	(2,135,872)	0
Cash Payments to Suppliers	(517,871)	(1,557,703)	(2,075,574)	(38,674)
Net Cash Provided (Used) by Operating Activities	133,695	834,802	968,497	270,773
Cash Flows from Noncapital Financing Activities:				
Payments from Other Funds	0	647,500	647,500	0
Payments to Other Funds	0	(54,012)	(54,012)	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	593,488	593,488	0
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	0	(601,857)	(601,857)	(266,974)
Debt Principal Payments	0	(700,000)	(700,000)	0
Debt Interest Payments	0	(122,033)	(122,033)	0
Proceeds on the Disposal of Capital Assets	0	0	0	25,622
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(1,423,890)	(1,423,890)	(241,352)
Cash Flows from Investing Activities:				
Earnings on Investments	5,167	6,849	12,016	9,455
Net Cash Provided (Used) by Investing Activities	5,167	6,849	12,016	9,455
Net Increase (Decrease) in Cash and Cash Equivalents	138,862	11,249	150,111	38,876
Cash and Cash Equivalents - Beginning of Year	498,480	992,332	1,490,812	1,040,029
Cash and Cash Equivalents - End of Year	637,342	1,003,581	1,640,923	1,078,905
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	104,381	633,498	737,879	(11,741)
Adjustments:				
Depreciation	0	230,212	230,212	283,063
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	781	0	781	0
(Increase) Decrease in Inventory	(3,118)	(18,454)	(21,572)	0
(Increase) Decrease in Prepaid Items	186	(5,491)	(5,305)	0
Increase (Decrease) in Deposit Liabilities	0	(9,356)	(9,356)	0
Increase (Decrease) in Payables	25,588	(23,132)	2,456	(549)
Increase (Decrease) in Accrued Liabilities	13,107	27,525	40,632	0
Increase (Decrease) in Unearned Revenue	(7,230)	0	(7,230)	0
Net Cash Provided (Used) by Operating Activities	\$133,695	\$834,802	\$968,497	\$270,773

See accompanying notes to the basic financial statements.

City of Centerville, Ohio  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Fund  
December 31, 2014

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	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$256,655
Prepaid Items	<u>1,081</u>
Total Assets	<u>257,736</u>
Liabilities:	
Accounts Payable	500
Undistributed Monies	<u>257,236</u>
Total Liabilities	<u>\$257,736</u>

See accompanying notes to the basic financial statements.



**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Centerville (City) is a political unit incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City was organized in 1968 and is a home rule municipal corporation under the laws of the State of Ohio. The City operates under a council-manager form of government as prescribed by City Charter. The City provides the following services: public safety (police), highways and streets, residential waste collection, recreation, public improvements, planning and zoning and general administrative services.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. No separate government units meet the criteria for inclusion as a component unit.

The Miami Valley Risk Management Association (MVRMA) is a jointly governed organization established as a joint self-insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. For more information see Note 7.

**B. Government-wide and Fund Financial Statements**

The statement of net position and the statement of activities display information about the City as a whole. These statements distinguish between activities that are governmental in nature, which are normally supported by taxes and intergovernmental revenues and business-type activities, which rely to a significant extent upon fees and charges for support. Interfund and internal service fund activities are generally eliminated to avoid the "doubling-up" effect on revenues and expenses. The government-wide financial statements do not include the assets and liabilities of the City's agency fund.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or a function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) charges paid by recipients of goods and services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported in separate columns in the fund financial statements. All other funds are aggregated and reported as non-major governmental or non-major proprietary funds.

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

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**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, income taxes and interest on investments are considered to be susceptible to accrual and, so, have been recognized as revenues of the current fiscal period. Only the portion of special assessments due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund – A fund used to account for government resources not accounted for in any other fund. The fund balance is available to the City for any purpose provided it is expended or transferred according to the City Charter and/or the general laws of the State of Ohio.

Street Construction and Maintenance Fund – A fund provided to account for the allocation of revenues derived from motor vehicle license fees and gasoline taxes. Expenditures are restricted by state law to maintain and repair streets within the City.

Special Assessment Debt Retirement Fund – A fund provided to account for the payment of principal and interest on the City's special assessment debt.

TIF Projects Fund – A fund that accounts for expenditures made on capital infrastructure improvements constructed by the City, within the related tax-increment financing (TIF) district. Revenues consist of service payments received in lieu of property taxes, levied on the value of private property improvements made in the TIF district.

The City reports the following major proprietary funds:

Waste Collection Fund – A fund provided to account for the collection of fees relating to the collection of refuse by the City.

Golf Course Fund – A fund provided to account for the operation of the City's municipal golf course, The Golf Club at Yankee Trace.

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

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Additionally, the City reports the following fund types:

Internal Service Funds – Funds used to account for the financing of goods or services provided by one department to other departments of the City. These goods and services include vehicle purchase and payment of insurance deductibles.

Agency Fund – This fund accounts for assets held by the City for 1) security rental deposits for rental of City property, 2) bonds from property owners for street improvements, 3) payroll withholdings, and 4) other miscellaneous activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the waste collection enterprise fund, the golf course enterprise fund and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Agency Funds. The agency funds, being custodial in nature, are merely "assets equal liabilities" and, thus, do not involve the measurement of results of operations. Agency funds are accounted for using the accrual basis of accounting.

**D. Revenues – Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. 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 specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

Deposits and Investments

To improve cash management, cash received by the City is pooled. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the balance sheet. Following the Ohio Revised Code, the City has specified the funds to receive an allocation of interest earnings. Interest revenue during 2014 amounted to \$131,409 in the General Fund, which includes \$74,476 assigned from other City funds.

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

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All investments of the City are recorded at fair value, in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The statement established accounting and reporting guidelines for government investments and investment pools.

For purposes of the statements of cash flows and for presentation on the statement of net position/balance sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

Inventories and Prepaid Items

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment, infrastructure and all other assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, sidewalks, and similar items.

The City defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year.

All capital assets are valued at historical cost, or estimated historical cost, if actual cost is not available. Donated capital assets are valued at their estimated fair market value at the time received. Interest on constructed capital assets is capitalized for business-type and proprietary fund assets.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Deferred Outflows/Inflows of Resources

Deferred Outflows/Inflows of Resources – In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferral on refunding reported in the government-wide statement of net position. A deferral 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.

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

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In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, revenue in lieu of taxes, income taxes, grants and other taxes, special assessments and investment earnings. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance year 2015 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Income taxes, grants and other taxes, special assessments and investment earnings are reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for unpaid accumulated sick leave is limited to 240 days of accrued but unused sick leave. The City pays supplemental retirement if employees retire with 7.5 years of service and 600 hours of accumulated sick leave. Supplemental retirement is only available to retiring employees, not employees for any reason. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The total liability for vacation leave payments has been calculated using pay rates in effect at the balance sheet date.

Bond Discounts, Premiums and Issuance Costs

Bond discounts and premiums for government-wide statements are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond discounts/premiums are presented as a reduction/increase to the face amount of bonds payable whereas issuance costs are expensed when incurred.

The accounting gain/loss on refunded bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the fund financial statements when due.

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

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Fund Balance

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or, they are imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council enacts legislation requiring specific revenues to be used for a specific purpose. The City Council can modify or rescind that legislation at any time through additional legislation.

Fund balance is reported as assigned when resources are intended to be used for specific purposes as approved through the City's formal purchasing procedure by the Finance Director, as established by the City Council-approved purchasing policy.

Fund balance is reported as unassigned within the General Fund for the residual balance that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

Fund balance is reported as nonspendable when amounts cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. The City considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses 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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Net Position

Net position represents the difference between assets (and deferred outflows) and liabilities (and deferred inflows). Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its 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.

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

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The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the City's \$11,911,636 in restricted net position, none was restricted by enabling legislation.

Operating Revenues and Expenses

The City, in its proprietary funds, distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for the enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

## **2. EQUITY IN POOLED CASH AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in pooled cash and investments."

Deposits – As of December 31, 2014, \$500,000 of the City's cash deposits of \$3,697,539 was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City's deposits not covered by FDIC were covered by a single financial institution's collateralized pool held in the financial institution's name as specified by Section 135.181 of the Ohio Revised Code. The City has no deposit policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

Investments – The City is a charter City and has adopted an investment policy through City ordinance. The City has elected to follow the provisions of State statute. State statute classifies monies held by the City into three categories, active deposits, inactive deposits, and interim deposits.

Active deposits are public deposits determined to be necessary to meet current demands upon the City's Treasury. Active monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

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Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates or deposits maturing not more than five years from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Interim monies held by the City may be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Associate, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) and (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons; and,
3. Obligations of the City.



**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

A summary of the fair value of investments held, and year of maturities, as of December 31, 2014 is as follows:

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Credit Rating</u>	<u>Percent of Total Investments</u>	<u>Investment Maturities</u>			
				<u>Less than 3 months</u>	<u>3 Months – 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>
FHLB	\$1,293,283	Aaa/AA+	8.74%	\$0	\$0	\$0	\$1,293,283
FHLMC	744,550	Aaa/AA+	5.03%	0	0	0	744,550
FNMA	2,641,182	Aaa/AA+	17.84%	0	300,069	1,840,193	500,920
FPCB	2,543,815	Aaa/AA+	17.19%	0	350,021	1,793,746	400,048
Certificates of Deposit	7,314,457	Not Rated	49.41%	0	1,741,010	3,021,412	2,552,035
Money Market	265,011	Not Rated	1.79%	<u>265,011</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total investments	<u>\$14,802,298</u>			<u>\$265,011</u>	<u>\$2,391,100</u>	<u>\$6,655,351</u>	<u>\$5,490,836</u>

Callable securities are assumed to remain uncalled prior to maturity.

**Interest Rate Risk** – As a means of limiting its exposure to fair value losses arising from fluctuating interest rates and in accordance with the ORC, the City’s investment policy limits investment portfolio maturities to five years or less. The investment policy also requires sufficient liquidity to be maintained in the portfolio and that investments be scheduled to mature concurrently with ongoing cash requirements so that the City’s obligations can be met without selling securities.

**Credit Risk** – It is the City’s policy to limit its investments that are not obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. As of December 31, 2014, the City’s investments in U.S. agencies (not explicitly guaranteed by the U.S. government) and government-sponsored corporations were rated AA+ by Standard & Poor’s and Aaa by Moody’s Investor Service. The City’s investments in Money Market Funds are not rated.

**Custodial Credit Risk** – 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 investments or collateral securities that are in the possession of an outside party. All of the City’s securities are either insured and registered in the name of the City or at least registered in the name of the City. The City has no investment policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

**Concentration of Credit Risk** – To avoid over-concentration in securities from a specific issuer or business sector (excluding securities of the U.S. Treasury, U.S. government-sponsored agencies and U.S. government-sponsored corporations), the City has established the following maximum allocations based on investments valued at cost: Certificates of Deposit (50%); Bankers Acceptances and Commercial Paper (25%), and Repurchase Agreements, Money Market Funds, STAROhio, and NOW Accounts (50%).

### 3. RECEIVABLES

Receivables at year end consisted primarily of municipal income taxes and property and other taxes, accounts receivable, accrued interest on investments, intergovernmental receivables arising from entitlements and shared revenues, interfund balances, and special assessments. See note 12 for interfund balances.

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

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No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amounts to approximately \$8,650,226 of which \$12,435 is considered delinquent.

**A. Income Taxes**

The City levies a 1.75% income tax on substantially all income earned within the City. Additional increases in the income tax rate require voter approval. City residents pay City income tax on income earned outside the City; however, a credit is allowed for income taxes paid to other municipalities. Filing is mandatory for all residents. Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

**B. Property Taxes**

Property taxes include amounts levied against all real property, public utility tangible personal property and tangible (used in business) property located in the City. Property taxes are levied each October 31<sup>st</sup> on the assessed value listed as of the prior January 1<sup>st</sup>. Assessed values are established for real property at 35% of appraised market value and for public utility tangible personal property at varying percentages, generally 25%. Property market values are required to be statistically updated every three years and revalued every six years. The last revaluation was completed in 2014 and the last statistical update was completed in 2011.

The property tax calendar is as follows:

Levy date	October 31, 2013
Lien date	January 1, 2013
Tax bill mailed	January 20, 2014
First installment payment due	February 15, 2014
Second installment payment due	July 19, 2014

The assessed values for the City at December 31, 2014, were as follows:

	Assessed Value
Real Estate	\$627,814,560
Tangible Personal Property	<u>12,476,470</u>
Total	<u>\$640,291,030</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Centerville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes may be paid on either an annual or semi-annual basis.

**C. Intergovernmental Receivable**

A summary of intergovernmental receivables were as follows:

<u>Governmental Activities</u>	<u>Amount</u>
Local Government	\$648,103
Gasoline & Excise Tax	327,980
Homestead & Non Business Tax Credit	98,861
Permissive Tax	<u>19,058</u>
Total	\$1,094,002

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

**4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 4,245,419	\$ 0	\$ 0	\$ 4,245,419
<i>Capital Assets, being depreciated:</i>				
Building and improvements	14,298,087	0	0	14,298,087
Machinery and equipment	8,427,464	783,287	(118,413)	9,092,338
General infrastructure	<u>55,205,886</u>	<u>3,811,122</u>	<u>0</u>	<u>59,017,008</u>
Totals at Historical Cost	<u>82,176,856</u>	<u>4,594,409</u>	<u>(118,413)</u>	<u>86,652,852</u>
Less Accumulated Depreciation for:				
Building and improvements	3,381,584	303,840	0	3,685,424
Machinery and equipment	6,092,085	314,854	(118,413)	6,288,526
General infrastructure	<u>27,382,122</u>	<u>1,951,814</u>	<u>0</u>	<u>29,333,936</u>
Total Accumulated Depreciation	<u>36,855,791</u>	<u>2,570,508</u>	<u>(118,413)</u>	<u>39,307,886</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,321,065</u>	<u>\$2,023,901</u>	<u>\$ (0)</u>	<u>\$ 47,344,966</u>
	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
<b>Business-type Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$15,098,026	\$ 0	\$0	\$15,098,026
<i>Capital Assets, being depreciated:</i>				
Building and improvements	4,037,103	0	0	4,037,103
Machinery and equipment	<u>2,371,983</u>	<u>601,857</u>	<u>(0)</u>	<u>2,973,840</u>
Totals at Historical Cost	<u>21,507,112</u>	<u>601,857</u>	<u>(0)</u>	<u>22,108,969</u>
Less Accumulated Depreciation for:				
Building and improvements	1,576,895	89,713	0	1,666,608
Machinery and equipment	<u>1,935,324</u>	<u>140,499</u>	<u>(0)</u>	<u>2,075,823</u>
Total Accumulated Depreciation	<u>3,512,219</u>	<u>230,212</u>	<u>(0)</u>	<u>3,742,431</u>
Business-Type Activities Capital Assets, Net	<u>\$ 17,994,893</u>	\$371,645	<u>\$ (0)</u>	<u>\$ 18,366,538</u>

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows: Land improvements; Buildings and improvements (10 to 45 years); Machinery and equipment (3 to 20 years); Infrastructure (23 to 50 years).

Depreciation expense was charged to governmental activities as follows:

General government	\$ 224,308
Public safety	344,838
Recreation	48,794
Community environment	4,977
Transportation	<u>1,947,591</u>
Total depreciation expense	<u>\$ 2,570,508</u>

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

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**5. PENSION PLANS**

All City employees are covered by one of two pension plans: Ohio Police and Fire Pension Fund (OP&F) or Ohio Public Employees Retirement System (OPERS).

**A. Ohio Police and Fire Pension Fund**

OP&F is a cost-sharing multiple-employer defined benefit pension plan, which provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the fund. Interested parties may obtain a copy by making a written request to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting their website at [www.op-f.org](http://www.op-f.org).

The Ohio Revised Code provides statutory authority for employee and employer contributions. During 2014 from January 1 through July 1, and from July 2 through December 31 plan members were required to contribute 10.75% and 11.5% of their annual covered salary, respectively. Throughout all of 2014 the City was required to contribute 19.5% for police officers. The City's contributions to the plan for the years ending December 31, 2014, 2013 and 2012, were \$722,468, \$759,775 and \$665,779 respectively, equal to the required contributions for the year.

**B. Ohio Public Employees Retirement System**

OPERS administers three separate pension plans. The Traditional Pension Plan (TP) is a cost-sharing multiple-employer defined benefit pension plan; The Member-Directed Plan (MD) is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The Combined Plan (CO) is a cost-sharing multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO. Members of the MD do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Plan members were required to contribute 10% of their annual covered salary and the City was required to contribute 14%. The City's contributions to the plan for the years ending December 31, 2014, 2013 and 2012, were \$782,954, \$784,263 and \$769,941 respectively, equal to the required contributions for the year.

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

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**6. POST-EMPLOYMENT BENEFITS**

Both the Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire Pension Fund (OP&F) provide post-retirement health care coverage, which meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. For both systems, the Ohio Revised Code (ORC) permits, but does not mandate, OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in the ORC Chapter 145 for OPERS and Chapter 742 for OP&F.

**A. Ohio Police and Fire Pension Fund OPEB**

OP&F sponsors a cost-sharing multiple-employer defined post-retirement healthcare plan administered by OP&F. OP&F provides healthcare 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.

The ORC provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OP&F. A portion of each employer's contribution is set aside for the funding of post-retirement health care benefits. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% of covered payroll for police employers. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employers. 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 ORC 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 155 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. The employer contribution allocated to the healthcare plan was 0.5% of covered payroll from January 1, 2014 through December 31, 2014. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and 401(h). The OP&F board of trustees is authorized to establish requirements for contributions to the healthcare 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. City contributions to OP&F allocated to the healthcare plan for 2014, 2013 and 2012 were \$18,784, \$119,549 and \$230,360 respectively, equal to the required contributions for the year.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting their website at [www.op-f.org](http://www.op-f.org).

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

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**B. Ohio Public Employees Retirement System OPEB**

OPERS administers three separate pension plans, the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO), all of which are described in note 5. OPERS maintains a cost sharing multiple employer defined benefit post-employment healthcare plan, which provides a medical plan, prescription drug program and Medicare Part B premium reimbursement, to age and service retirees with 10 or more years of qualifying Ohio service credit of both the TP and CO. Members of the MD do not qualify for ancillary benefits, including post-employment health care coverage. Health care coverage for disability recipients and qualified survivor benefit recipients is available.

The ORC provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution is set aside for the funding of post-retirement health care benefits. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 14.0%. The ORC states that the employer contribution may not exceed 14.0% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS post-employment healthcare plan was established and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2014, the employer contribution allocated to the health care plan was 2.0% for the Traditional Plan and Combined Plan. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. City contributions to OPERS allocated to fund post-employment benefits for 2014, 2013 and 2012 were \$111,272, \$55,997 and \$219,972 respectively, equal to the required contributions for the year. Changes to the health care plan were adopted in 2012 with a transition plan beginning in 2014. Because of these changes and the recent passage of pension legislation, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the health care fund after the end of the transition period.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (800) 222-7377.

**7. RISK MANAGEMENT**

The City is one of twenty members of a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA). The pool has been operational since December 1, 1988 and was formed according to Section 2744.081 of the Ohio Revised Code. This joint venture covers all property, crime, liability, boiler and machinery, and public official liability up to the limits stated below. It is intended to provide broad-based coverage up to the various limits.

MVRMA is a corporation governed by a twenty member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. The board is responsible for its own financial matters and the corporation maintains its own book of accounts. Budget and financing of MVRMA is subject to the approval of the board.

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

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Excess insurance coverage will cover additional claims up to the limits listed below:

General Liability: \$10,000,000/occurrence

Automobile Liability: \$10,000,000/occurrence

MVRMA self-insured retention \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual Inc. (GEM) for \$2 million excess \$500,000 and from General Reinsurance Corporation for \$7 million excess \$3 million.

Police Professional Liability: \$10,000,000/occurrence

MVRMA self-insured retention \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual Inc. (GEM) for \$1.5 million excess \$500,000 and from General Reinsurance Corporation for \$8 million excess \$2 million.

Employment Practices Liability and Public Officials Liability Including Employee

Benefits Liability

MVRMA self-insured retention \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual Inc. (GEM) for \$2 million excess \$500,000 and from General Reinsurance Corporation for \$7 million excess \$3 million. Annual aggregate \$10 million per member

Property (effective 7/1/13-7/1/15):

\$1,000,000,000/occurrence

MVRMA Self-Insured Retention (SIR): \$250,000/occurrence

Coverage excess SIR provided by PEPiP USA as follows:

Lexington Insurance Company (Primary \$25 million)

List of carriers for layers excess of \$25 million provided upon request.

Flood (effective 7/1/13-7/1/15):

\$25 million/occurrence and annual aggregate (Flood Zone A & V - \$5 million/occurrence and annual aggregate)

MVRMA SIR: \$100,000/occurrence excluding Flood Zones A & V

MVRMA SIR: \$250,000/occurrence Flood Zones A & V

Earthquake (effective 7/1/13-7/1/15):

\$25 million/occurrence and annual aggregate

MVRMA SIR: \$100,000/occurrence

Boiler & Machinery (effective 7/1/13-7/1/15):

\$100,000,000/occurrence

MVRMA SIR: \$5,000/occurrence (except as shown for specific objects or perils)

Coverage excess SIR provided by PEPiP USA as follows:

Lexington Insurance Company – (Primary \$25 million)

List of carriers for layers excess of \$25 million provided upon request.

Cyber (effective 7/1/13-7/1/15):

MVRMA SIR: \$100,000/occurrence

Coverage excess SIR provided by Lloyd's of London-Beazley Syndicate

Third Party Liability:

\$2 million/occurrence and annual aggregate, but sub-limited to:

\$500,000/occurrence and annual aggregate for Privacy Notification Costs

First Party Computer Liability:

\$2 million/occurrence and annual aggregate subject to policy sub-limits

Pollution (effective 7/1/13-7/1/15):

MVRMA SIR: \$100,000/pollution condition; \$750,000 underground storage tanks specific

\$1 million/pollution condition and aggregate with a \$200,000 sublimit for fungi and legionella

Member Deductible/occurrence: \$2,500

There has been no material change in this coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

**8. LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended December 31, 2014, was as follows:

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
<u>Special Assessment Bonds</u>						
Street Improvements - Series 1994	5.40-6.60%	\$30,000	\$0	(\$30,000)	\$0	0
Street Improvements: Various Purpose Refunding – Series 2013	2.76-3.48%	5,750,000	0	(260,000)	5,490,000	300,000
Issuance Premium on Refunding		86,044	0	(6,619)	79,425	0
Total Special Assessment Bonds		5,866,044	0	(296,619)	5,569,425	300,000
Promissory Notes	1.00%	639,981	0	(39,751)	600,230	40,149
Total Long-Term Liabilities - Bonds, Notes		6,506,025	0	(336,370)	6,169,655	340,149
Compensated Absences		835,500	498,018	(478,001)	855,517	300,000
Total Governmental Activities		\$7,341,525	\$498,018	(\$814,371)	\$7,025,172	\$640,149
<b>Business-Type Activities</b>						
<u>General Obligation Bonds</u>						
Various Purpose Refunding-Series 2013	1.29%	3,700,000	0	(700,000)	3,000,000	725,000
Issuance Premium on Refunding		235,361	0	(47,072)	188,289	0
Total General Obligation Bonds		3,935,361	0	(747,072)	3,188,289	725,000
Compensated Absences		102,289	65,285	(48,842)	118,732	41,219
Total Business-Type Activities		\$4,037,650	\$65,285	(\$795,914)	\$3,307,021	\$766,219

General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the government. The City issued \$3.7 million of refunding general obligation bonds in Business-Type Activities in 2013, maturing through 2018, for the purpose of acquiring golf course structures.

The City issued \$5.75 million of special assessment bonds in Governmental Activities in 2013, maturing through 2032, for the purpose of street, sidewalk and curb improvement issues which are payable from the proceeds of assessments against individual property owners. These bonds are backed by the full faith and credit of the City. In the event of delinquencies related to special assessment bonds, the City is required to use other resources until foreclosure proceeds are received to satisfy debt service.

The general obligation bonds will be paid through the Golf Course Fund. The promissory note will be paid through the Unvoted Debt Retirement Fund. The special assessment bonds will be paid through the Special Assessment Bond Retirement Fund. Compensated absences will be paid through the General Fund and the Street Construction and Maintenance Fund.

Promissory notes maturing through 2028 are due to the Ohio Public Works Commission as part of their state capital improvement program for the City's Centerville Station Road and Clio Road Reconstruction/Widening project. The original amount of the promissory notes was \$832,895.



**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

The following table summarizes the City's future long-term debt service requirements:

**Governmental Activities and Business-Type Activities:**

Year Ending December 31	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds</u>		<u>Promissory Notes</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$725,000	\$98,100	\$300,000	\$179,053	\$40,149	\$5,902
2016	740,000	83,600	300,000	173,053	40,552	5,500
2017	765,000	61,400	310,000	164,053	40,959	5,093
2018	770,000	30,800	315,000	151,653	41,369	4,683
2019	0	0	330,000	139,053	41,784	4,268
2020-2024	0	0	1,790,000	562,313	215,287	14,971
2025-2029	0	0	1,830,000	268,035	180,130	4,077
2030-2032	<u>0</u>	<u>0</u>	<u>315,000</u>	<u>17,640</u>	<u>0</u>	<u>0</u>
Total	<u>\$3,000,000</u>	<u>\$273,900</u>	<u>\$5,490,000</u>	<u>\$1,654,853</u>	<u>\$600,230</u>	<u>\$44,494</u>

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2014, the City had a legal debt margin for total debt of \$67,230,558 and a legal debt margin for unvoted debt of \$35,216,006.

To provide for the Bethany Lutheran Village Continuing Care Facility, the City issued three series of Health Care Revenue Bonds. These bonds are special limited obligations of the City, payable solely from and secured by a letter of credit. The bonds do not constitute a debt or pledge of the faith and credit of the City, the County or the State, and, accordingly, have not been reported in the accompanying financial statements. At December 31, 2014, Health Care Revenue Bonds outstanding aggregated \$43,145,000.

**9. OPERATING LEASE – CITY AS LESSOR**

The City is the lessor of a building under noncancellable leases with the Bureau of Motor Vehicles, State of Ohio and the Auto Title Division, Montgomery County, Ohio. Assets relating to the leases as of December 31, 2014 include buildings and improvements at a cost of \$214,284 and accumulated depreciation of \$104,709. The future minimum lease payments as of December 31, 2014 are as follows: 2015 for \$28,394.

**10. INTERFUND TRANSFERS**

The composition of interfund balances as of December 31, 2014 is as follows:

Interfund transfers:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 0	\$3,991,052
Street Construction and Maintenance	1,450,000	0
Non-major Governmental	2,146,052	0
Golf Course	<u>395,000</u>	<u>0</u>
Total	<u>\$3,991,052</u>	<u>\$3,991,052</u>

All interfund transfers are routine in nature and are to subsidize the operations of the applicable fund.

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

**11. FUND BALANCES**

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

<u>Fund Balances</u>	<u>General</u>	<u>Street Construction &amp; Maintenance</u>	<u>Special Assessment Debt Retirement</u>	<u>TIF Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Nonspendable:</b>						
Inventory	\$ 489	\$156,679	\$0	\$0	\$91,446	\$248,614
Prepays	<u>71,736</u>	<u>19,732</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>91,468</u>
<b>Total Nonspendable</b>	72,225	176,411	0	0	91,446	340,082
<b>Restricted for:</b>						
Street Construction and Maintenance	0	609,512	0	0	0	609,512
Special Assessment Debt Retirement	0	0	482,246	0	0	482,246
State Highway	0	0	0	0	96,169	96,169
Law Enforcement	0	0	0	0	298,369	298,369
Enforcement and Education	0	0	0	0	32,334	32,334
Drug Law	0	0	0	0	1,007	1,007
Police Grants	0	0	0	0	503,067	503,067
Special Assessment Improvements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>470,191</u>	<u>470,191</u>
<b>Total Restricted</b>	0	609,512	482,246	0	1,401,137	2,492,895
<b>Assigned to:</b>						
Unvoted Debt Retirement	0	0	0	0	1,869	1,869
Capital Improvements	0	0	0	0	2,145,763	2,145,763
Capital Equipment Purchases	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>521,933</u>	<u>521,933</u>
<b>Total Assigned</b>	0	0	0	0	2,669,565	2,669,565
<b>Unassigned (Deficit)</b>	<u>12,261,517</u>	<u>0</u>	<u>0</u>	<u>(2,371,457)</u>	<u>0</u>	<u>9,890,060</u>
<b>Total Fund Balance</b>	<u>\$12,333,742</u>	<u>\$785,923</u>	<u>\$482,246</u>	<u>(\$2,371,457)</u>	<u>\$4,162,148</u>	<u>\$15,392,602</u>

**12. INTERFUND PAYABLE / RECEIVABLE**

Balances:

<u>Type</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Internal Service Allocation	\$(83,497)	\$83,497

Certain interfund payable/receivable of a longer term repayment schedule also exists. The General Fund has provided interfund loans to the TIF Projects Fund and Golf Course Fund. The TIF Projects Fund and Golf Course Fund will make repayments on the loan from the portions of their revenue.

**13. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment to restate special assessment receivable as of December 31, 2013 was required mainly due to an error in the amount that was reported to be received in the available period. The restatement had the following effect on fund balance.

	<u>Special Assessment</u>
Fund Balance – December 31, 2013	\$1,077,210
Special Assessment Receivable correction	<u>(592,356)</u>
Fund Balance – January 1, 2014, Restated	<u>\$484,854</u>

**City of Centerville, Ohio**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2014  
(continued)

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**14. JOINTLY GOVERNED ORGANIZATIONS**

The City is a member of the Miami Valley Risk Management Association (MVRMA) which is a jointly governed organization established as a joint insurance pool. As of December 31, 2014, the pool had twenty members. This organization covers all property, crime, liability, boiler and machinery and public liability insurance. It is intended to provide broad based coverage up to the limits with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate.

MVRMA is a corporation governed by a twenty-member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. The board is responsible for its own financial matters, and the corporation maintains its own book of account. Budgeting and financing of MVRMA is subject to the approval of the board. As of December 31, 2014, the participant cities were: Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Indian Hill, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming.

Member contributions are calculated annually to produce a sufficient sum of money within the self-insurance pool to fund administrative expenses of the association and to create adequate reserves for claims and unallocated loss adjustment expenses.

The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. The following is a summary of the MVRMA audited financial statements presented in conformity with generally accepted principles as of and for the year ended December 31, 2013 (most recent information available):

Assets	\$19,039,885
Liabilities	7,806,613
Net Position	\$11,233,272

To obtain additional financial information write to Miami Valley Risk Management Association, 4625 Presidential Way, Kettering, Ohio, 45429.

**15. CONTINGENT LIABILITIES**

Accounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial. The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have an adverse effect on the financial condition of the City.



City of Centerville, Ohio  
 Required Supplementary Information  
 Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
 Budget and Actual - Budgetary (Non-GAAP) Basis  
 General Fund  
 For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Local Taxes	\$ 14,821,921	\$ 14,821,921	\$ 14,646,018	\$ (175,903)
Intergovernmental revenues	575,580	575,580	608,125	32,545
Special assessments	27,000	27,000	21,272	(5,728)
Charges for services	109,100	109,100	114,334	5,234
Fines, licenses, and permits	247,500	247,500	334,123	86,623
Investment earnings	100,000	100,000	102,179	2,179
Miscellaneous and reimbursements	317,820	317,820	372,674	54,854
Total revenues	16,198,921	16,198,921	16,198,725	(196)
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Clerk of Council</b>				
Personal services	221,800	231,800	225,008	6,792
Other expenditures	44,919	44,919	40,899	4,020
Total clerk of council	266,719	276,719	265,907	10,812
<b>City Manager</b>				
Personal services	519,473	519,473	505,352	14,121
Other expenditures	25,945	25,945	19,100	6,845
Total city manager	545,418	545,418	524,452	20,966
<b>Economic Development</b>				
Personal services	112,460	112,460	110,441	2,019
Other expenditures	8,780	8,780	3,736	5,044
Total economic development	121,240	121,240	114,177	7,063
<b>Community Resources</b>				
Personal services	91,661	94,661	94,173	488
Other expenditures	10,940	10,940	10,259	681
Total community resources	102,601	105,601	104,432	1,169
<b>Code Enforcement</b>				
Personal services	113,648	113,648	112,725	923
Other expenditures	26,125	26,125	23,749	2,376
Total code enforcement	139,773	139,773	136,474	3,299
<b>Finance</b>				
Personal services	387,426	387,426	372,894	14,532
Other expenditures	52,760	52,760	49,416	3,344
Total finance	440,186	440,186	422,310	17,876
<b>Income Tax</b>				
Personal services	215,567	215,567	211,035	4,532
Other expenditures	80,000	80,000	74,685	5,315
Total income tax	295,567	295,567	285,720	9,847
<b>Human Resources</b>				
Personal services	145,234	145,234	127,071	18,163
Other expenditures	41,220	41,220	29,455	11,765
Total human resources	186,454	186,454	156,526	29,928

See accompanying notes to the required supplementary information.

City of Centerville, Ohio  
Required Supplementary Information  
Schedule of Revenue, Expenditures, & Changes in Fund Balances -  
Budget and Actual - Budgetary (Non-GAAP) Basis  
General Fund - Continued  
For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Mayor's Court				
Personal services	-	30,795	-	30,795
Other expenditures	-	39,350	-	39,350
Total mayor's court	-	70,145	-	70,145
Legal				
Other expenditures	321,900	346,900	343,209	3,691
Total legal	321,900	346,900	343,209	3,691
Planning				
Personal services	223,970	233,970	233,569	401
Other expenditures	27,910	27,910	14,104	13,806
Total planning	251,880	261,880	247,673	14,207
General Government				
Personal services	139,735	139,735	112,530	27,205
Other expenditures	1,168,192	1,168,190	1,140,875	27,315
Total general government	1,307,927	1,307,925	1,253,405	54,520
Municipal Building				
Personal services	35,247	35,247	29,112	6,135
Other expenditures	49,862	49,862	40,539	9,323
Total municipal building	85,109	85,109	69,651	15,458
Inspection				
Personal services	196,583	196,583	180,003	16,580
Other expenditures	48,660	48,660	45,546	3,114
Total inspection	245,243	245,243	225,549	19,694
Engineering				
Personal services	381,763	381,763	333,195	48,568
Other expenditures	42,085	42,085	14,422	27,663
Total engineering	423,848	423,848	347,617	76,231
Public Works Administration				
Personal services	227,760	227,760	216,221	11,539
Other expenditures	110,408	110,408	103,039	7,369
Total public works administration	338,168	338,168	319,260	18,908
Police				
Personal services	5,855,074	5,855,074	5,586,249	268,825
Other expenditures	849,648	849,648	734,397	115,251
Total police	6,704,722	6,704,722	6,320,646	384,076
Sister City Committee				
Other expenditures	5,725	5,725	2,989	2,736
Total sister city committee	5,725	5,725	2,989	2,736
Arts Commission				
Other expenditures	34,500	34,500	30,795	3,705
Total arts commission	34,500	34,500	30,795	3,705

See accompanying notes to the required supplementary information.

City of Centerville, Ohio  
 Required Supplementary Information  
 Schedule of Revenue, Expenditures, & Changes in Fund Balances -  
 Budget and Actual - Budgetary (Non-GAAP) Basis  
 General Fund - Continued  
 For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
City Beautiful Commission				
Other expenditures	6,871	6,871	5,296	1,575
Total city beautiful commission	6,871	6,871	5,296	1,575
Benham's Grove				
Personal services	115,373	115,373	60,272	55,101
Other expenditures	101,129	101,129	81,238	19,891
Total Benham's Grove	216,502	216,502	141,510	74,992
Stubbs Park				
Other expenditures	163,879	163,879	134,313	29,566
Total Stubbs Park	163,879	163,879	134,313	29,566
Total Expenditures	12,204,232	12,322,375	11,451,911	870,464
Excess (deficiency) of revenues over expenditures	3,994,689	3,876,546	4,746,814	870,268
Other financing sources (uses):				
Transfers (out)	(4,265,052)	(7,065,052)	(6,493,552)	571,500
Total other financing sources (uses)	(4,265,052)	(7,065,052)	(6,493,552)	571,500
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(270,363)	(3,188,506)	(1,746,738)	1,441,768
Fund balance at beginning of year	10,775,309	10,775,309	10,775,309	-
Fund balance at end of year	<u>\$ 10,504,946</u>	<u>\$ 7,586,803</u>	<u>\$ 9,028,571</u>	<u>\$ 1,441,768</u>

See accompanying notes to the required supplementary information.

City of Centerville, Ohio  
 Required Supplementary Information  
 Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
 Budget and Actual - Budgetary (Non-GAAP) Basis  
 Street Construction and Maintenance Fund  
 For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental revenues	\$ 925,000	\$ 925,000	\$ 938,659	\$ 13,659
Charges for services	2,500	2,500	1,422	(1,078)
Interest earned	4,000	4,000	5,197	1,197
Miscellaneous and reimbursements	-	-	20,813	20,813
Total revenues	<u>931,500</u>	<u>931,500</u>	<u>966,091</u>	<u>34,591</u>
<b>Expenditures:</b>				
Current:				
Transportation				
Personal services	1,791,392	1,901,392	1,872,541	28,851
Other expenditures	<u>553,106</u>	<u>678,106</u>	<u>674,311</u>	<u>3,795</u>
Total transportation	<u>2,344,498</u>	<u>2,579,498</u>	<u>2,546,852</u>	<u>32,646</u>
Excess (deficiency) of revenues over expenditures	(1,412,998)	(1,647,998)	(1,580,761)	67,237
<b>Other financing sources (uses):</b>				
Transfers in	<u>1,450,000</u>	<u>1,450,000</u>	<u>1,450,000</u>	-
Total other financing sources (uses)	<u>1,450,000</u>	<u>1,450,000</u>	<u>1,450,000</u>	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	37,002	(197,998)	(130,761)	67,237
Fund balance at beginning of year	<u>685,283</u>	<u>685,283</u>	<u>685,283</u>	-
Fund balance at end of year	<u>\$ 722,285</u>	<u>\$ 487,285</u>	<u>\$ 554,522</u>	<u>\$ 67,237</u>

See accompanying notes to the required supplementary information.



**City of Centerville, Ohio**  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended December 31, 2014

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**1. BASIS OF BUDGETING**

Basis of budgeting refers to when revenues and expenditures or expenses are recognized in the funds. The City's budget for all funds is prepared on a cash-encumbrance basis by which transactions are recorded when cash is received or disbursed, or when a commitment has been recorded as an encumbrance against an applicable appropriation. All annual appropriations lapse at year-end to the extent they have not been expended or lawfully encumbered. The ending fund balances shown are unencumbered cash balances. This basis is utilized for all interim financial statements issued during the year.

The basis of budgeting differs from the accounting principles generally accepted in the United States of America (GAAP) used for the City's year-end financial statements contained in the Comprehensive Annual Financial Report (CAFR). Under that basis of accounting, revenues are generally recognized when the obligation to the City arises; the budget basis, however, recognizes revenue only when cash has been received. In the CAFR, expenditures are generally recognized in the period in which they are incurred. Under the budget basis, expenditures are recognized when cash has been disbursed or when an encumbrance has been placed against an appropriation.

**2. BUDGETARY PROCESS**

The City follows procedures prescribed by State law in establishing the budgetary data reflected in the financial statements as follows:

- (1) The County Budget Commission has suspended the requirement to prepare a tax budget. In lieu of the tax budget, about January 1 of each year, the City will submit to the Budget Commission a report of estimated revenue and actual unencumbered cash balances by fund. Thereafter, the County Budget Commission will issue an Official Certificate of Estimated Resources.
- (2) Unencumbered appropriations lapse at year-end. No contract, agreement or other obligation involving the expenditure of money shall be entered into unless the Director of Finance first certifies that the money required for such contract, agreement, obligation or expenditure is in the treasury, or is anticipated to come into the treasury, before the maturity of such contract.
- (3) All funds of the City have annual budgets legally adopted by the City Council. The exception is that when the City receives federal or state grant funds to aid in paying the cost of any program, activity, or function of the City, the amount received is deemed appropriated for such purpose.

The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer comments. The Council enacts the budget through passage of an ordinance. The appropriations ordinance controls expenditures at the department level, which is broken out between personal services and other expenses in the General Fund and at the fund level for all other funds. The appropriation measure may only be amended or supplemented during the year by ordinance of the City Council. The allocation of appropriations among departments and objects within a fund may be modified with approval of the City Manager. Appropriations may not exceed estimated resources. During the year, supplemental appropriations were made. The appropriations and estimated revenue reported within the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –

**City of Centerville, Ohio**  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended December 31, 2014  
(continued)

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Budgetary (Non-GAAP) Basis reflect the final appropriations and estimated revenues as approved by City Council and the County Budget Commission, respectively, at December 31, 2014.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental funds. Encumbrances outstanding at year end are reported as part of fund balances, since they do not constitute expenditures or liabilities.

While financial position, results of operations and changes in fund balances are reported on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis, as provided by law, requires accounting for certain transactions on a basis of cash receipts and disbursements.

The Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis for the General Fund and Street Construction and Maintenance Fund are presented on the budgetary basis in the Required Supplementary Information to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

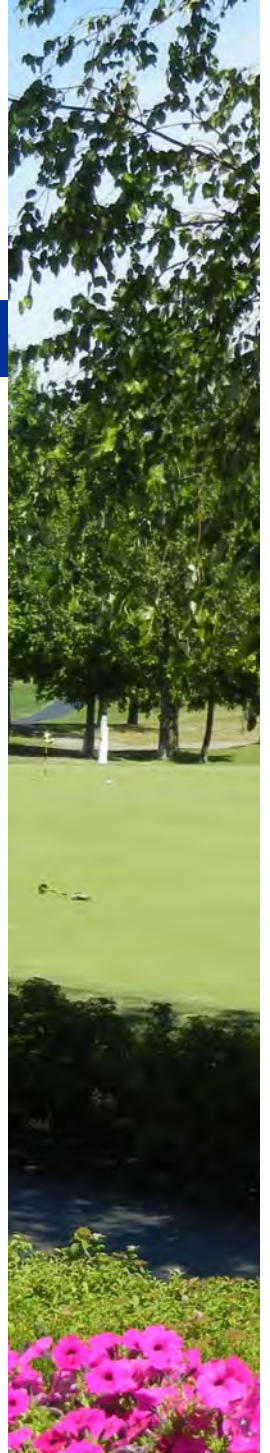
- (1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (GAAP).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to restricted, committed or assigned fund balance (GAAP).
- (4) Some funds are reported as part of the General Fund (GAAP basis) as opposed to the General Fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis schedules for the general and street construction and maintenance funds.

<b><u>Net Change in Fund Balance</u></b>	<b><u>General Fund</u></b>	<b><u>Street Construction and Maintenance Fund</u></b>
GAAP basis	\$1,050,196	(\$99,238)
Net adjustment for revenue accruals	7,287	(5,256)
Net adjustment for expenditure accruals	(176,200)	(22,572)
Net adjustment for transfers (out)	(2,502,500)	0
Net adjustment for encumbrances	<u>(125,521)</u>	<u>(3,695)</u>
Budget basis	<u>(\$1,746,738)</u>	<u>(\$130,761)</u>



# Combining Statements & Individual Fund Schedules





## City of Centerville, Ohio

### Fund Descriptions

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#### **Non-Major Special Revenue Funds**

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes.

State Highway Fund. A fund provided to account for the allocation of revenues derived from motor vehicle license fees and gasoline taxes. Expenditures are restricted by state law for maintenance and repair of state highways within the City.

Law Enforcement Fund. A fund provided to account for the fines generated in the prosecution of those in possession of contraband and the proceeds gained from the sale of confiscated contraband.

Enforcement and Education Fund. A fund provided to account for fines imposed for the purpose of educating the public and enforcing the laws governing the operation of a motor vehicle while under the influence of alcohol.

Drug Law Fund. A fund provided to account for mandatory fines imposed for drug offense convictions.

Police Grants Fund. A fund provided to account for grants received for police services.

#### **Non-Major Debt Service Fund**

Debt service funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Unvoted Debt Retirement Fund. A fund provided to account for the payment of principal and interest on the City's unvoted general obligations.

#### **Non-Major Capital Projects Funds**

Capital projects funds account for the acquisition of equipment or construction of major capital projects not being financed by proprietary funds.

Capital Improvements Fund. A fund provided to account for the various capital improvement projects of the City including streets, sidewalks, land acquisition and building improvements

Capital Equipment Purchase Fund. A fund provided to account for the acquisition of major operating and office equipment.

Special Assessment Improvements Fund. A fund provided to account for the revenues and expenditures relating to various special assessment projects throughout the City.

TIF MVHS Capital Projects Fund. A fund for expenditures made on capital infrastructure improvements constructed by the City, within the related tax-increment financing (TIF) district. Revenues consist of service payments received in lieu of property taxes, levied on the value of private property improvements made in the TIF district

#### **Internal Service Funds**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Central Vehicle Purchase Fund. A fund provided to account for the acquisition of motor vehicles by the City.

Insurance Deductible Fund. A fund provided to account for the payment of deductibles relating to the City's general insurance coverage.

#### **Agency Fund**

Agency funds are used to account for assets held on behalf of other parties.

Agency Fund. A fund provided to account for assets held by the City for 1) security rental deposits for rental of City property, 2) bonds from property owners for street improvements, 3) payroll withholdings, and 4) other miscellaneous activities.

City of Centerville, Ohio  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2014

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$918,878	\$1,869	\$3,357,692	\$4,278,439
<b>Receivables (Net):</b>				
Intergovernmental	37,468	0	319,058	356,526
Inventory	91,446	0	0	91,446
<b>Total Assets</b>	<b>1,047,792</b>	<b>1,869</b>	<b>3,676,750</b>	<b>4,726,411</b>
<b>Liabilities:</b>				
Accounts Payable	801	0	42,141	42,942
Unearned Revenue	0	0	177,664	177,664
<b>Total Liabilities</b>	<b>801</b>	<b>0</b>	<b>219,805</b>	<b>220,606</b>
<b>Deferred Inflows of Resources:</b>				
Grants and Other Taxes	24,599	0	19,058	43,657
Revenue in Lieu of Taxes	0	0	300,000	300,000
<b>Total Deferred Inflows of Resources</b>	<b>24,599</b>	<b>0</b>	<b>319,058</b>	<b>343,657</b>
<b>Fund Balances:</b>				
Nonspendable	91,446	0	0	91,446
Restricted	930,946	0	470,191	1,401,137
Assigned	0	1,869	2,667,696	2,669,565
<b>Total Fund Balances</b>	<b>1,022,392</b>	<b>1,869</b>	<b>3,137,887</b>	<b>4,162,148</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$1,047,792</b>	<b>\$1,869</b>	<b>\$3,676,750</b>	<b>\$4,726,411</b>

City of Centerville, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended December 31, 2014

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Investment Earnings	\$8,295	\$70	\$32,047	\$40,412
Intergovernmental	132,058	0	335,051	467,109
Special Assessments	0	0	18,472	18,472
Fines, Licenses & Permits	1,637	0	0	1,637
Other Revenues	0	23,026	12,495	35,521
<b>Total Revenues</b>	<b>141,990</b>	<b>23,096</b>	<b>398,065</b>	<b>563,151</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Safety	776	0	0	776
Transportation	145,447	0	149,910	295,357
Capital Outlay	0	0	1,718,672	1,718,672
<b>Debt Service:</b>				
Principal	0	39,751	0	39,751
Interest and Other Charges	0	6,301	0	6,301
<b>Total Expenditures</b>	<b>146,223</b>	<b>46,052</b>	<b>1,868,582</b>	<b>2,060,857</b>
Excess of Revenues Over (Under) Expenditures	(4,233)	(22,956)	(1,470,517)	(1,497,706)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	46,052	2,100,000	2,146,052
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>46,052</b>	<b>2,100,000</b>	<b>2,146,052</b>
Net Change in Fund Balance	(4,233)	23,096	629,483	648,346
Fund Balance - Beginning of Year	944,248	(21,227)	2,508,404	3,431,425
Change in Nonspendable for Inventory	82,377	0	0	82,377
<b>Fund Balance - End of Year</b>	<b>\$1,022,392</b>	<b>\$1,869</b>	<b>\$3,137,887</b>	<b>\$4,162,148</b>

City of Centerville, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2014

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	State Highway	Law Enforcement	Enforcement and Education	Drug Law
Assets:				
Equity in Pooled Cash and Investments	\$84,101	\$298,369	\$32,334	\$1,007
Receivables (Net):				
Intergovernmental	37,468	0	0	0
Inventory	91,446	0	0	0
Total Assets	<u>213,015</u>	<u>298,369</u>	<u>32,334</u>	<u>1,007</u>
Liabilities:				
Accounts Payable	801	0	0	0
Total Liabilities	<u>801</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:				
Grants and Other Taxes	24,599	0	0	0
Total Deferred Inflows of Resources	<u>24,599</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Nonspendable	91,446	0	0	0
Restricted	96,169	298,369	32,334	1,007
Total Fund Balances	<u>187,615</u>	<u>298,369</u>	<u>32,334</u>	<u>1,007</u>
Total Liabilities, Deferred Inflows and Fund Balances:	<u>\$213,015</u>	<u>\$298,369</u>	<u>\$32,334</u>	<u>\$1,007</u>



Police Grants	Total Nonmajor Special Revenue Funds
\$503,067	\$918,878
0	37,468
<u>0</u>	<u>91,446</u>
<u>503,067</u>	<u>1,047,792</u>
<u>0</u>	<u>801</u>
<u>0</u>	<u>801</u>
<u>0</u>	<u>24,599</u>
<u>0</u>	<u>24,599</u>
0	91,446
<u>503,067</u>	<u>930,946</u>
<u>503,067</u>	<u>1,022,392</u>
<u>\$503,067</u>	<u>\$1,047,792</u>

City of Centerville, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended December 31, 2014

	State Highway	Law Enforcement	Enforcement and Education	Drug Law
Revenues:				
Investment Earnings	\$1,225	\$2,642	\$281	\$9
Intergovernmental	76,533	0	0	0
Fines, Licenses & Permits	0	0	1,637	0
Total Revenues	<u>77,758</u>	<u>2,642</u>	<u>1,918</u>	<u>9</u>
Expenditures:				
Current:				
Public Safety	0	776	0	0
Transportation	145,447	0	0	0
Total Expenditures	<u>145,447</u>	<u>776</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(67,689)	1,866	1,918	9
Fund Balance - Beginning of Year	172,927	296,503	30,416	998
Change in Nonspendable for Inventory	<u>82,377</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$187,615</u>	<u>\$298,369</u>	<u>\$32,334</u>	<u>\$1,007</u>

Police Grants	Total Nonmajor Special Revenue Funds
\$4,138	\$8,295
55,525	132,058
<u>0</u>	<u>1,637</u>
59,663	141,990
0	776
<u>0</u>	<u>145,447</u>
0	146,223
59,663	(4,233)
443,404	944,248
<u>0</u>	<u>82,377</u>
<u>\$503,067</u>	<u>\$1,022,392</u>

City of Centerville, Ohio  
Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
Budget and Actual - Budgetary (Non-GAAP) Basis  
State Highway Fund  
For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental revenues	\$ 75,000	\$ 75,000	\$ 76,108	\$ 1,108
Interest earned	<u>1,000</u>	<u>1,000</u>	<u>1,225</u>	<u>225</u>
Total revenues	76,000	76,000	77,333	1,333
<b>Expenditures:</b>				
Transportation				
Other expenditures	<u>82,837</u>	<u>157,837</u>	<u>151,579</u>	<u>6,258</u>
Total expenditures	82,837	157,837	151,579	6,258
Excess (deficiency) of revenues over expenditures	(6,837)	(81,837)	(74,246)	7,591
Fund balance at beginning of year	<u>158,348</u>	<u>158,348</u>	<u>158,348</u>	-
Fund balance at end of year	<u>\$ 151,511</u>	<u>\$ 76,511</u>	<u>\$ 84,102</u>	<u>\$ 7,591</u>

City of Centerville, Ohio  
Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
Budget and Actual - Budgetary (Non-GAAP) Basis  
Law Enforcement Fund  
For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Interest earned	\$ 2,500	\$ 2,500	\$ 2,642	\$ 142
Miscellaneous and reimbursements	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total revenues	3,500	3,500	2,642	(858)
<b>Expenditures:</b>				
Public Safety				
Other expenditures	<u>7,350</u>	<u>7,350</u>	<u>776</u>	<u>6,574</u>
Total expenditures	7,350	7,350	776	6,574
Excess (deficiency) of revenues over expenditures	(3,850)	(3,850)	1,866	5,716
Fund balance at beginning of year	<u>296,504</u>	<u>296,504</u>	<u>296,504</u>	-
Fund balance at end of year	<u>\$ 292,654</u>	<u>\$ 292,654</u>	<u>\$ 298,370</u>	<u>\$ 5,716</u>

City of Centerville, Ohio  
Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
Budget and Actual - Budgetary (Non-GAAP) Basis  
Enforcement and Education Fund  
For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Fines, licenses, and permits	\$ 1,000	\$ 1,000	\$ 1,637	\$ 637
Interest earned	250	250	281	31
Total revenues	1,250	1,250	1,918	668
Expenditures:				
Public Safety				
Other expenditures	1,000	1,000	-	1,000
Total expenditures	1,000	1,000	-	1,000
Excess (deficiency) of revenues over expenditures	250	250	1,918	1,668
Fund balance at beginning of year	30,418	30,418	30,418	-
Fund balance at end of year	\$ 30,668	\$ 30,668	\$ 32,336	\$ 1,668

City of Centerville, Ohio  
Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
Budget and Actual - Budgetary (Non-GAAP) Basis  
Drug Law Fund  
For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 10	\$ 10	\$ 9	\$ (1)
Total revenues	10	10	9	(1)
Expenditures:				
Public Safety				
Other expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	10	10	9	(1)
Fund balance at beginning of year	997	997	997	-
Fund balance at end of year	\$ 1,007	\$ 1,007	\$ 1,006	\$ (1)

City of Centerville, Ohio  
 Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
 Budget and Actual - Budgetary (Non-GAAP) Basis  
 Police Grants Fund  
 For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ 30,000	\$ 30,000	\$ 55,525	\$ 25,525
Interest earned	<u>3,000</u>	<u>3,000</u>	<u>4,138</u>	<u>1,138</u>
Total revenues	33,000	33,000	59,663	26,663
Expenditures:				
Public Safety				
Other expenditures	<u>-</u>	<u>315,000</u>	<u>313,236</u>	<u>1,764</u>
Total expenditures	-	315,000	313,236	1,764
Excess (deficiency) of revenues over expenditures	33,000	(282,000)	(253,573)	28,427
Fund balance at beginning of year	<u>443,403</u>	<u>443,403</u>	<u>443,403</u>	<u>-</u>
Fund balance at end of year	<u>\$ 476,403</u>	<u>\$ 161,403</u>	<u>\$ 189,830</u>	<u>\$ 28,427</u>

City of Centerville, Ohio  
Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
Budget and Actual - Budgetary (Non-GAAP) Basis  
Unvoted Debt Retirement Fund  
For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 200	\$ 200	\$ 70	\$ (130)
Total revenues	200	200	70	(130)
Expenditures:				
Debt service	46,052	46,052	46,052	-
Total expenditures	46,052	46,052	46,052	-
Excess (deficiency) of revenues over expenditures	(45,852)	(45,852)	(45,982)	(130)
Other financing sources (uses):				
Transfers in	46,052	46,052	46,052	-
Total other financing sources (uses)	46,052	46,052	46,052	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	200	200	70	(130)
Fund balance at beginning of year	1,800	1,800	1,800	-
Fund balance at end of year	\$ 2,000	\$ 2,000	\$ 1,870	\$ (130)

City of Centerville, Ohio  
Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
Budget and Actual - Budgetary (Non-GAAP) Basis  
Special Assessment Debt Retirement Fund  
For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 4,000	\$ 4,000	\$ 6,687	\$ 2,687
Special assessments	490,480	490,480	521,687	31,207
Total revenues	494,480	494,480	528,374	33,894
Expenditures:				
Debt service	506,920	538,920	530,982	7,938
Total expenditures	506,920	538,920	530,982	7,938
Excess (deficiency) of revenues over expenditures	(12,440)	(44,440)	(2,608)	41,832
Fund balance at beginning of year	484,853	484,853	484,853	-
Fund balance at end of year	\$ 472,413	\$ 440,413	\$ 482,245	\$ 41,832

City of Centerville, Ohio  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2014

	Capital Improvements	Capital Equipment Purchase	Special Assessment Improvements	TIF MVHS Capital Projects
Assets:				
Equity in Pooled Cash and Investments	\$2,349,869	\$537,632	\$470,191	\$0
Receivables (Net):				
Intergovernmental	19,058	0	0	300,000
<b>Total Assets</b>	<b>2,368,927</b>	<b>537,632</b>	<b>470,191</b>	<b>300,000</b>
Liabilities:				
Accounts Payable	26,442	15,699	0	0
Unearned Revenue	177,664	0	0	0
<b>Total Liabilities</b>	<b>204,106</b>	<b>15,699</b>	<b>0</b>	<b>0</b>
Deferred Inflows of Resources:				
Grants and Other Taxes	19,058	0	0	0
Revenue in Lieu of Taxes	0	0	0	300,000
<b>Total Deferred Inflows of Resources</b>	<b>19,058</b>	<b>0</b>	<b>0</b>	<b>300,000</b>
Fund Balances:				
Restricted	0	0	470,191	0
Assigned	2,145,763	521,933	0	0
<b>Total Fund Balances</b>	<b>2,145,763</b>	<b>521,933</b>	<b>470,191</b>	<b>0</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$2,368,927</b>	<b>\$537,632</b>	<b>\$470,191</b>	<b>\$300,000</b>





City of Centerville, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Fiscal Year Ended December 31, 2014

	Capital Improvements	Capital Equipment Purchase	Special Assessment Improvements	TIF MVHS Capital Projects
Revenues:				
Investment Earnings	\$23,556	\$4,376	\$4,115	\$0
Intergovernmental	335,051	0	0	0
Special Assessments	0	0	18,472	0
Other Revenues	12,495	0	0	0
<b>Total Revenues</b>	<b>371,102</b>	<b>4,376</b>	<b>22,587</b>	<b>0</b>
Expenditures:				
Current:				
Transportation	149,910	0	0	0
Capital Outlay	1,618,282	100,390	0	0
<b>Total Expenditures</b>	<b>1,768,192</b>	<b>100,390</b>	<b>0</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	(1,397,090)	(96,014)	22,587	0
Other Financing Sources (Uses):				
Transfers In	1,900,000	200,000	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>1,900,000</b>	<b>200,000</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balance	502,910	103,986	22,587	0
Fund Balance - Beginning of Year	1,642,853	417,947	447,604	0
<b>Fund Balance - End of Year</b>	<b>\$2,145,763</b>	<b>\$521,933</b>	<b>\$470,191</b>	<b>\$0</b>

<u> <u>Total</u>  <u>Nonmajor</u>  <u>Capital Projects</u>  <u>Funds</u> </u>
\$32,047 335,051 18,472 <u>12,495</u>
<u>398,065</u>
 149,910 <u>1,718,672</u>
<u>1,868,582</u>
<u>(1,470,517)</u>
<u>2,100,000</u>
<u>2,100,000</u>
629,483
<u>2,508,404</u>
<u>\$3,137,887</u>

City of Centerville, Ohio  
Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
Budget and Actual - Budgetary (Non-GAAP) Basis  
Capital Improvements Fund  
For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 799,292	\$ 799,292	\$ 185,706	\$ (613,586)
Interest earned	22,000	22,000	23,556	1,556
Sale of property	-	-	11,714	11,714
Miscellaneous and reimbursements	288,848	288,848	251,345	(37,503)
Total revenues	1,110,140	1,110,140	472,321	(637,819)
<b>Expenditures:</b>				
General Government				
Other expenditures	3,454,818	3,454,818	2,783,301	671,517
Total expenditures	3,454,818	3,454,818	2,783,301	671,517
Excess (deficiency) of revenues over expenditures	(2,344,678)	(2,344,678)	(2,310,980)	33,698
<b>Other financing sources (uses):</b>				
Transfers in	1,650,000	1,650,000	1,650,000	-
Total other financing sources (uses)	1,650,000	1,650,000	1,650,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(694,678)	(694,678)	(660,980)	33,698
Fund balance at beginning of year	1,894,219	1,894,219	1,894,219	-
Fund balance at end of year	\$ 1,199,541	\$ 1,199,541	\$ 1,233,239	\$ 33,698

City of Centerville, Ohio  
Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
Budget and Actual - Budgetary (Non-GAAP) Basis  
TIF Projects Fund  
For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 802,986	\$ 802,986	\$ 214,127	\$ (588,859)
Special assessments	4,239,246	4,239,246	190,838	(4,048,408)
Miscellaneous and reimbursements	114,400	114,400	-	(114,400)
Total revenues	5,156,632	5,156,632	404,965	(4,751,667)
<b>Expenditures:</b>				
General Government				
Other expenditures	5,048,632	5,048,632	2,648,119	2,400,513
Total expenditures	5,048,632	5,048,632	2,648,119	2,400,513
Excess (deficiency) of revenues over expenditures	108,000	108,000	(2,243,154)	(2,351,154)
<b>Other financing sources (uses):</b>				
Advances in	-	-	2,250,000	2,250,000
Total other financing sources (uses)	-	-	2,250,000	2,250,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	108,000	108,000	6,846	(101,154)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ 108,000	\$ 108,000	\$ 6,846	\$ (101,154)

City of Centerville, Ohio  
Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
Budget and Actual - Budgetary (Non-GAAP) Basis  
Capital Equipment Purchase Fund  
For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 2,000	\$ 2,000	\$ 4,376	\$ 2,376
Total revenues	2,000	2,000	4,376	2,376
Expenditures:				
General Government				
Other expenditures	305,373	305,373	100,269	205,104
Total expenditures	305,373	305,373	100,269	205,104
Excess (deficiency) of revenues over expenditures	(303,373)	(303,373)	(95,893)	207,480
Other financing sources (uses):				
Transfers in	200,000	200,000	200,000	-
Total other financing sources (uses)	200,000	200,000	200,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(103,373)	(103,373)	104,107	207,480
Fund balance at beginning of year	417,946	417,946	417,946	-
Fund balance at end of year	\$ 314,573	\$ 314,573	\$ 522,053	\$ 207,480

City of Centerville, Ohio  
Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
Budget and Actual - Budgetary (Non-GAAP) Basis  
Special Assessment Improvements Fund  
For the Fiscal Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Special assessments	\$ 27,506	\$ 27,506	\$ 18,472	\$ (9,034)
Interest earned	\$ 6,500	\$ 6,500	\$ 4,115	\$ (2,385)
Debt issuance	1,725,456	1,725,456	-	(1,725,456)
Total revenues	1,759,462	1,759,462	22,587	(1,736,875)
Expenditures:				
General Government				
Other expenditures	1,725,456	1,725,456	-	1,725,456
Total expenditures	1,725,456	1,725,456	-	1,725,456
Excess (deficiency) of revenues over expenditures	34,006	34,006	22,587	(11,419)
Fund balance at beginning of year	447,606	447,606	447,606	-
Fund balance at end of year	\$ 481,612	\$ 481,612	\$ 470,193	\$ (11,419)

## City of Centerville, Ohio

### Fund Descriptions

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#### **Other General Funds**

With the implementation of GASB Statement Number 54, certain funds that the City prepares legally adopted budgets for no longer meet the definition to be reported as Special Revenue funds and have been included with the General Fund in the governmental fund financial statements. The City has only presented the budget schedules for these funds.

Friends of Benham's Grove. A fund provided to account for the activities of the Friends of Benham's Grove.

Police Operations Project Fund. A fund provided to account for various police related operations. This fund has been utilized to account for the transactions relating to the construction of a new police facility.

City of Centerville, Ohio  
Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
Budget and Actual - Budgetary (Non-GAAP) Basis  
Friends of Benham's Grove Fund <sup>1</sup>  
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 100	\$ 100	\$ 84	\$ (16)
Miscellaneous and reimbursements	<u>6,900</u>	<u>6,900</u>	<u>2,015</u>	<u>(4,885)</u>
Total revenues	7,000	7,000	2,099	(4,901)
Expenditures:				
Recreation				
Other expenditures	<u>7,000</u>	<u>7,000</u>	<u>4,799</u>	<u>2,201</u>
Total expenditures	7,000	7,000	4,799	2,201
Excess (deficiency) of revenues over expenditures	-	-	(2,700)	(2,700)
Fund balance at beginning of year	<u>10,249</u>	<u>10,249</u>	<u>10,249</u>	<u>-</u>
Fund balance at end of year	<u>\$ 10,249</u>	<u>\$ 10,249</u>	<u>\$ 7,549</u>	<u>\$ (2,700)</u>

(1) This fund is combined with the General Fund in GAAP statements.

City of Centerville, Ohio  
Schedule of Revenues, Expenditures, & Changes in Fund Balances -  
Budget and Actual - Budgetary (Non-GAAP) Basis  
Police Operations Project Fund <sup>1</sup>  
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 500	\$ 500	\$ 625	\$ 125
Total revenues	500	500	625	125
Expenditures:				
Public Safety				
Other expenditures	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total expenditures	500	500	-	500
Excess (deficiency) of revenues over expenditures	-	-	625	625
Fund balance at beginning of year	<u>69,982</u>	<u>69,982</u>	<u>69,982</u>	<u>-</u>
Fund balance at end of year	<u>\$ 69,982</u>	<u>\$ 69,982</u>	<u>\$ 70,607</u>	<u>\$ 625</u>

(1) This fund is combined with the General Fund in GAAP statements.

City of Centerville, Ohio  
Combining Statement of Net Position  
Internal Service Funds  
December 31, 2014

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	Central Vehicle Purchase	Insurance Deductible	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	\$997,943	\$80,962	\$1,078,905
Total Current Assets	997,943	80,962	1,078,905
Depreciable Capital Assets, Net	1,093,409	0	1,093,409
Total Noncurrent Assets	1,093,409	0	1,093,409
Total Assets	2,091,352	80,962	2,172,314
Liabilities:			
Current Liabilities:			
Accounts Payable	5,752	138	5,890
Total Current Liabilities	5,752	138	5,890
Net Position:			
Net Investment in Capital Assets	1,093,409	0	1,093,409
Restricted for:			
Unrestricted	992,191	80,824	1,073,015
Total Net Position	<u>\$2,085,600</u>	<u>\$80,824</u>	<u>\$2,166,424</u>



City of Centerville, Ohio  
Combining Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Internal Service Funds  
For the Fiscal Year Ended December 31, 2014

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service Funds
Operating Revenues:			
Charges for Services	\$289,570	\$0	\$289,570
Other Revenues	0	15,430	15,430
Total Operating Revenues	<u>289,570</u>	<u>15,430</u>	<u>305,000</u>
Operating Expenses:			
Purchased Services	0	20,246	20,246
Supplies and Materials	1,305	0	1,305
Depreciation	283,063	0	283,063
Other Expense	0	12,127	12,127
Total Operating Expenses	<u>284,368</u>	<u>32,373</u>	<u>316,741</u>
Operating Income (Loss)	<u>5,202</u>	<u>(16,943)</u>	<u>(11,741)</u>
Non-Operating Revenues (Expenses):			
Investment Earnings	8,641	814	9,455
Gain on Disposal of Capital Assets	25,622	0	25,622
Total Non-Operating Revenues (Expenses)	<u>34,263</u>	<u>814</u>	<u>35,077</u>
Income (Loss) Before Contributions and Transfers	<u>39,465</u>	<u>(16,129)</u>	<u>23,336</u>
Change in Net Position	39,465	(16,129)	23,336
Net Position - Beginning of Year	<u>2,046,135</u>	<u>96,953</u>	<u>2,143,088</u>
Net Position - End of Year	<u>\$2,085,600</u>	<u>\$80,824</u>	<u>\$2,166,424</u>

City of Centerville, Ohio  
Statement of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended December 31, 2014

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$294,017	\$15,430	\$309,447
Cash Payments to Suppliers	0	(38,674)	(38,674)
Net Cash Provided (Used) by Operating Activities	294,017	(23,244)	270,773
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(266,974)	0	(266,974)
Proceeds on the Disposal of Capital Assets	25,622	0	25,622
Net Cash Provided (Used) by Capital and Related Financing Activities	(241,352)	0	(241,352)
Cash Flows from Investing Activities:			
Earnings on Investments	8,641	814	9,455
Net Cash Provided (Used) by Investing Activities	8,641	814	9,455
Net Increase (Decrease) in Cash and Cash Equivalents	61,306	(22,430)	38,876
Cash and Cash Equivalents - Beginning of Year	936,637	103,392	1,040,029
Cash and Cash Equivalents - End of Year	997,943	80,962	1,078,905
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	5,202	(16,943)	(11,741)
Adjustments:			
Depreciation	283,063	0	283,063
Changes in Assets & Liabilities:			
Increase (Decrease) in Payables	5,752	(6,301)	(549)
Net Cash Provided (Used) by Operating Activities	\$294,017	(\$23,244)	\$270,773

City of Centerville, Ohio  
Statement of Changes In Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2014

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	Agency Fund			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$238,671	\$182,187	\$164,203	\$256,655
Prepaid Items	4,366	1,081	4,366	1,081
Total Assets	<u>243,037</u>	<u>183,268</u>	<u>168,569</u>	<u>257,736</u>
Liabilities:				
Accounts Payable	531	500	531	500
Undistributed Monies	242,506	182,768	168,038	257,236
Total Liabilities	<u>\$243,037</u>	<u>\$183,268</u>	<u>\$168,569</u>	<u>\$257,736</u>





# Statistical Section





**City of Centerville, Ohio**  
Statistical Section

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

**Contents**

***Financial Trends (Schedules 1-4)***

These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.

***Revenue Capacity (Schedules 5-6)***

These schedules contain information to help the reader understand and assess the City’s most significant local revenue source, the income tax.

***Debt Capacity (Schedules 7-8)***

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

***Economic and Demographic Information (Schedules 9-10)***

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.

***Operating Information (Schedules 11-13)***

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

***Sources***

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



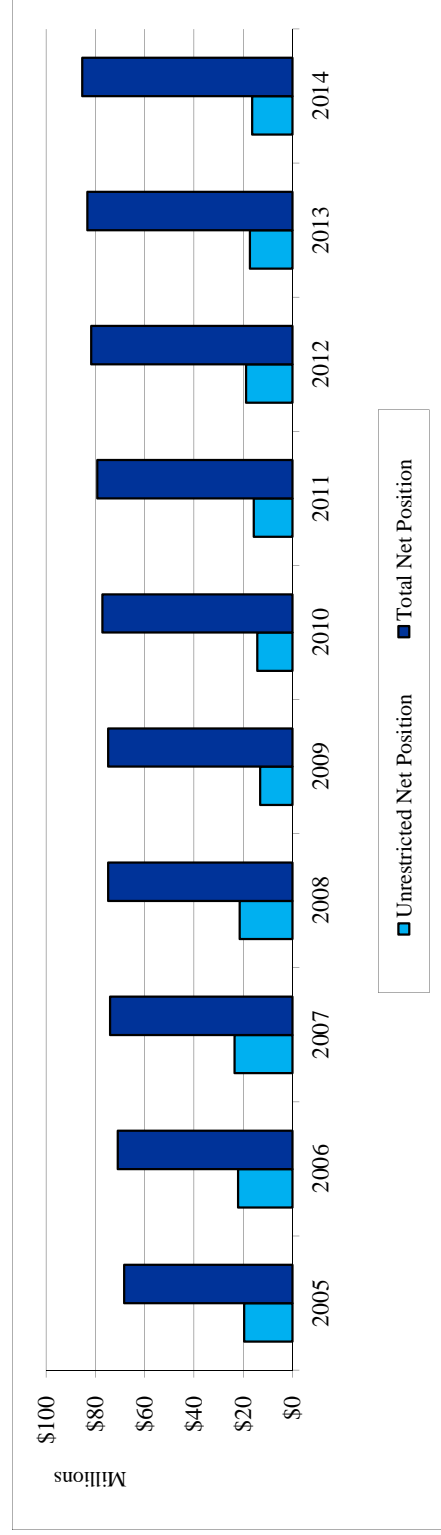


**Schedule 1**

**City of Centerville, Ohio  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 14,775,382	\$ 15,524,569	\$ 17,894,980	\$ 19,613,962	\$ 24,604,731	\$ 40,098,262	\$ 39,255,568	\$ 38,096,137	\$ 38,942,917	\$ 41,293,351
Restricted	14,909,798	14,457,571	14,040,906	14,946,987	18,377,007	15,273,979	14,697,393	12,246,392	12,007,221	11,560,436
Unrestricted	19,211,760	21,559,415	22,839,677	21,085,466	12,788,888	13,822,659	15,443,474	18,154,274	16,496,732	15,702,111
Total governmental activities net position	48,896,940	51,541,555	54,775,563	55,646,415	55,770,626	69,194,900	69,396,435	68,496,803	67,446,870	68,555,898
<b>Business-type activities:</b>										
Net investment in capital assets	19,032,210	18,882,237	18,703,791	18,902,761	18,746,671	6,192,798	9,252,994	9,615,094	14,732,195	15,716,382
Restricted	0	0	0	0	0	1,291,866	319,734	2,921,719	351,200	351,200
Unrestricted	342,297	439,425	604,615	292,921	251,398	421,897	204,199	605,890	704,293	677,255
Total business-type activities net position	19,374,507	19,321,662	19,308,406	19,195,682	18,998,069	7,906,561	9,776,927	13,142,703	15,787,688	16,744,837
<b>Total</b>										
Net investment in capital assets	33,807,592	34,406,806	36,598,771	38,516,723	43,351,402	46,291,060	48,508,562	47,711,231	53,675,112	57,009,733
Restricted	14,909,798	14,457,571	14,040,906	14,946,987	18,377,007	16,565,845	15,017,127	15,168,111	12,358,421	11,911,636
Unrestricted	19,554,057	21,998,840	23,444,292	21,378,387	13,040,286	14,244,556	15,647,673	18,760,164	17,201,025	16,379,366
Total net position	\$ 68,271,447	\$ 70,863,217	\$ 74,083,969	\$ 74,842,097	\$ 74,768,695	\$ 77,101,461	\$ 79,173,362	\$ 81,639,506	\$ 83,234,558	\$ 85,300,735

Source: City of Centerville, Ohio,  
Finance Department



**Schedule 2**

**City of Centerville, Ohio  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,874,691	\$ 4,654,614	\$ 5,654,478	\$ 5,058,930	\$ 5,325,348	\$ 4,527,738	\$ 4,920,870	\$ 4,974,806	\$ 4,837,041	\$ 4,707,720
Public safety	5,478,545	5,760,988	5,929,666	6,696,189	6,380,789	6,453,724	6,814,464	6,505,994	6,585,920	6,519,809
Community environment	236,856	258,913	269,732	279,440	318,856	311,971	264,650	250,836	288,406	223,463
Recreation	374,091	460,627	340,320	346,219	449,597	305,028	308,379	291,908	330,822	232,550
Transportation	3,331,467	3,515,160	3,564,160	3,755,978	3,810,418	4,605,002	4,233,694	4,190,140	4,444,780	4,609,430
Interest and other charges	1,233,977	1,207,117	1,180,046	1,166,734	1,122,739	404,629	386,256	370,007	326,705	217,123
Total governmental activities expenses	15,529,627	15,857,419	16,938,402	17,303,490	17,407,747	16,608,092	16,928,313	16,583,691	16,813,674	16,510,095
Business-type activities:										
Waste collection	1,301,490	1,205,575	1,231,440	1,313,378	1,269,212	1,373,087	1,634,734	1,483,622	1,244,933	1,270,737
Golf course*	3,772,661	4,030,721	4,036,938	4,068,620	3,912,575	3,878,151	3,681,797	3,299,097	3,322,195	3,374,878
Golf course equipment purchases*	127,381	150,057	134,794	23,874	264,021	0	0	0	0	0
Total business-type activities expenses	5,201,532	5,386,353	5,403,172	5,405,872	5,445,808	5,251,238	5,316,531	4,782,719	4,567,128	4,645,615
Total expenses	\$ 20,731,159	\$ 21,243,772	\$ 22,341,574	\$ 22,709,362	\$ 22,853,555	\$ 21,859,330	\$ 22,244,844	\$ 21,366,410	\$ 21,380,802	\$ 21,155,710
<b>Program revenues</b>										
Governmental activities:										
General government	\$ 1,269,645	\$ 1,616,115	\$ 2,563,768	\$ 1,899,923	\$ 1,807,830	\$ 1,142,745	\$ 1,175,710	\$ 629,043	\$ 721,762	\$ 403,760
Public safety	257,037	284,350	220,194	183,639	115,415	446,149	475,204	206,373	123,416	124,888
Community environment	100	0	100	0	0	0	0	0	0	55,525
Recreation	165,080	215,775	154,566	137,681	142,969	151,487	150,526	176,343	186,131	343,902
Transportation	1,225,852	1,151,774	1,324,464	1,094,854	990,740	1,512,741	1,010,827	1,009,736	1,009,722	1,229,937
Total governmental activities program revenues	2,917,714	3,268,014	4,263,092	3,316,097	3,056,954	3,253,122	2,812,267	2,021,495	2,041,031	2,158,012
Business-type activities:										
Waste collection	1,115,830	1,327,914	1,335,906	1,364,427	1,355,461	1,349,642	1,370,233	1,369,371	1,376,850	1,388,621
Golf course*	3,285,079	3,423,346	3,805,475	3,632,659	3,513,628	3,647,031	3,432,372	3,720,572	3,342,943	3,312,023
Golf course equipment purchases*	129,370	129,460	101,637	148,740	205,266	0	0	0	0	0
Total business-type activities program revenues	4,530,279	4,880,720	5,243,018	5,145,826	5,074,355	4,996,673	4,802,605	5,089,943	4,719,793	4,700,644
Total program revenues	\$ 7,447,993	\$ 8,148,734	\$ 9,506,110	\$ 8,461,923	\$ 8,131,309	\$ 8,249,795	\$ 7,614,872	\$ 7,111,438	\$ 6,760,824	\$ 6,858,656

\* In 2010, the golf course equipment purchase fund and golf course debt retirement fund were combined into the golf course fund.

Schedule 2 (continued)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Net (Expense) Revenue</b>										
Governmental activities:										
General government	\$ (3,605,046)	\$ (3,038,499)	\$ (3,090,710)	\$ (3,159,007)	\$ (3,517,518)	\$ (3,384,993)	\$ (3,745,160)	\$ (4,345,763)	\$ (4,115,279)	\$ (4,303,960)
Public safety	(5,221,508)	(5,476,638)	(5,709,472)	(6,512,550)	(6,265,374)	(6,007,575)	(6,339,260)	(6,299,621)	(6,462,504)	(6,394,921)
Community environment	(236,756)	(258,913)	(269,632)	(279,440)	(318,856)	(311,971)	(264,650)	(250,836)	(288,406)	(167,938)
Recreation	(209,011)	(244,852)	(185,754)	(208,538)	(306,628)	(153,541)	(157,853)	(115,565)	(144,691)	111,352
Transportation	(2,105,615)	(2,363,386)	(2,239,696)	(2,661,124)	(2,819,678)	(3,092,261)	(3,222,867)	(3,180,404)	(3,435,058)	(3,379,493)
Interest and other charges	(1,233,977)	(1,207,117)	(1,180,046)	(1,166,734)	(1,122,739)	(404,629)	(386,256)	(370,007)	(326,705)	(217,123)
Total governmental activities	(12,611,913)	(12,589,405)	(12,675,310)	(13,987,393)	(14,350,793)	(13,354,970)	(14,116,046)	(14,562,196)	(14,772,643)	(14,352,083)
Business-type activities:										
Waste collection	(185,660)	122,339	104,466	51,049	86,249	(23,445)	(264,501)	(114,251)	131,917	117,884
Golf course operations	(487,582)	(607,375)	(231,463)	(435,961)	(398,947)	(231,120)	(249,425)	421,475	20,748	(62,855)
Golf course equipment purchases	1,989	(20,597)	(33,157)	124,866	(58,755)	0	0	0	0	0
Total business-type activities	(671,253)	(505,633)	(160,154)	(260,046)	(371,453)	(254,565)	(513,926)	307,224	152,665	55,029
Total Net Expense	\$ (13,283,166)	\$ (13,095,038)	\$ (12,835,464)	\$ (14,247,439)	\$ (14,722,246)	\$ (13,609,535)	\$ (14,629,972)	\$ (14,254,972)	\$ (14,619,978)	\$ (14,297,054)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Income taxes	10,166,320	10,173,958	10,631,431	10,727,974	10,675,126	11,044,385	12,109,247	12,654,982	13,255,407	12,888,194
Property taxes	1,219,582	1,412,800	1,425,970	1,408,488	1,422,543	1,375,916	1,552,250	1,208,289	1,310,538	1,352,405
Estate taxes	843,903	1,361,063	1,372,484	1,797,828	954,495	1,602,523	1,329,517	2,014,816	792,683	204,189
Unrestricted Grants and contributions	875,005	900,997	970,556	828,058	1,092,388	1,605,345	1,170,041	336,862	555,049	859,883
Revenue in lieu of taxes	0	0	0	0	0	0	0	0	0	190,838
Investment earnings	367,854	950,724	1,317,758	843,798	280,848	142,867	169,851	169,693	67,416	193,056
Gain on sale/disposal of capital assets	84,359	65,752	2,400	0	0	0	0	0	0	0
Miscellaneous	38,889	41,404	288,719	112,576	199,604	137,595	350,675	307,922	245,448	167,546
Special item: insurance settlement	0	777,322	0	0	0	0	0	0	0	0
Transfers	(410,000)	(450,000)	(100,000)	(97,500)	(150,000)	(1,384,000)	(2,364,000)	(3,030,000)	(2,499,000)	(395,000)
Total governmental activities	13,185,912	15,234,020	15,909,318	15,621,222	14,475,004	14,524,631	14,317,581	13,662,564	13,727,541	15,461,111
Business-type activities:										
Unrestricted Grants and contributions	0	0	0	0	0	0	0	0	0	0
Investment earnings	8,961	20,703	46,898	44,820	13,314	27,234	20,292	14,897	29,409	12,016
Gain on sale/disposal of capital assets	3,324	(17,915)	0	5,002	10,526	6,436	0	13,655	54,074	495,104
Transfers	410,000	450,000	100,000	97,500	150,000	1,384,000	2,364,000	3,030,000	2,499,000	395,000
Total business-type activities	422,285	452,788	146,898	147,322	173,840	1,417,670	2,384,292	3,058,552	2,582,483	902,120
<b>Total</b>	\$ 13,608,197	\$ 15,686,808	\$ 16,056,216	\$ 15,768,544	\$ 14,648,844	\$ 15,942,301	\$ 16,701,873	\$ 16,721,116	\$ 16,310,024	\$ 16,363,231
Changes in Net Position										
Governmental activities	\$ 573,999	\$ 2,644,615	\$ 3,234,008	\$ 1,633,829	\$ 124,211	\$ 1,169,661	\$ 201,535	\$ (899,632)	\$ (1,045,102)	\$ 1,109,028
Business-type activities	(248,968)	(52,845)	(13,256)	(112,724)	(197,613)	1,163,105	1,870,366	3,365,776	2,735,148	957,149
Total	\$ 325,031	\$ 2,591,770	\$ 3,220,752	\$ 1,521,105	\$ (73,402)	\$ 2,332,766	\$ 2,071,901	\$ 2,466,144	\$ 1,690,046	\$ 2,066,177

\* In 2010, the golf course equipment purchase fund and golf course debt retirement fund were combined into the golf course fund.

Schedule 3

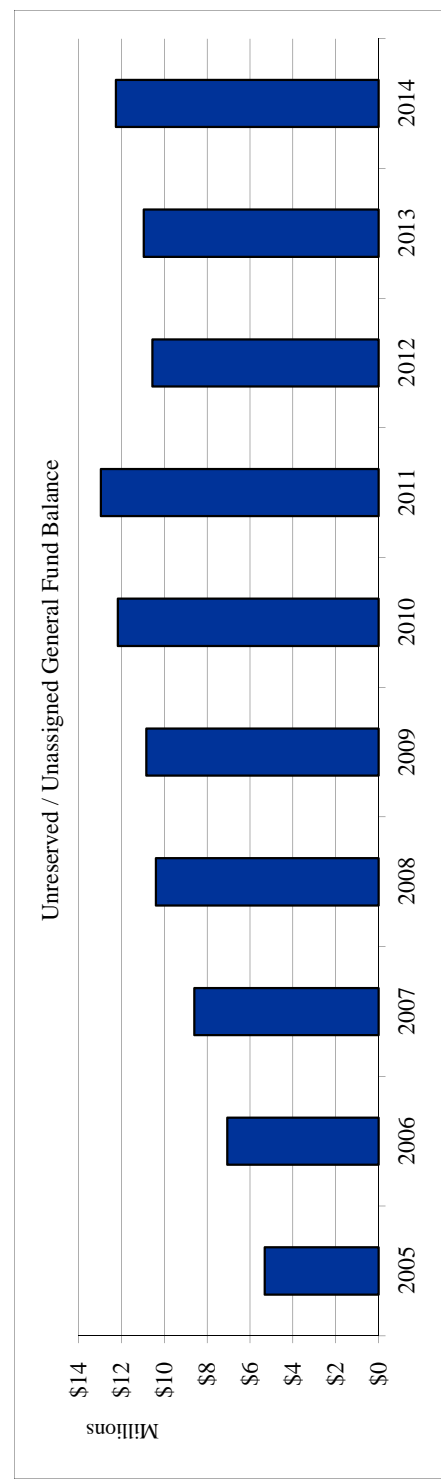
City of Centerville, Ohio  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Fund</b>										
Reserved	\$ 255,737	\$ 151,982	\$ 205,300	\$ 191,363	\$ 100,483	\$ 84,567				
Unreserved	5,312,952	7,051,787	8,594,722	10,389,316	10,838,298	12,161,229				
Nonspendable							86,327	71,031	72,816	72,225
Assigned							66,051	2,237,654	256,097	0
Unassigned							12,959,459	10,556,628	10,954,144	12,261,517
Total general fund	\$ 5,824,426	\$ 7,355,751	\$ 9,005,322	\$ 10,772,042	\$ 11,039,264	\$ 12,330,363	\$ 13,111,837	\$ 12,865,313	\$ 11,283,057	\$ 12,333,742

**All Other Governmental Funds**

Reserved	\$ 3,740,832	\$ 4,091,514	\$ 3,824,525	\$ 3,529,890	\$ 4,495,864	\$ 968,953				
Unreserved, reported in:										
Designated for capital projects	5,000,000	6,000,000	6,000,000	6,000,000	0	0				
Special revenue funds	694,918	848,605	1,014,034	715,552	830,407	1,146,445				
Debt service funds	0	0	0	0	0	588,674				
Capital projects funds	3,055,995	2,799,194	2,287,572	1,092,947	1,629,839	1,938,885				
Nonspendable							97,671	116,580	93,997	267,857
Restricted							2,369,702	2,771,364	3,170,946	2,492,895
Assigned							2,231,416	2,636,346	2,060,800	2,669,565
Unassigned							0	0	(21,227)	(2,371,457)
Total all other governmental funds	\$ 16,232,577	\$ 17,830,827	\$ 16,950,656	\$ 14,868,279	\$ 11,451,974	\$ 5,611,910	\$ 4,698,789	\$ 5,524,290	\$ 5,304,516	\$ 3,058,860

\* GASB Statement Number 54 implemented in 2011. Prior year amounts have not been restated.



Schedule 4

City of Centerville, Ohio  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years

(modified accrual basis of accounting)

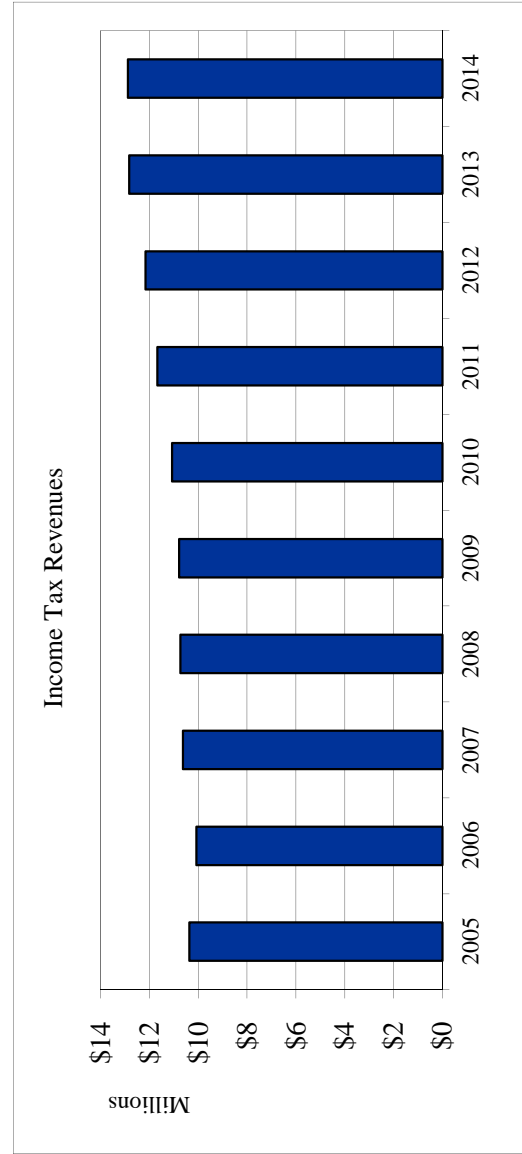
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Revenues:</b>										
Local taxes	\$ 11,281,802	\$ 11,672,492	\$ 11,805,299	\$ 12,141,850	\$ 12,205,328	\$ 12,415,470	\$ 13,139,217	\$ 13,478,234	\$ 13,944,415	\$ 14,338,276
Intergovernmental revenue	3,230,729	4,069,897	5,261,646	4,579,295	3,859,680	5,691,747	4,404,979	3,737,724	2,805,959	2,539,104
Special assessments	650,196	631,384	626,432	639,090	611,434	653,430	645,114	664,390	639,612	561,431
Charges for services	42,539	45,898	52,126	56,023	244,532	286,024	311,042	346,123	354,466	347,548
Fines, licenses and permits	263,954	321,698	283,277	233,597	193,744	239,551	420,750	357,324	268,131	330,828
Investment income	368,414	922,811	1,292,551	899,298	245,371	188,225	164,604	167,104	68,590	183,705
Lot sales	84,359	25,752	0	0	0	0	0	0	0	0
Rent	829,570	819,045	819,395	824,253	826,908	0	0	0	0	0
Revenue in lieu of taxes	0	0	0	0	0	0	0	0	0	190,838
Other revenue	256,104	1,124,521	523,943	289,502	194,941	475,595	350,464	307,921	245,445	167,545
Total revenues	17,007,667	19,633,498	20,664,669	19,662,908	18,381,938	19,950,042	19,436,170	19,058,820	18,326,618	18,659,275
<b>Expenditures:</b>										
Current:										
General government	4,622,845	4,525,068	4,746,269	4,828,726	4,994,283	4,357,833	4,585,005	4,713,589	4,620,352	4,450,048
Public safety	5,196,048	5,570,795	5,714,067	6,294,673	5,983,254	6,060,143	6,417,524	6,080,788	6,122,936	6,088,834
Community environment	222,122	251,189	268,817	275,363	311,352	289,572	289,791	236,503	282,126	245,177
Recreation	323,295	418,667	283,056	284,971	398,661	251,645	247,852	233,255	271,869	174,644
Transportation	1,663,746	1,782,635	1,913,893	2,174,233	2,167,538	2,759,094	2,248,977	2,196,400	2,318,042	2,815,942
Capital outlay	2,243,254	1,667,499	4,547,690	3,691,297	6,307,488	4,179,368	1,675,639	1,280,937	3,008,960	4,715,440
Debt service:										
Principal	970,653	964,507	976,706	1,010,299	1,057,956	352,196	357,579	363,966	784,356	329,751
Interest and other charges	1,187,271	1,160,490	1,133,500	1,111,923	1,068,124	396,992	381,753	365,600	197,068	219,200
Bond issuance	0	0	0	0	0	0	0	0	108,390	0
Total expenditures	16,429,234	16,340,850	19,583,998	19,671,485	22,288,656	18,646,843	16,204,120	15,471,038	17,714,099	19,039,036
Excess (deficiency) of revenues Over (Under) expenditures	578,433	3,292,648	1,080,671	(8,577)	(3,906,718)	1,303,199	3,232,050	3,587,782	612,519	(379,761)
<b>Other Financing Sources (Uses):</b>										
Transfers in	4,500,000	2,525,000	2,625,000	2,700,000	2,919,501	2,465,000	2,465,000	3,065,000	3,814,000	3,596,052
Sale of refunding bonds	0	0	0	0	0	0	0	0	5,750,000	0
Payments to refunded bond escrow agent	0	0	0	0	0	0	0	0	(5,727,654)	0
Premium on sale of refunded bonds	0	0	0	0	0	0	0	0	86,044	0
Sale of capital assets	480,000	40,000	2,400	21,825	23,221	1,755	1,000	1,514	0	0
Transfers out	(4,910,000)	(2,975,000)	(2,725,000)	(2,797,500)	(3,069,501)	(3,849,000)	(4,829,000)	(6,095,000)	(6,313,000)	(3,991,052)
Total other financing sources (uses)	70,000	(410,000)	(97,600)	(75,675)	(126,779)	(1,382,245)	(2,363,000)	(3,028,486)	(2,390,610)	(395,000)
Net change in fund balances	\$ 648,433	\$ 2,882,648	\$ 983,071	\$ (84,252)	\$ (4,033,497)	\$ (79,046)	\$ 869,050	\$ 559,296	\$ (1,778,091)	\$ (774,761)
Debt service as a percentage of noncapital expenditures	15.21%	14.48%	14.03%	13.28%	13.30%	5.18%	5.09%	5.14%	6.67%	3.83%

**City of Centerville, Ohio**  
**Income Tax by Payer Type and Income Tax Rate**  
**Last Ten Fiscal Years**  
(cash basis of accounting - excluding refunds)

Collection Year	Individual		Net Profits	Total	Income Tax Rate
	Withheld by Employer	Non-Withholding			
2005	\$ 6,943,943	\$ 2,195,418	\$ 1,226,959	\$ 10,366,320	1.75%
2006	6,835,183	2,012,139	1,226,857	10,074,179	1.75%
2007	7,463,667	1,969,654	1,197,889	10,631,210	1.75%
2008	7,430,109	2,097,410	1,205,843	10,733,362	1.75%
2009	7,447,029	2,034,358	1,301,398	10,782,785	1.75%
2010	7,659,730	2,014,851	1,396,973	11,071,554	1.75%
2011	8,189,169	1,456,369	2,036,033	11,681,571	1.75%
2012	8,521,201	2,080,983	1,557,613	12,159,797	1.75%
2013	8,747,546	2,373,743	1,709,643	12,830,932	1.75%
2014	9,018,594	1,589,839	2,279,490	12,887,923	1.75%

Source: City of Centerville, Ohio, Finance Department

The City levies a 1.75% income tax on substantially all income earned within the City. Additional increases in the income tax rate require voter approval. City residents pay City income tax earned outside the City. However, a credit is allowed for income taxes paid to other municipalities. Employers within the City withhold income tax on employee compensation and remit at least quarterly.



**City of Centerville, Ohio**  
**Ranking of Top Ten Income Tax Withholders**  
**Current Year and Nine Years Ago**  
(cash basis of accounting)

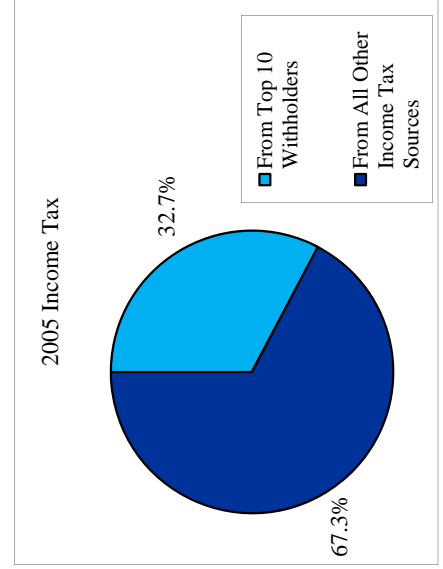
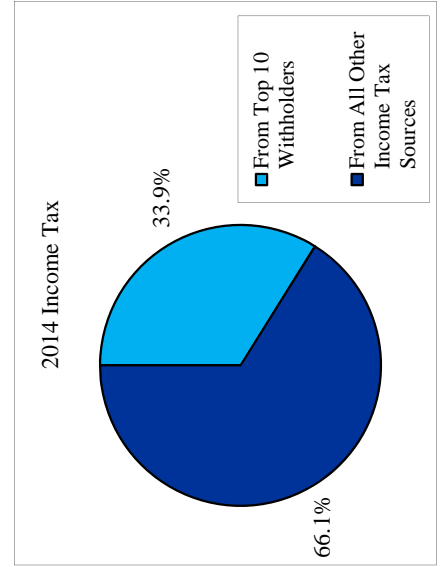
2014		2005	
Rank	Name	Rank	Name
1	Centerville Board of Education	1	Centerville Board of Education
2	Federal Government	2	Federal Government
3	Miami Valley Hospital	4	Lutheran Social Services <sup>(1)</sup>
4	Graceworks Lutheran Services <sup>(1)</sup>	5	Reed Elsevier, Inc.
5	Reed Elsevier, Inc.	8	Voss Auto Network, Inc.
6	Premier Health Specialists	10	City of Centerville
7	Francisan at St. Leonard	7	Francisan at St. Leonard
8	Voss Auto Network, Inc.	-	National City Corporation
9	Huffy Corporation	-	Bob Ross Buick, Inc.
10	City of Centerville	10	Kroger Company

Combined percentage of total income taxes:  
33.9%

Combined percentage of total income taxes:  
32.7%

Source: City of Centerville, Ohio, Finance Department  
Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer. The City chose not to disclose the percentages and number of filers by income level because the City does not maintain this information.

<sup>(1)</sup> Formerly known as Lutheran Social Services; doing business as Bethany Lutheran Village.



Schedule 7

City of Centerville, Ohio  
Ratios of Outstanding Debt and Legal Debt Margins  
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Obligation Bonds	\$ 17,665,000	\$ 16,910,000	\$ 16,145,000	\$ 15,355,000	\$ 14,530,000	\$ 13,680,000	\$ 10,375,000	\$ 9,580,000	\$ 3,935,361	\$ 3,188,289
Percent of estimated actual property value	2.97%	2.64%	2.50%	2.37%	2.21%	2.06%	1.59%	1.52%	0.62%	0.50%
Per capita	\$763	\$734	\$699	\$665	\$634	\$570	\$432	\$399	\$164	\$133
Special Assessment Bonds	7,391,000	7,187,000	6,981,000	6,782,000	6,568,000	6,339,000	6,105,000	5,870,000	5,780,000	5,490,000
Promissory Notes	0	0	0	814,034	795,078	756,882	718,303	679,337	639,981	600,230
Total Gross Indebtedness	\$ 25,056,000	\$ 24,097,000	\$ 23,126,000	\$ 22,951,034	\$ 21,893,078	\$ 20,775,882	\$ 17,198,303	\$ 16,129,337	\$ 10,355,342	\$ 9,278,519
Percent of personal income	3.58%	3.46%	3.31%	3.19%	3.19%	2.45%	2.02%	1.90%	1.22%	1.09%
Per capita	\$1,082	\$1,046	\$1,001	\$994	\$956	\$866	\$717	\$672	\$431	\$387
Less debt not subject to limitation: General Obligation Bonds issued in anticipation of the collection	17,665,000	16,910,000	16,145,000	15,355,000	14,530,000	13,680,000	10,375,000	9,580,000	3,935,361	3,188,289
Special Assessment Bonds issued in anticipation of the collection	7,391,000	7,187,000	6,981,000	6,782,000	6,568,000	6,339,000	6,105,000	5,870,000	5,780,000	5,490,000
Net debt within limitations for both Voted and Unvoted debt	0	0	0	814,034	795,078	756,882	718,303	679,337	639,981	600,230
Debt limitation for both Voted and Unvoted debt 10.5% of assessed valuation	\$ 62,375,359	\$ 67,269,389	\$ 67,864,813	\$ 68,043,973	\$ 69,005,034	\$ 69,673,830	\$ 68,303,535	\$ 66,145,496	\$ 66,505,686	\$ 67,230,558
Legal Debt Margin within 10.5% limitation	\$ 62,375,359	\$ 67,269,389	\$ 67,864,813	\$ 67,229,939	\$ 68,209,956	\$ 68,916,948	\$ 67,585,232	\$ 65,466,159	\$ 65,865,705	\$ 66,630,328
Net debt within limitations for both Voted and Unvoted debt as a percentage of debt limit	0.00%	0.00%	0.00%	1.20%	1.15%	1.09%	1.05%	1.03%	0.96%	0.89%
Debt limitation for Unvoted debt 5.5% of assessed valuation	\$ 32,672,807	\$ 35,236,346	\$ 35,548,235	\$ 35,642,081	\$ 36,145,494	\$ 36,495,816	\$ 35,778,042	\$ 34,647,641	\$ 34,836,312	\$ 35,216,007
Legal Debt Margin within 5.5% limitation	\$ 32,672,807	\$ 35,236,346	\$ 35,548,235	\$ 34,828,047	\$ 35,350,416	\$ 35,738,934	\$ 35,059,739	\$ 33,968,304	\$ 34,196,331	\$ 34,615,777
Net debt within limitations for Unvoted debt as a percentage of debt limit	0.00%	0.00%	0.00%	2.28%	2.20%	2.07%	2.01%	1.96%	1.84%	1.70%

Source: City of Centerville, Ohio, Finance Department



**City of Centerville, Ohio**  
**Direct and Overlapping General Obligation Debt**  
**As of December 31, 2013**

Jurisdiction	Net Debt Outstanding	Percentage Applicable To City	Amount Applicable To City of Centerville
<b>Direct:</b>			
City of Centerville	\$ 8,490,000	100.00%	\$ 8,490,000
<b>Overlapping:</b>			
Montgomery County	0	7.09%	0
Centerville City School District	49,210,531	38.05%	18,724,607
Centerville-Washington Park District	0	38.05%	0
Greene County	25,416,000	0.18%	45,749
Bellbrook-Sugarcreek Local School District	35,165,000	1.33%	467,695
Greene County Joint Vocational School	50,002	0.17%	85
Sugarcreek Township	1,210,000	1.95%	23,595
		Subtotal - Overlapping	19,261,731
			<b>\$ 27,751,731</b>

Source: Ohio Municipal Advisory Council

Note: Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

**City of Centerville, Ohio  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Year	Population (1)(a)	Per Capita Income (1)(b)	Personal Income	School Enrollment (2)	Unemployment Rate Montgomery County (3)	Total Assessed Property Value (4)
2005	23,162	30,210	699,724,020	8,170	5.6%	594,051,037
2006	23,046	30,210	696,219,660	8,197	5.6%	640,660,845
2007	23,100	30,210	697,851,000	8,336	6.2%	646,331,552
2008	22,937	30,210	692,926,770	8,395	7.4%	648,037,838
2009	22,904	30,210	691,929,840	8,390	12.8%	657,190,800
2010	23,999	35,403	849,636,597	8,416	10.0%	663,560,290
2011	23,999	35,403	849,636,597	8,434	8.3%	650,509,860
2012	23,999	35,403	849,636,597	8,348	7.0%	629,957,100
2013	23,999	35,403	849,636,597	8,269	7.1%	633,387,490
2014	23,999	35,403	849,636,597	7,888	4.8%	640,291,030

Source: (1) U.S. Census Bureau Population Division

(a) For years 2003-2009, population listed is from the Census estimates; population for 2010-2012 is from the 2010 Census.  
 (b) For years 2003-2009, per capita income is from the 2000 Census. For 2010-2012, per capita income is from the 2010 Census.

(2) Centerville City School District Board of Education

(3) Ohio Department of Job and Family Services (rate for December of each year)

(4) Montgomery County Auditor

**City of Centerville, Ohio  
Principal Employers  
Current Year and Nine Years Ago**

Employer	2014		2005	
	Approximate Number of Employees (Full-time and Part-time)	Rank	Approximate Number of Employees (Full-time and Part-time)	Rank
Centerville Board of Education <sup>(1)</sup>	1,800	1	1,600	1
Miami Valley Hospital South (campus-wide)	1,200	2	0	-
Graceworks Lutheran Services <sup>(2)</sup>	850	3	800	2
Franciscan at St. Leonard	650	4	550	3
Kroger	500	5	400	4
City of Centerville	250	6	350	5
Voss Auto Network	250	7	250	7
Fortis College <sup>(3)</sup>	200	8	150	9
Heartland of Centerville	200	9	300	6
Bob Ross Buick	100	10	150	8

Source: City of Centerville, Economic Development Department

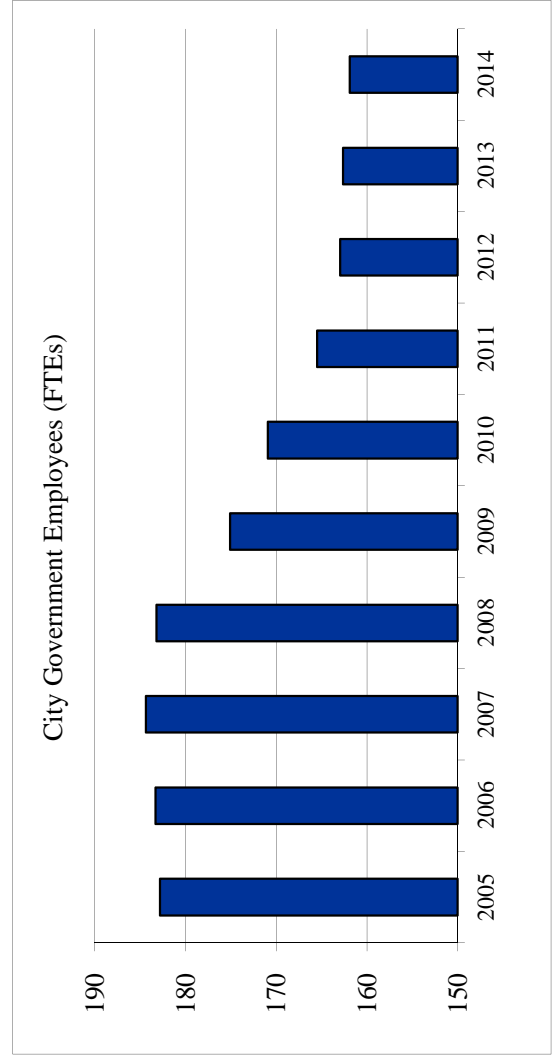
Note:

- <sup>(1)</sup> Total number of employees within the City of Centerville is not available.
- <sup>(2)</sup> Formerly known as Lutheran Social Services; currently doing business as Graceworks Lutheran Services; Bethany Village.
- <sup>(3)</sup> Formerly known as RETS Tech Center.

**City of Centerville, Ohio**  
**City Government Employees by Function (full-time equivalents)**  
**Last Ten Fiscal Years**

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	31.55	30.75	30.55	29.40	29.35	29.22	29.89	30.62	30.32	30.57
Public safety	56.00	56.60	57.60	56.10	55.10	55.10	53.10	52.10	51.60	51.60
Community environment	3.75	3.60	3.60	3.60	4.00	4.00	3.10	2.60	3.10	3.10
Recreation	3.00	3.25	3.50	3.50	3.50	3.50	3.55	3.45	3.45	2.45
Transportation	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Waste collection	12.00	12.00	12.00	12.00	12.00	12.00	10.86	9.18	9.18	9.18
Golf course	55.50	56.10	56.10	57.60	50.15	46.10	44.00	44.00	44.00	44.00
<b>Total</b>	<b>182.80</b>	<b>183.30</b>	<b>184.35</b>	<b>183.20</b>	<b>175.10</b>	<b>170.92</b>	<b>165.50</b>	<b>162.95</b>	<b>162.65</b>	<b>161.90</b>

Source: City of Centerville, Ohio, Finance Department



**City of Centerville, Ohio**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government										
Purchase orders issued	2,357	2,388	2,400	2,533	2,426	2,371	2,459	2,465	2,307	2,400
Payroll checks/direct deposits issued	6,030	6,147	6,175	6,013	5,655	5,772	5,706	5,375	5,343	5,300
Accounts payable checks issued	6,731	6,511	6,475	6,376	6,042	5,789	5,305	5,326	5,314	5,300
Ordinances and resolutions passed	92	102	95	96	65	84	87	88	91	88
Number of volunteer hours	11,428	11,137	12,717	11,685	13,327	13,283	11,535	11,171	11,228	11,000
Public Safety										
Total arrests	1,569	1,666	1,511	1,551	1,478	1,683	1,740	1,554	1,588	1,346
Traffic citations	3,560	3,127	3,542	3,422	3,289	3,657	4,218	3,954	3,833	4,052
Public Works										
Miles of street	105	107	107	107	107	108	108	112	112	112
Tons of road salt used	1,849	354	1,994	2,696	1,695	2,678	1,101	1,265	2,070	2,000
Building Inspection										
Building permits issued	1,453	1,323	1,376	1,218	948	1,214	1,244	1,207	1,049	1,110
Electrical permits issued	266	265	265	234	204	259	279	248	262	295
Residential unit permits issued	71	39	58	15	4	7	12	27	19	12
Waste Collection										
Tons collected	7,197	7,428	7,098	7,765	6,739	6,464	6,615	6,281	6,118	6,320
Recyclable tons	1,601	1,618	1,507	1,407	1,328	1,292	1,401	1,328	1,374	1,300
Golf Course										
Rounds of golf	45,613	49,435	53,896	53,275	53,334	52,705	48,206	56,761	48,858	49,300
Rounds of golf - cart usage	29,462	36,180	39,990	39,919	40,547	41,427	38,137	45,022	38,960	39,750
Gallons of water used (thousands)	26,630	41,650	99,400	42,000	55,800	60,200	31,000	48,000	18,000	22,000
Food Service Operations										
Wedding receptions hosted	42	36	42	41	50	50	46	41	34	42
Other banquet functions hosted	539	519	556	528	491	491	483	450	439	441

Source: City of Centerville, Ohio, Appropriation Budgets for applicable years. Actual statistics for 2005-2013.

Estimated statistics for 2014.

**City of Centerville, Ohio**  
**Capital Asset and Infrastructure Statistics by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>General Government</b>										
Municipal Buildings	1	1	1	1	1	1	1	1	1	1
Square Footage	17,123	17,123	17,123	17,123	17,123	17,123	17,123	17,123	17,123	17,123
<b>Public Safety</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Square Footage	38,458	38,458	38,458	38,458	38,458	38,458	38,458	38,458	38,458	38,458
<b>Public Works</b>										
Public Works Facility	1	1	1	1	1	1	1	1	1	1
Square Footage	17,541	17,541	17,541	17,541	17,541	50,000	50,000	50,000	50,000	50,000
Miles of street	105	107	107	107	107	108	108	112	112	112
Lane miles of street	238	240	240	240	240	241	241	250	250	250
<b>Recreation</b>										
Number of parks	1	1	1	1	1	1	1	1	1	1
Area of parks (acres)	62.386	62.386	62.386	62.386	62.386	62.386	62.386	62.386	62.386	62.386
Benham's Grove (acres)	7.017	7.017	7.017	7.017	7.017	7.017	7.017	7.017	7.017	7.017
<b>Golf Course</b>										
Holes	27	27	27	27	27	27	27	27	27	27
Club House (square footage)	29,517	29,517	29,517	29,517	29,517	29,517	29,517	29,517	29,517	29,517

Source: City of Centerville, Ohio, Finance Department



# Dave Yost • Auditor of State

**CITY OF CENTERVILLE**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 6, 2015**