



Dave Yost • Auditor of State

**CITY OF RIVERSIDE
MONTGOMERY COUNTY**

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MONTGOMERY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Riverside
Montgomery County
5200 Springfield Street, Suite 100
Riverside, Ohio 45431

To the Mayor and City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Riverside, Montgomery County, Ohio (the City), as of and for the year ended December 31, 2015, 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, each major fund, and the aggregate remaining fund information of the City of Riverside, Montgomery County, Ohio, as of December 31, 2015, and the respective changes in financial position and, the respective budgetary comparisons for the General Fund, Fire Fund, Street/Public Service Fund, Police Fund, General Assessments Fund, and Police and Fire Income Tax Fund 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 3 to the financial statements, during the year ended December 31, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 schedules of net pension liabilities and pension contributions 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2017, 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.



Dave Yost
Auditor of State
Columbus, Ohio

January 26, 2017

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2015
(Unaudited)

The discussion and analysis of the City of Riverside's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the financial statements and Notes to the Basic Financial Statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The City had fewer ongoing capital projects in 2015 than in 2014 and therefore, did not receive any capital grants in 2015.
- The City entered into new leases for energy conservation measures as well as to purchase snow plows. The City also increased their bond anticipation note from \$4,600,000 to \$5,460,000 for a building acquisitions and improvements.
- The City closely monitored budgets to keep expenses at a minimum.

Using This Annual Financial Report

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

The Statement of Net Position and the 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. The 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 nonmajor funds presented in total in one column.

Reporting the City as a Whole

One of the most important questions asked about the City is "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City as a whole and its activities in a way that helps answer this question. These statements include all assets and deferred outflows and liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

City of Riverside
Management's Discussion and Analysis
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(Unaudited)

These two statements report the City's net position and changes in net position. This change in net position is important because it informs the reader that, for the City as a whole, the financial position of the City 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.

In the Statement of Net Position and the Statement of Activities, the City has only one kind of activity:

Governmental Activities – All of the City's services are reported here including general government, security of persons and property, public health services, leisure time activities, community and economic development, and transportation.

Reporting the City's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page ten. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. The City uses many funds to account for a multitude of financial transactions. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with the 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 the use of grants. The City's major funds are the General Fund, the Fire Fund, the Street / Public Service Fund, the Police Fund, the General Assessments Fund, and the Police and Fire Income Tax Fund.

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 our 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.

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2015
(Unaudited)

Fiduciary Funds

The City's only fiduciary fund is an agency fund. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

The City as a Whole

As stated previously, the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2015 compared to 2014.

Table 1
Net Position

	Governmental Activities		Increase (Decrease)
	2015	Restated 2014	
Assets:			
Current and Other Assets	\$17,029,305	\$17,622,677	(\$593,372)
Nondepreciable Capital Assets	3,132,419	3,227,869	(95,450)
Depreciable Capital Assets, Net	15,616,884	14,350,339	1,266,545
<i>Total Assets</i>	<u>35,778,608</u>	<u>35,200,885</u>	<u>577,723</u>
Deferred Outflows of Resources:			
Pension	1,172,688	753,898	418,790
Liabilities:			
Current and Other Liabilities	1,262,077	1,063,754	198,323
Long-Term Liabilities:			
Net Pension Liability	8,702,208	8,227,175	475,033
Other Amounts	10,300,972	8,190,532	2,110,440
<i>Total Liabilities</i>	<u>20,265,257</u>	<u>17,481,461</u>	<u>2,783,796</u>
Deferred Inflows of Resources:			
Property Tax	1,807,516	1,824,636	(17,120)
Payment in Lieu of Taxes	193,960	58,961	134,999
Pension	21,627	0	21,627
<i>Total Deferred Inflows of Resources</i>	<u>\$2,023,103</u>	<u>\$1,883,597</u>	<u>\$139,506</u>

(continued)

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2015
(Unaudited)

Table 1
Net Position
(Continued)

	Governmental Activities		
	2015	Restated 2014	Increase (Decrease)
	Net Position:		
Net Investment in Capital Assets	\$11,404,440	\$11,901,659	(\$497,219)
Restricted	3,597,5; 3	5,025,745	1,472,576)
Unrestricted (Deficit)	(338,: ; 7)	337,679)	42,9: 6
<i>Total Net Position</i>	\$14,662,936	\$16,589,725	(\$1,926,789)

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

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

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

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

GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2015
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employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation, as well as the restatement for capital leases had the effect of restating net position at December 31, 2014, from \$23,310,359 to \$16,589,725.

Total assets increased \$577,723 mainly due to the addition of three snow plows to depreciable capital assets, net.

Long-term liabilities increased \$2,585,473 mainly due to the addition of capital leases for snow plows and fire trucks as well as increasing the amount of the bond anticipation note from \$4,600,000 to \$5,460,000.

Unrestricted net position increased \$42.9: 6 due to the elimination of unspent proceeds for the bond anticipation note for the purchase of building and building improvements.

Net Investment in capital assets decreased \$497,219 mostly due to increases in debt related to the Property Acquisition Non-Tax Revenue Bond Anticipation Note and the capital lease for snow plows.

Table 2 shows the changes in net position for the year ended December 31, 2015 and 2014.

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2015
(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities		Increase (Decrease)
	2015	2014	
Revenues:			
Program Revenues:			
Charges for Services	\$3,338,468	\$3,470,475	(\$132,007)
Operating Grants and Contributions	1,636,043	1,889,429	(253,386)
Capital Grants and Contributions	0	519,160	(519,160)
<i>Total Program Revenues</i>	<u>4,974,511</u>	<u>5,879,064</u>	<u>(904,553)</u>
General Revenues:			
Income Taxes	4,662,763	6,345,823	(1,683,060)
Property Taxes	1,904,210	2,022,601	(118,391)
Other Local Taxes	290,326	284,121	6,205
Revenue In Lieu of Taxes	28,802	38,965	(10,163)
Grants and Entitlements not Restricted to Specific Programs	376,416	360,390	16,026
Interest	9,798	2,969	6,829
Miscellaneous	85,452	316,234	(230,782)
<i>Total General Revenues</i>	<u>7,357,767</u>	<u>9,371,103</u>	<u>(2,013,336)</u>
<i>Total Revenues</i>	<u>12,332,278</u>	<u>15,250,167</u>	<u>(2,917,889)</u>
Program Expenses:			
General Government	4,014,336	3,940,740	73,596
Security of Persons and Property	6,865,254	6,128,367	736,887
Public Health Services	6,936	5,408	1,528
Leisure Time Activities	62,861	67,732	(4,871)
Community and Economic Development	266,375	273,538	(7,163)
Transportation	2,916,508	2,072,534	843,974
Interest and Fiscal Charges	126,797	100,068	26,729
<i>Total Expenses</i>	<u>14,259,067</u>	<u>12,588,387</u>	<u>\$1,670,680</u>
<i>Change in Net Position</i>	<u>(1,926,789)</u>	<u>2,661,780</u>	
<i>Net Position at Beginning of Year</i>	<u>16,589,725</u>	N/A	
<i>Net Position at End of Year</i>	<u>\$14,662,936</u>	<u>\$16,589,725</u>	

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$753,898 computed under GASB 27.

City of Riverside
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GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$862,874. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$14,259,067
Pension expense under GASB 68	(862,874)
2015 contractually required contribution	<u>785,004</u>
Adjusted 2015 program expenses	14,181,197
Total 2014 program expenses under GASB 27	<u>12,588,387</u>
Change in program expenses not related to pension	<u><u>\$1,592,810</u></u>

Governmental Activities

Program revenues are primarily represented by charges for permits, fines, and departmental services, as well as restricted intergovernmental revenues.

Charges for services decreased \$132,007 when compared to the prior year, mainly due to the State Law Enforcement Trust Fund having no charges for services in 2015. Capital Grants and Contributions decreased by \$519,160. The City had fewer ongoing capital projects in 2015 than in 2014 and therefore, did not receive any capital grants in 2015.

The 1.5 percent income tax is the largest source of revenue for the City of Riverside. The decrease in income tax revenues is due to the collection of delinquents in 2014 from the change in the income tax credit ordinance.

Overall, expenses increased during 2015, which was due to increases in transportation and security of persons and property expense. The new energy conservation operating lease allowed the City to perform maintenance and repairs to the Service Building that houses these departments.

Governmental program expenses as a percentage of total governmental expenses for 2015 are expressed as follows:

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2015
(Unaudited)

General Government	28.15%
Security of Persons and Property	48.15%
Public Health Services	0.05%
Leisure Time Activities	0.44%
Community and Economic Development	1.87%
Transportation	20.45%
Interest and Fiscal Charges	0.89%
	<u>100.00%</u>

The previous table clearly indicates the City's major source of expenses, 48.15 percent, is related to the implementation of safety services. A distant second, 28.15 percent, are general government related expenditures for the City. All other forms of governmental operations represent 23.70 percent of expenses.

The City's Funds

Information about the City's funds starts on page 18 with the focus being on the major funds.

All governmental funds had total revenues of \$13,124,501 and total expenditures of \$20,274,006 at year-end.

Fund balance in the General Fund decreased \$1,592,628 for 2015.

The Fire Fund's balance increased \$1,094,411. This fund generates revenues mostly through a property tax levy and charges for ambulance runs. This revenue is not enough to cover expenditures. Therefore, the General Fund has subsidized this fund through transfers in the amount of \$1,394,581 for 2015.

The Street / Public Service Fund's balance increased \$234,491. The General Fund transferred \$1,412,450 to subsidize this fund.

The Police Fund's balance increased \$61,004. The General Fund and the Police and Fire Income Tax Fund transferred a total of \$2,586,872 to subsidize this fund.

The General Assessments Fund accounts for trash billing collections and special assessments to provide street lighting within the City. The fund balance increased \$98,428. The City sets rates to coincide with anticipated expenditures associated with trash collections and street lighting services.

The Police and Fire Income Tax Fund accounts for income tax money received to assist in paying for the pension costs for the police and firefighters. The fund balance decreased \$16,138.

City of Riverside
Management's Discussion and Analysis
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(Unaudited)

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The City's budget is adopted on an object basis.

General Fund final budgeted revenues increased from original budgeted revenues by \$907,979 due to an unexpected increase in income tax revenue collections. Actual revenues of \$6,319,685 were less than final budgeted amounts by \$281,665. This decrease was the result of receiving less grants and rent income than expected.

The decrease in appropriations from the original to the final budget was \$4,464,406 due to changes in department expenditures. Actual expenditures of \$9,329,603 were \$309,891 less than final budgeted expenditures of \$9,639,494. This decrease was primarily due to the City closely monitoring expenditures related to general government activities.

The City's ending unobligated cash balance for the General Fund was \$524,287 below the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of 2015, the City had \$18,749,303 invested in capital assets (net of accumulated depreciation) for governmental activities, an increase of \$1,171,095 from the prior year. The increase can be attributed to current year additions exceeding current year depreciation and deletions.

See Note 10 of the Notes to the Basic Financial Statements for more detailed information.

Debt

The City's outstanding long-term debt obligations at year-end included general obligation bonds in the amount of \$868,879, an OWDA Loan in the amount of \$18,151, a TIF Loan in the amount of \$1,355,367, a Revenue Bond Anticipation Note in the amount of \$5,460,000, OPWC loans in the amount of \$499,748, and Capital Leases in the amount of \$1,501,887. The City's long-term obligations also included a premium on the revenue bond anticipation note and compensated absences for governmental activities.

The City's overall legal debt margin was \$19,662,848, and the unvoted legal debt margin was \$7,281,556 at December 31, 2015.

See Note 15 of the Notes to the Basic Financial Statements for more detailed information on the City's debt.

City of Riverside
Management's Discussion and Analysis
For The Year Ended December 31, 2015
(Unaudited)

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City's Finance Director, Tom Garrett, at 5200 Springfield Street, Suite 100, Riverside, Ohio 45431.

City of Riverside
Statement of Net Position
December 31, 2015

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$11,335,704
Cash and Cash Equivalents with Fiscal Agents	88,727
Materials and Supplies Inventory	57,247
Accounts Receivable	514,769
Accrued Interest Receivable	7,731
Intergovernmental Receivable	834,737
Income Taxes Receivable	1,947,561
Property Taxes Receivable	1,951,339
Other Local Taxes Receivable	71,501
Revenue in Lieu of Taxes Receivable	193,960
Special Assessments Receivable	26,029
Capital Assets:	
Nondepreciable Capital Assets	3,132,419
Depreciable Capital Assets, Net	15,616,884
<i>Total Assets</i>	35,778,608
Deferred Outflows of Resources:	
Pension	1,172,688
Liabilities:	
Accounts Payable	507,350
Contracts Payable	32,384
Retainage Payable	25,840
Accrued Wages Payable	212,775
Matured Compensated Absences Payable	7,731
Intergovernmental Payable	285,894
Accrued Vacation Leave Payable	124,868
Accrued Interest Payable	65,235
Long-Term Liabilities:	
Due Within One Year	369,084
Due in More Than One Year:	
Net Pension Liability (See Note 11)	8,702,208
Other Amounts	9,931,888
<i>Total Liabilities</i>	20,265,257
Deferred Inflows of Resources:	
Property Taxes	1,807,516
Revenue in Lieu of Taxes	193,960
Pension	21,627
<i>Total Deferred Inflows of Resources</i>	2,023,103
Net Position:	
Net Investment in Capital Assets	11,404,440
Restricted for:	
Capital Outlay	73,433
Security of Persons and Property	1,591,357
Transportation	1,628,583
Community and Economic Development	270,498
Other Purposes	11,520
Unrestricted (Deficit)	(316,895)
<i>Total Net Position</i>	\$14,662,936

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Activities
For the Year Ended December 31, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
General Government	\$4,014,336	\$2,337,016	\$57,714	(\$1,619,606)
Security of Persons and Property	6,865,254	995,628	371,048	(5,498,578)
Public Health Services	6,936	400	0	(6,536)
Leisure Time Activities	62,861	0	0	(62,861)
Community and Economic Development	266,375	5,400	77,700	(183,275)
Transportation	2,916,508	24	1,129,581	(1,786,903)
Interest and Fiscal Charges	126,797	0	0	(126,797)
<i>Total Governmental Activities</i>	<u>\$14,259,067</u>	<u>\$3,338,468</u>	<u>\$1,636,043</u>	<u>(9,284,556)</u>
General Revenues:				
Income Taxes Levied for:				
				3,385,749
				1,277,014
Property Taxes Levied for:				
				309,612
				1,594,598
				290,326
				28,802
				376,416
				9,798
				<u>85,452</u>
				<u>7,357,767</u>
				(1,926,789)
				<u>16,589,725</u>
				<u>\$14,662,936</u>

See Accompanying Notes to the Basic Financial Statements

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City of Riverside
Balance Sheet
Governmental Funds
December 31, 2015

	General Fund	Fire Fund	Street / Public Service Fund	Police Fund
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$5,281,559	\$1,430,622	\$566,404	\$523,787
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Receivables:				
Accounts	125,526	252,243	0	0
Accrued Interest	7,731	0	0	0
Intergovernmental	190,534	47,936	434,751	105,155
Income Taxes	1,309,408	0	0	0
Property Taxes	317,342	497,530	0	1,136,467
Other Local Taxes	71,501	0	0	0
Revenue in Lieu of Taxes	0	0	0	0
Special Assessments	0	0	0	0
Interfund	394,750	0	0	0
Materials and Supplies Inventory	855	729	55,478	185
<i>Total Assets</i>	<u>\$7,699,206</u>	<u>\$2,229,060</u>	<u>\$1,056,633</u>	<u>\$1,765,594</u>
Liabilities:				
Accounts Payable	\$163,639	\$15,786	\$62,962	\$9,517
Contracts Payable	0	0	29,884	0
Retainage Payable	25,840	0	0	0
Accrued Wages Payable	21,794	54,673	20,914	114,108
Intergovernmental Payable	31,592	87,957	31,536	133,062
Matured Compensated Absences Payable	0	0	0	7,731
Interfund Payable	0	0	0	0
<i>Total Liabilities</i>	<u>242,865</u>	<u>158,416</u>	<u>145,296</u>	<u>264,418</u>
Deferred Inflows of Resources:				
Property Taxes	293,570	455,926	0	1,058,020
Revenue in Lieu of Taxes	0	0	0	0
Unavailable Revenue	1,398,146	292,998	364,595	182,326
<i>Total Deferred Inflows of Resources</i>	<u>1,691,716</u>	<u>748,924</u>	<u>364,595</u>	<u>1,240,346</u>
Fund Balances:				
Nonspendable	855	729	55,478	185
Restricted	0	1,320,991	491,264	260,645
Committed	0	0	0	0
Assigned	2,081,275	0	0	0
Unassigned (Deficit)	3,682,495	0	0	0
<i>Total Fund Balances</i>	<u>5,764,625</u>	<u>1,321,720</u>	<u>546,742</u>	<u>260,830</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$7,699,206</u>	<u>\$2,229,060</u>	<u>\$1,056,633</u>	<u>\$1,765,594</u>

See Accompanying Notes to the Basic Financial Statements

General Assessments Fund	Police and Fire Income Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$186,618	\$36,843	\$3,309,871	\$11,335,704
0	0	88,727	88,727
137,000	0	0	514,769
0	0	0	7,731
0	0	56,361	834,737
0	638,153	0	1,947,561
0	0	0	1,951,339
0	0	0	71,501
0	0	193,960	193,960
26,029	0	0	26,029
0	0	0	394,750
0	0	0	57,247
<u>\$349,647</u>	<u>\$674,996</u>	<u>\$3,648,919</u>	<u>\$17,424,055</u>
\$0	\$23,503	\$231,943	\$507,350
0	0	2,500	32,384
0	0	0	25,840
0	0	1,286	212,775
0	0	1,747	285,894
0	0	0	7,731
0	0	394,750	394,750
<u>0</u>	<u>23,503</u>	<u>632,226</u>	<u>1,466,724</u>
0	0	0	1,807,516
0	0	193,960	193,960
163,029	544,112	34,057	2,979,263
<u>163,029</u>	<u>544,112</u>	<u>228,017</u>	<u>4,980,739</u>
0	0	0	57,247
186,618	107,381	1,214,497	3,581,396
0	0	229	229
0	0	1,593,162	3,674,437
0	0	(19,212)	3,663,283
<u>186,618</u>	<u>107,381</u>	<u>2,788,676</u>	<u>10,976,592</u>
<u>\$349,647</u>	<u>\$674,996</u>	<u>\$3,648,919</u>	<u>\$17,424,055</u>

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

Total Governmental Fund Balances	\$10,976,592
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Land	3,105,681
Construction in Progress	26,738
Land Improvements	628,653
Buildings and Building Improvements	5,588,253
Machinery and Equipment	3,943,923
Vehicles	3,855,022
Infrastructure	10,122,280
Accumulated Depreciation	<u>(8,521,247)</u>
Total	18,749,303
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Income Taxes	1,632,337
Delinquent Property Taxes	143,823
Special Assessments	26,029
Intergovernmental	706,132
Accounts	465,434
Interest	<u>5,508</u>
Total	2,979,263
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:	
Deferred Outflows - Pension	1,172,688
Deferred Inflows - Pension	(21,627)
Net Pension Liability	<u>(8,702,208)</u>
Total	(7,551,147)
In the Statement of Activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	
Accrued Interest Payable	(65,235)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued Vacation Leave Payable	(124,868)
General Obligation Bonds	(868,879)
OWDA Loan Payable	(18,151)
Brantwood Division TIF Loan	(1,335,367)
OPWC Loans	(499,748)
Bond Anticipation Notes	(5,460,000)
Premium on Bond Anticipation Note	(8,991)
Capital Lease Payable	(1,501,887)
Compensated Absences	<u>(607,949)</u>
Total	<u>(10,425,840)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$14,662,936</u></u>

See Accompanying Notes to the Basic Financial Statements

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City of Riverside
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General Fund	Fire Fund	Street / Public Service Fund	Police Fund
Revenues:				
Income Taxes	\$3,817,857	\$0	\$0	\$0
Property Taxes	313,535	578,844	0	1,035,052
Other Local Taxes	290,326	0	0	0
Revenue in Lieu of Taxes	0	0	0	0
Special Assessments	0	0	24	0
Intergovernmental	510,692	98,851	883,138	203,371
Charges for Services	23,149	808,392	0	28,036
Licenses and Permits	16,690	0	0	0
Fines and Forfeitures	0	0	0	16,817
Interest	14,560	0	651	0
Rent	1,274,008	0	0	0
Contributions and Donations	550	2,849	0	0
Miscellaneous	37,378	863	33,089	7,596
<i>Total Revenues</i>	<u>6,298,745</u>	<u>1,489,799</u>	<u>916,902</u>	<u>1,290,872</u>
Expenditures:				
Current Operations and Maintenance:				
General Government	2,759,831	0	0	0
Security of Persons and Property	0	2,485,817	0	3,684,276
Public Health Services	0	0	0	0
Leisure Time Activities	41,382	0	0	0
Community and Economic Development	265,496	0	0	0
Transportation	0	0	2,014,482	0
Capital Outlay	1,302,972	170,698	40,394	144,053
Debt Service:				
Principal Retirement	4,600,581	119,992	38,078	0
Interest and Fiscal Charges	84,493	4,856	5,903	0
<i>Total Expenditures</i>	<u>9,054,755</u>	<u>2,781,363</u>	<u>2,098,857</u>	<u>3,828,329</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,756,010)</u>	<u>(1,291,564)</u>	<u>(1,181,955)</u>	<u>(2,537,457)</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	1,808	0	0	0
Issuance of Bond Anticipation Note	5,460,000	0	0	0
Proceeds of Loans	0	0	0	0
Premium on Debt Issued	26,972	0	0	0
Inception of Capital Lease	17,982	991,394	3,996	11,589
Transfers In	0	1,394,581	1,412,450	2,586,872
Transfers Out	(4,343,380)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,163,382</u>	<u>2,385,975</u>	<u>1,416,446</u>	<u>2,598,461</u>
<i>Net Change in Fund Balance</i>	(1,592,628)	1,094,411	234,491	61,004
<i>Fund Balances at Beginning of Year</i>	<u>7,357,253</u>	<u>227,309</u>	<u>312,251</u>	<u>199,826</u>
<i>Fund Balances at End of Year</i>	<u>\$5,764,625</u>	<u>\$1,321,720</u>	<u>\$546,742</u>	<u>\$260,830</u>

See Accompanying Notes to the Basic Financial Statements

General Assessments Fund	Police and Fire Income Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$1,493,068	\$0	\$5,310,925
0	0	0	1,927,431
0	0	0	290,326
0	0	81,924	81,924
106,509	0	0	106,533
0	0	342,359	2,038,411
1,091,688	0	400	1,951,665
0	0	0	16,690
0	0	256	17,073
0	0	53	15,264
0	0	5,400	1,279,408
0	0	0	3,399
0	0	6,526	85,452
<u>1,198,197</u>	<u>1,493,068</u>	<u>436,918</u>	<u>13,124,501</u>
1,033,410	0	902	3,794,143
150,719	47,753	43,760	6,412,325
0	0	6,778	6,778
0	0	0	41,382
0	0	8,773	274,269
0	0	338,884	2,353,366
0	0	670,503	2,328,620
0	0	170,720	4,929,371
0	0	38,500	133,752
<u>1,184,129</u>	<u>47,753</u>	<u>1,278,820</u>	<u>20,274,006</u>
<u>14,068</u>	<u>1,445,315</u>	<u>(841,902)</u>	<u>(7,149,505)</u>
0	0	0	1,808
0	0	0	5,460,000
0	0	75,375	75,375
0	0	0	26,972
0	0	455,655	1,480,616
84,360	0	1,891,821	7,370,084
0	(1,461,453)	(1,565,251)	(7,370,084)
<u>84,360</u>	<u>(1,461,453)</u>	<u>857,600</u>	<u>7,044,771</u>
98,428	(16,138)	15,698	(104,734)
<u>88,190</u>	<u>123,519</u>	<u>2,772,978</u>	<u>11,081,326</u>
<u>\$186,618</u>	<u>\$107,381</u>	<u>\$2,788,676</u>	<u>\$10,976,592</u>

City of Riverside
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds (\$104,734)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Assets Additions	2,422,416	
Depreciation	(1,046,764)	
Excess of Capital Outlay over Depreciation Expense		1,375,652

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets is removed from the capital assets account in the Statement of Net Position and offset against the proceeds from the sale of capital assets resulting in a loss on the sale of capital assets in the Statement of Activities.

Proceeds from the Sale of Capital Assets	1,808	
Loss on Disposal of Capital Assets	(206,365)	
Total		(204,557)

Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this year:

Income Taxes	(648,162)	
Delinquent Property Taxes	(23,221)	
Revenue in Lieu of Taxes	(53,122)	
Special Assessments	(3,631)	
Intergovernmental	(29,351)	
Grants Cancelled	(544)	
Charges for Services	28,168	
Rent	(57,438)	
Interest	(5,466)	
Total		(792,767)

Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:

Note Payments	4,600,000	
General Obligation Bonds Payments	286,447	
OWDA Loan Payments	966	
Capital Lease Payments	33,958	
OPWC Loan Payments	8,000	
Total		4,929,371

Amortization of bond premiums, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as expenses over the life of the debt in the Statement of Activities.

Amortization of Bond Premium	25,556	
Accrued Interest	(18,601)	
Total		6,955

The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Position, the debt is recorded as a liability.

Loans Payable	(75,375)	
Proceeds of Lease Purchase Agreement	(1,480,616)	
Note Proceeds	(5,460,000)	
Premium on Debt Issued	(26,972)	
Total		(\$7,042,963)

(continued)

City of Riverside
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2015
 (Continued)

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		\$785,004
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.		(862,874)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:		
Increase in Compensated Absences	(22,404)	
Decrease in Accrued Vacation Leave Payable	6,528	
Total	(15,876)	(15,876)
<i>Change in Net Position of Governmental Activities</i>		<u><u>(\$1,926,789)</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2015

	Original Budget	Revised Budget	Budgetary Actual	Variance Positive (Negative)
Revenues:				
Income Taxes	\$3,039,247	\$3,789,628	\$3,857,240	\$67,612
Property Taxes	352,867	288,264	313,535	25,271
Other Local Taxes	232,135	289,079	289,011	(68)
Intergovernmental	874,142	754,838	501,408	(253,430)
Charges for Services	16,851	21,094	22,639	1,545
Licenses and Permits	23,042	27,902	16,690	(11,212)
Interest	7,308	8,977	7,226	(1,751)
Rent	1,139,181	1,409,101	1,274,008	(135,093)
Contributions and Donations	0	0	550	550
Miscellaneous	8,598	12,467	37,378	24,911
<i>Total Revenues</i>	<u>5,693,371</u>	<u>6,601,350</u>	<u>6,319,685</u>	<u>(281,665)</u>
Expenditures:				
Current Operations and Maintenance:				
General Government	8,956,815	3,209,724	2,995,726	213,998
Leisure Time Activities	82,649	74,307	49,466	24,841
Community and Economic Development	295,855	316,197	288,437	27,760
Capital Outlay	99,281	1,354,954	1,311,662	43,292
Debt Service:				
Principal Retirement	4,600,000	4,600,000	4,600,000	0
Interest and Fiscal Charges	69,300	84,312	84,312	0
<i>Total Expenditures</i>	<u>14,103,900</u>	<u>9,639,494</u>	<u>9,329,603</u>	<u>309,891</u>
Excess of Revenues Under Expenditures	<u>(8,410,529)</u>	<u>(3,038,144)</u>	<u>(3,009,918)</u>	<u>28,226</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	1,808	1,808
Issuance of Bond Anticipation Note	5,380,000	5,380,000	5,460,000	80,000
Proceeds of Capital Lease	455,655	455,655	1,440,655	985,000
Premium on Debt Issued	0	0	26,972	26,972
Advances In	0	828,500	838,840	10,340
Advances Out	0	(830,482)	(1,094,750)	(264,268)
Transfers In	1,514,800	1,514,800	0	(1,514,800)
Transfers Out	53,000	(5,906,470)	(5,784,035)	122,435
<i>Total Other Financing Sources (Uses)</i>	<u>7,403,455</u>	<u>1,442,003</u>	<u>889,490</u>	<u>(552,513)</u>
<i>Net Change in Fund Balance</i>	<u>(1,007,074)</u>	<u>(1,596,141)</u>	<u>(2,120,428)</u>	<u>(524,287)</u>
<i>Fund Balance at Beginning of Year</i>	6,596,127	6,596,127	6,596,127	0
<i>Prior Year Encumbrances</i>	<u>496,181</u>	<u>496,181</u>	<u>496,181</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$6,085,234</u></u>	<u><u>\$5,496,167</u></u>	<u><u>\$4,971,880</u></u>	<u><u>(\$524,287)</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)
Fire Fund
For the Year Ended December 31, 2015

	Original Budget	Revised Budget	Budgetary Actual	Variance Positive (Negative)
Revenues:				
Property Taxes	\$533,750	\$570,000	\$578,844	\$8,844
Intergovernmental	60,966	79,991	98,851	18,860
Charges for Services	541,921	719,196	795,230	76,034
Contributions and Donations	0	0	2,849	2,849
Miscellaneous	677	913	863	(50)
<i>Total Revenues</i>	<u>1,137,314</u>	<u>1,370,100</u>	<u>1,476,637</u>	<u>106,537</u>
Expenditures:				
Current Operations and Maintenance:				
Security of Persons and Property	2,563,979	2,576,119	2,507,686	68,433
Capital Outlay	1,137,500	1,153,221	1,150,687	2,534
Debt Service:				
Principal Retirement	248,000	120,314	119,992	322
Interest and Fiscal Charges	14,000	5,686	4,856	830
<i>Total Expenditures</i>	<u>3,963,479</u>	<u>3,855,340</u>	<u>3,783,221</u>	<u>72,119</u>
Excess of Revenues Under Expenditures	(2,826,165)	(2,485,240)	(2,306,584)	178,656
Other Financing Sources:				
Transfers In	1,685,236	2,487,800	2,379,581	(108,219)
<i>Net Change in Fund Balance</i>	(1,140,929)	2,560	72,997	70,437
<i>Fund Balance at Beginning of Year</i>	239,721	239,721	239,721	0
<i>Prior Year Encumbrances</i>	<u>103,146</u>	<u>103,146</u>	<u>103,146</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>(\$798,062)</u></u>	<u><u>\$345,427</u></u>	<u><u>\$415,864</u></u>	<u><u>\$70,437</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)
Street / Public Service Fund
For the Year Ended December 31, 2015

	Original Budget	Revised Budget	Budgetary Actual	Variance Positive (Negative)
Revenues:				
Intergovernmental	\$831,000	\$947,510	\$887,479	(\$60,031)
Special Assessments	0	0	24	24
Interest	0	0	651	651
Miscellaneous	1,000	1,140	33,089	31,949
<i>Total Revenues</i>	<u>832,000</u>	<u>948,650</u>	<u>921,243</u>	<u>(27,407)</u>
Expenditures:				
Current Operations and Maintenance:				
Transportation	2,282,945	2,437,407	2,126,242	311,165
Capital Outlay	78,108	48,500	46,506	1,994
Debt Service:				
Principal Retirement	61,688	38,098	38,078	20
Interest and Fiscal Charges	8,412	5,903	5,903	0
<i>Total Expenditures</i>	<u>2,431,153</u>	<u>2,529,908</u>	<u>2,216,729</u>	<u>313,179</u>
Excess of Revenues Under Expenditures	(1,599,153)	(1,581,258)	(1,295,486)	285,772
Other Financing Sources:				
Transfers In	1,416,450	1,416,450	1,412,450	(4,000)
<i>Net Change in Fund Balance</i>	(182,703)	(164,808)	116,964	281,772
<i>Fund Balance at Beginning of Year</i>	150,680	150,680	150,680	0
<i>Prior Year Encumbrances</i>	<u>112,207</u>	<u>112,207</u>	<u>112,207</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$80,184</u>	<u>\$98,079</u>	<u>\$379,851</u>	<u>\$281,772</u>

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2015

	Original Budget	Revised Budget	Budgetary Actual	Variance Positive (Negative)
Revenues:				
Property Taxes	\$1,270,720	\$1,020,300	\$1,035,052	\$14,752
Intergovernmental	32,677	102,807	207,330	104,523
Charges for Services	1,883	0	28,036	28,036
Fines and Forfeitures	2,957	9,893	17,968	8,075
Miscellaneous	1,183	3,750	7,596	3,846
<i>Total Revenues</i>	<u>1,309,420</u>	<u>1,136,750</u>	<u>1,295,982</u>	<u>159,232</u>
Expenditures:				
Current Operations and Maintenance:				
Security of Persons and Property	3,911,522	3,811,288	3,682,089	129,199
Capital Outlay	120,000	132,500	132,464	36
<i>Total Expenditures</i>	<u>4,031,522</u>	<u>3,943,788</u>	<u>3,814,553</u>	<u>129,235</u>
Excess of Revenues Under Expenditures	(2,722,102)	(2,807,038)	(2,518,571)	288,467
Other Financing Sources:				
Transfers In	2,744,700	2,744,700	2,586,872	(157,828)
<i>Net Change in Fund Balance</i>	22,598	(62,338)	68,301	130,639
<i>Fund Balance at Beginning of Year</i>	383,876	383,876	383,876	0
<i>Prior Year Encumbrances</i>	<u>53,638</u>	<u>53,638</u>	<u>53,638</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$460,112</u></u>	<u><u>\$375,176</u></u>	<u><u>\$505,815</u></u>	<u><u>\$130,639</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)
General Assessments Fund
For the Year Ended December 31, 2015

	Original Budget	Revised Budget	Budgetary Actual	Variance Positive (Negative)
Revenues:				
Charges for Services	\$1,090,000	\$806,879	\$1,091,688	\$284,809
Special Assessments	103,300	75,678	106,509	30,831
<i>Total Revenues</i>	<u>1,193,300</u>	<u>882,557</u>	<u>1,198,197</u>	<u>315,640</u>
Expenditures:				
Current Operations and Maintenance:				
General Government	1,050,280	1,117,860	1,117,770	90
Security of Persons and Property	143,220	151,000	150,719	281
<i>Total Expenditures</i>	<u>1,193,500</u>	<u>1,268,860</u>	<u>1,268,489</u>	<u>371</u>
Excess of Revenues Under Expenditures	<u>(200)</u>	<u>(386,303)</u>	<u>(70,292)</u>	<u>316,011</u>
Other Financing Sources (Uses):				
Advances In	0	400,000	400,000	0
Advances Out	0	0	(400,000)	(400,000)
Transfers In	0	0	84,360	84,360
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>400,000</u>	<u>84,360</u>	<u>(315,640)</u>
<i>Net Change in Fund Balance</i>	(200)	13,697	14,068	371
<i>Fund Balance at Beginning of Year</i>	<u>172,550</u>	<u>172,550</u>	<u>172,550</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$172,350</u></u>	<u><u>\$186,247</u></u>	<u><u>\$186,618</u></u>	<u><u>\$371</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)
Police and Fire Income Tax Fund
For the Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Budgetary Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Income Taxes	\$1,760,000	\$1,516,730	\$1,516,730	\$0
Expenditures:				
Current Operations and Maintenance:				
Security of Persons and Property	<u>52,000</u>	<u>55,277</u>	<u>55,277</u>	<u>0</u>
Excess of Revenues Over Expenditures	1,708,000	1,461,453	1,461,453	0
Other Financing Uses:				
Transfers Out	<u>(1,708,000)</u>	<u>(1,461,453)</u>	<u>(1,461,453)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance at Beginning of Year</i>	<u>36,843</u>	<u>36,843</u>	<u>36,843</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$36,843</u></u>	<u><u>\$36,843</u></u>	<u><u>\$36,843</u></u>	<u><u>\$0</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Riverside
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2015

Assets:

Equity in Pooled Cash and Cash Equivalents	<u><u>\$12,000</u></u>
--------------------------------------------	------------------------

Liabilities:

Undistributed Assets	<u><u>\$12,000</u></u>
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See Accompanying Notes to the Basic Financial Statements

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Riverside (the City) is a chartered municipal corporation established and operating under the laws of the State of Ohio and its charter. Mad River Township and the Village of Riverside merged in 1994 to become the City of Riverside. The City operates under a Council-Manager form of government. Elected officials include seven council members, one of which is the Mayor. Legislative power is vested in this seven-member Council. All council members, including the Mayor, are elected to four-year terms.

The City Manager, who is appointed by the Council, is the chief executive officer for the City. The administrative activities of the City are carried out by a Department of Finance, a Department of Law, a Department of Service, and a Department of Safety. All department heads are hired by the City Manager, with approval from Council, except for the Director of the Department of Law, who is appointed by Council.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading.

The primary government of the City consists of all funds, departments, and activities that are not legally separate from the City. They comprise the City's legal entity, which provides various services, including police protection, fire protection, health services, street maintenance and repairs, leisure time activities, and community and economic development. Council and the City Manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt, or the levying of its taxes. The City has no component units.

The City is associated with five organizations, three of which are defined as jointly governed organizations, one as a related organization, and one as a risk sharing pool. These organizations are presented in Notes 18, 19, and 20 to the Basic Financial Statements and are presented as follows:

Jointly Governed Organizations:

Miami Valley Regional Planning Commission
Greater Miami Valley Emergency Medical Services Council
Economic Development/Government Equity Program

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

Related Organization:
Riverside Historical Society
Risk Sharing Pool:
Public Entities Pool of Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Riverside have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements normally distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. The City, however, has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the City.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds utilized by the City: governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund – This fund accounts for and reports all financial resources not accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

Fire Fund – This fund accounts for and reports restricted monies related to the fire department activities and the fire levy tax proceeds.

Street / Public Service Fund – This fund accounts for and reports that portion of the State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

Police Fund – This fund accounts for and reports restricted monies received from the police levy tax proceeds, along with fines generated through safety enforcement within the City.

General Assessments Fund – This fund accounts for and reports restricted trash billing collections and special assessments to provide street lighting within the City.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

Police and Fire Income Tax Fund – This fund accounts for and reports the accumulation of restricted income taxes levied for the payment of the current and accrued liability for police and fire disability and pension benefits. Once the income taxes are collected, the monies are transferred to the respective Police and Fire special revenue funds for payment of the liabilities.

The nonmajor governmental funds of the City account for grants and other resources whose use is restricted, committed, or assigned for a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds should be used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary fund is an agency fund that is used to account for money held for individuals and organizations for fire insurance settlements that will be relinquished to the individuals and organizations upon restoration of damaged property.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred outflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statement of the fiduciary fund are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

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 year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined and “available” means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 31 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, revenue in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned. Revenue from property taxes and revenue in lieu of taxes is recognized in the year for which the taxes are levied (see Note 8). 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.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income taxes, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance), grants, charges for services and interest on investments.

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 represent 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 are reported on the government-wide Statement of Net Position for pension. The deferred outflows of resources related to pension are explained in Note 11.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

In addition to liabilities, the statement of financial position reports 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, pension, and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet and represents receivables that will not be collected within the available period. For the City, unavailable revenue includes income taxes, delinquent property taxes, other local taxes, revenue in lieu of taxes, special assessments, intergovernmental grants, charges for services, rent and interest. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. (See Note 11)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Pensions

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

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The City has permissive motor vehicle license money, which is held by the Montgomery County Engineer as a fiscal agent and distributed to the City for approved street projects. The balance in this account is presented on the Balance Sheet as "Cash and Cash Equivalents with Fiscal Agents."

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

During the year, investments were limited to Federal Agency Securities, United States Treasury Notes, a Money Market Mutual Fund, Negotiable Certificates of Deposit, and STAROhio. Investments are reported at fair value, which is based on quoted market prices.

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

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2015 amounted to \$14,560 which includes \$5,338 assigned from other funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

Material and Supplies Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

Interfund Receivables and Payables

On fund financial statements, outstanding interfund loans and unpaid interfund services are reported as "Interfund Receivable" and "Interfund Payable." Interfund balances are eliminated in the governmental activities column of the Statement of Net Position.

Capital Assets

General capital assets are capital assets that are associated with and generally rise from governmental activities. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values on the date donated. The City maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

All capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Descriptions</u>	<u>Estimated Lives</u>
Land Improvements	10-25 years
Buildings and Building Improvements	20-50 years
Machinery and Equipment	3-20 years
Vehicles	5-20 years
Infrastructure	10-60 years

The City's infrastructure consists of streets, a storm sewer system, light poles, street lights, traffic signals, and curbs. The City only reports the amounts acquired after 2003. General infrastructure assets acquired prior to January 1, 2004 are not reported in the Basic Financial Statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide 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, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans, bond anticipation notes, and lease purchase agreements are recognized as liabilities on the governmental fund financial statements when due.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees after one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments after an employee retires. The liability is an estimate based on the City's past experience of making termination payments.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

On governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account, “Matured Compensated Absences Payable” in the fund from which the employees will be paid. The remaining portion of the liability is not reported.

Net Position

Net position represents the difference between all other elements in a statement of financial position. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on 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. Net position restricted for other purposes includes federal equitable sharing and cemetery.

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or they 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. The nonspendable fund balance for the City includes materials and supplies inventory.

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

resources created by enabling legislation only for the purposes specified by the legislation.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a City official delegated that authority by ordinance or by State statute. The future appropriations amount assigned in the General Fund represents 2016 appropriations that exceed estimated resources. State statute authorizes the Finance Director to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned and then unassigned amounts, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

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

Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the Certificate of Estimated Resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each fund and department. Budgetary modifications may only be made by resolution of Council.

The Certificate of Estimated Resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the Certificate of Estimated Resources when the original appropriations were adopted. The amounts reported as final budgeted amounts represent estimates from the amended certificate in effect at the time final appropriations were passed by Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations ordinance for that fund that covered the entire

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year, including all supplemental appropriations.

Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line (bonds outstanding) method, which approximates the effective interest method. Bond premiums are presented as additions to the face amount of bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period when the debt is issued.

NOTE 3 – CORRECTION OF ERROR AND CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

Correction of Error

In 2014 the City entered into a lease purchase agreement. \$752,643 was incorrectly reported as a capital lease and should have been reported as an operating lease. Due to this error, net position was understated at December 31, 2014.

Change in Accounting Principle

For 2015, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

Net position December 31, 2014	\$23,310,359
Adjustments:	
Net Pension Liability	(8,227,175)
Deferred Outflow - Payments Subsequent to Measurement Date	753,898
Capital Lease Restatement	<u>752,643</u>
Restated Net Position December 31, 2014	<u><u>\$16,589,725</u></u>

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

NOTE 4 – ACCOUNTABILITY

At December 31, 2015, the Great Miami Canoe/Kayak Launch Fund had a deficit fund balance of \$19,212.

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual is presented for the General Fund and the major special revenue funds on the budgetary basis 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 basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned balance (GAAP basis).
4. Investments are reported at fair value (GAAP basis) rather than at cost (budget basis).
5. Unrecorded cash represents amounts received, but not included as revenue, on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
6. Advances In and Advances Out are operating transactions (budget basis) as opposed to Balance Sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General Fund and the major special revenue funds are as follows:

City of Riverside
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Net Change in Fund Balance				
	General	Fire	Street / Public Service	Police
	Fund	Fund	Fund	Fund
GAAP Basis	(\$1,592,628)	\$1,094,411	\$234,491	\$61,004
Revenue Accruals	26,051	(13,162)	345	(6,479)
Expenditure Accruals	42,644	12,900	68,681	31,748
Encumbrances	(317,465)	(1,014,758)	(186,553)	(17,972)
Change in Fair Value of Investments -2015	7,955	0	0	0
Change in Fair Value of Investments -2014	(13,066)	0	0	0
Unrecorded Cash - 2015	(169)	0	0	0
Unrecorded Cash - 2014	142	0	0	0
Advances	(255,910)	0	0	0
Transfers	(1,440,655)	985,000	0	0
Proceeds of Debt Issued	1,422,673	(991,394)	0	0
Budget Basis	(\$2,120,428)	\$72,997	\$116,964	\$68,301

Net Change in Fund Balance		
	General Assessments Fund	Police and Fire Income Tax Fund
GAAP Basis	\$98,428	(\$16,138)
Revenue Accruals	0	23,662
Expenditure Accruals	(84,360)	(7,524)
Budget Basis	\$14,068	\$0

NOTE 6 – DEPOSITS AND INVESTMENTS

The investment and deposit of City monies are governed by the Ohio Revised Code and the City’s charter. State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Active deposits 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 Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be

City of Riverside
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For The Year Ended December 31, 2015

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.

Interim deposits are deposits of interim monies. Interim monies are those monies that 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 of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies 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 Association, 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) or (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.

City of Riverside
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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.

As of December 31, 2015, the City had the following investments:

	Fair Value	Investment Maturities (in Years)		S&P Rating	Percent of Total Investments
		Less than 1	1-5		
Federal Home Loan Mortgage Corporation Notes	\$255,087	\$229,915	\$25,172	AA+	8.41%
Federal National Mortgage Association Discount Notes	852,578	852,578	0	AA+	28.11%
Federal Home Loan Bank Consolidation Bonds	44,987	44,987	0	AA+	N/A
Federal Home Loan Bank Notes	1,053,420	1,053,420	0	AA+	34.73%
Federal Farm Credit Bank Notes	55,072	55,072	0	AA+	N/A
Federal Farm Credit Bank Consolidation Bonds	54,761	54,761	0	AA+	N/A
US Treasury Notes	54,968	30,060	24,908	AA+	N/A
Money Market Mutual Fund	40,055	40,055	0	AA+	N/A
Negotiable Certificates of Deposit	498,313	0	498,313	N/A	16.43%
STAROhio	123,907	123,907	0	AAAm	N/A
Totals	<u>\$3,033,148</u>	<u>\$2,484,755</u>	<u>\$548,393</u>		

Interest Rate Risk – State statute requires that an investment mature within five years from the date of purchase unless matched to a specific obligation or debt of the City and that an investment must be purchased with the expectation that it will be held to maturity. The City’s investment policy states that the City will not directly invest in securities maturing more than

City of Riverside
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five years from the settlement date unless, per a bond indenture, the investment is matched to a specified obligation or debt of the subdivision. Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. The intent to invest in securities with longer maturities will be disclosed in writing to City Council.

Credit Risk – Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual funds be rate in the highest category at the time of purchase by at least one nationally recognized standard rating service. The City’s investment policy limits investments to those authorized by State statute. State statute only addresses credit risk by limiting the investments that may be purchased to those offered by specifically identified issuers. The Standard and Poor’s (S&P) rating of each investment is listed in the table above.

Concentration of Credit Risk – It is the policy of the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, issuer, or class of securities. However, the maximum percentages are established at the following levels for each eligible instrument: 60 percent in cooperative, money market, or pooled investment programs; 20 percent in a single issue, except U.S. Treasury securities; and 35 percent in a single issuer, except for obligations or securities guaranteed by the United States. The percentage that each investment represents of the total investments is listed in the table above.

NOTE 7 – MUNICIPAL INCOME TAX

The City levies and collects an income tax of one and one-half percent on all income earned within the City, as well as on incomes of City residents that are earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 50 percent of the City’s current tax rate. The City utilized the Regional Income Tax Agency (RITA) for the collection of income taxes.

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, police and fire operations, and other governmental functions when needed, as determined by Council. In 2015, the proceeds were allocated to the General Fund and the Police and Fire Income Tax Special Revenue Fund.

NOTE 8 – PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes were levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

City of Riverside
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For The Year Ended December 31, 2015

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes, which became a lien December 31, 2014, are levied after October 1, 2015 and are collected in 2015 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2015 was \$11.34 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2015 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$242,371,910
Public Utility Personal	5,253,940
Totals	<u><u>\$247,625,850</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies, which were measurable as of December 31, 2015, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2015 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on the modified accrual basis, the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 9 – RECEIVABLES

Receivables at December 31, 2015 consisted of accounts, interest on investments, intergovernmental receivables arising from grants, entitlements or shared revenues, income taxes, property taxes, other local taxes, revenue in lieu of taxes, special assessments, and interfund. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, revenue in lieu of taxes, income taxes, and special assessments. Property taxes, income taxes, and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Special assessments expected to be collected in more than one year for the City amounts to \$26,029 and represents delinquents at December 31, 2015.

A summary of the principal items of intergovernmental receivables follows:

City of Riverside
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Governmental Activities:

Homestead and Rollback	\$183,293
County Local Government	140,331
State Local Government	4,582
Gasoline Excise Tax/Cents per Gallon	256,117
Motor Vehicle License Tax	76,677
Cents per Gallon	137,755
Office of Criminal Justice Services/Victims of Crime Act Grant	6,647
Permissive Tax	13,892
Estate Tax	14,142
Montgomery County Court	1,301
Total Intergovernmental Receivable	\$834,737

Revenue in Lieu of Taxes Receivable

The City granted real property tax exemptions to landowners for improvements made to their properties for a period of 10 years. The City requires the owners to make an annual payment to the City in lieu of taxes in the amount that would be payable on the increase in the value of the property if not for the exemption. The City then uses these monies to pay for public infrastructure improvements benefiting the owners. The City accrues a receivable for the amounts measurable at December 31, 2015, with a corresponding credit to deferred inflows of resources - revenue in lieu of taxes.

NOTE 10 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2015 was as follows:

	Balance at 12/31/2014	Additions	Deletions	Balance at 12/31/2015
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$3,227,869	\$0	\$122,188	\$3,105,681
Construction in Progress	0	26,738	0	26,738
Total Capital Assets, Not Being Depreciated	\$3,227,869	\$26,738	\$122,188	\$3,132,419

(continued)

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

	Balance at 12/31/2014	Additions	Deletions	Balance at 12/31/2015
Governmental Activities:				
Depreciable Capital Assets:				
Land Improvements	\$464,257	\$228,385	\$63,989	\$628,653
Buildings and Building Improvements	5,181,606	406,647	0	5,588,253
Machinery and Equipment	3,031,789	988,740	76,606	3,943,923
Vehicles	3,196,525	724,621	66,124	3,855,022
Infrastructure	10,074,995	47,285	0	10,122,280
Total Depreciable Capital Assets	<u>21,949,172</u>	<u>2,395,678</u>	<u>206,719</u>	<u>24,138,131</u>
Total Capital Assets At Historical Cost	<u>25,177,041</u>	<u>2,422,416</u>	<u>328,907</u>	<u>27,270,550</u>
Less Accumulated Depreciation:				
Land Improvements	(216,632)	(26,344)	(19,196)	(223,780)
Buildings and Building Improvements	(941,866)	(138,144)	0	(1,080,010)
Machinery and Equipment	(2,057,530)	(212,860)	(48,778)	(2,221,612)
Vehicles	(2,610,015)	(203,426)	(56,376)	(2,757,065)
Infrastructure	(1,772,790)	(465,990)	0	(2,238,780)
Total Accumulated Depreciation	<u>(7,598,833)</u>	<u>(1,046,764)</u>	<u>(124,350)</u>	<u>(8,521,247)</u>
Depreciable Capital Assets, Net	<u>14,350,339</u>	<u>1,348,914</u>	<u>82,369</u>	<u>15,616,884</u>
Governmental Activities Capital Assets, Net	<u>\$17,578,208</u>	<u>\$1,375,652</u>	<u>\$204,557</u>	<u>\$18,749,303</u>

Depreciation expense was charged to governmental programs as follows:

General Government	\$153,779
Security of Persons and Property	301,313
Public Health Services	158
Leisure Time Activities	21,479
Community and Economic Development	65
Transportation	569,970
Total Depreciation Expense	<u>\$1,046,764</u>

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7,

City of Riverside
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2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2015 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0%	16.1%	16.1%
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0%</u>	<u>18.1%</u>	<u>18.1%</u>
Employee	<u>10.0%</u>	<u>12.0%</u>	<u>13.0%</u>

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$152,682 for 2015. Of this amount, \$16,157 is reported as an intergovernmental payable.

Plan Description - Ohio Police and Fire Pension Fund (OPF)

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

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

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

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

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

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

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

	<u>Police</u>	<u>Firefighters</u>
2015 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee:		
January 1, 2015 through July 1, 2015	11.50%	11.50%
July 2, 2015 through December 31, 2015	12.25%	12.25%
 2015 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	<u>0.50%</u>	<u>0.50%</u>
 Total Employer	 <u><u>19.50%</u></u>	 <u><u>24.00%</u></u>
 Employee:		
January 1, 2015 through July 1, 2015	11.50%	11.50%
July 2, 2015 through December 31, 2015	12.25%	12.25%

City of Riverside
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Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$632,322 for 2015. Of this amount, \$84,411 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,231,016	\$7,471,192	\$8,702,208
Proportion of the Net Pension Liability	0.010207%	0.144220%	
Pension Expense	\$134,094	\$728,780	\$862,874

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$65,683	\$322,001	\$387,684
City contributions subsequent to the measurement date	<u>152,682</u>	<u>632,322</u>	<u>785,004</u>
Total Deferred Outflows of Resources	<u>\$218,365</u>	<u>\$954,323</u>	<u>\$1,172,688</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	<u>\$21,627</u>	<u>\$0</u>	<u>\$21,627</u>

\$785,004 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2016	\$6,442	\$80,500	\$86,942
2017	6,442	80,500	86,942
2018	14,751	80,500	95,251
2019	<u>16,421</u>	<u>80,501</u>	<u>96,922</u>
Total	<u>\$44,056</u>	<u>\$322,001</u>	<u>\$366,057</u>

Actuarial Assumptions - OPERS

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

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

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

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

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

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

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expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00%	2.31%
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00%</u>	<u>5.28%</u>

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated

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using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$2,264,720	\$1,231,016	\$360,392

Actuarial Assumptions – OPF

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

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

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

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

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

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

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The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2014 are summarized below:

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

* levered 2x

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

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate

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the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$10,333,789	\$7,471,192	\$5,047,443

NOTE 12 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a health reimbursement arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting https://www.opers.org/investments/cafr_shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

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Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2015, 2014, and 2013 was \$59,818 \$37,490, and \$62,447, respectively. For 2015, 92.42 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

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

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units. Active members do not make contributions to the OPEB Plan.

OPF 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 administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2015 through December 31, 2015. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contribution to OPF for the years ended December 31, 2015, 2014, and 2013 were \$639,415, \$648,605, and \$445,308, respectively, of which \$15,537, \$15,737, and \$164,849, respectively, was allocated to the healthcare plan. For 2015, 91.93 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

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NOTE 13 – EMPLOYEE BENEFITS

Compensated Absences

Vacation leave is earned at rates that vary depending upon length of service and negotiated agreements. The current policy of union employees covered by negotiated agreements credits vacation leave annually on January 1 and allows the unused balance to be accumulated at levels that depend upon years of service. City employees covered by the negotiated agreements are paid for earned, unused vacation leave at the time of termination of employment. However, non-union employees covered by the personnel policy of the City cannot carry over more than 40 hours of accrued vacation. These employees lose any remaining vacation balances existing at the end of the calendar year. On governmental fund financial statements, a liability is reported for non-union employees for vacation balances that do not carry over beyond the anniversary of their date of hire each year. These amounts are recorded in the account “Accrued Vacation Leave Payable” in the funds from which the employees will be paid.

Sick leave is earned at rates that vary depending upon specified personnel policies and union contracts. At retirement, employees will be paid varying portions of their accumulated sick leave, based on the union agreements and the City personnel policy.

City employees can also earn compensatory time. Compensatory time is paid at one and one-half times an employee’s regular rate. Employees with time remaining upon termination of their employment will be paid for any unused compensatory time.

Insurance Benefits

Full-time City employees are provided medical/surgical benefits from Anthem Blue Cross Blue Shield. The City pays 90 percent for non-union employees and 83 percent for union employees of the monthly premiums for the employees. The premium varies with each employee depending on the plan. Department heads and administrative staff receive an amount equal to their annual salary in life insurance, up to \$50,000; the City Manager receives two times his annual salary; and police and fire employees receive \$50,000, and street union employees receive \$30,000 in coverage selected. Additionally, the City contributes to Health Savings accounts for all full-time employees, which serves to pay part of the employees’ deductible each year. Employees can purchase dental insurance through Superior Dental Care and vision benefits through Superior Vision. Life insurance is provided through Anthem Life Insurance.

Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan, Ohio Municipal League 457 Deferred Compensation Plan, International City Manager Association 457 Deferred Compensation Plan, or the Ohio Association of Professional Fire Fighters 457 Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

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NOTE 14 – LEASES – LESSEE DISCLOSURE

Capital

In prior years, the City entered into a lease agreement with U.S. Bancorp for energy conservation improvements. The original amount of the energy conservation lease was for \$830,000 with \$56,742 being considered a capital lease and \$773,258 being considered an operating lease.

In 2015, the City entered into two lease agreements with U.S. Bancorp. The first being for three snow plows and the second for two fire trucks.. The original amount of the snow plow lease was \$455,655. As part of the agreement, the lessor deposited \$455,655 into a separate bank account in the City’s name, which was then used to purchase the snow plows. The original amount of the fire truck lease was \$985,000. As part of the agreement, the lessor deposited \$985,000 into a separate bank account in the City’s name, which was unspent as of December 31, 2015.

In 2015, the City also entered into a lease agreement with De Lage Landen Public Finance, LLC for copiers. The original amount of the copier lease was \$39,961.

Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, “Accounting for Leases,” which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. For the business-type activities and internal service funds, principal payments are reflected as a decrease to the liability on the Statement of Fund Net Position. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by leases have been capitalized in the amount of \$552,358 which equaled the present value of the future minimum lease payments at the time of acquisition. Principal payments in 2015 totaled \$33,958.

The assets acquired through capital leases are as follows:

	<u>Asset Value</u>	<u>Depreciation</u>	<u>December 31, 2015</u>
Asset:			
Buildings	\$56,742	(\$710)	\$56,032
Machinery and Equipment	39,961	(1,665)	38,296
Vehicles	455,655	(28,426)	427,229
	<u>\$552,358</u>	<u>(\$30,801)</u>	<u>\$521,557</u>

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2015.

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December 31, 2015	
2016	\$196,404
2017	196,408
2018	196,411
2019	196,405
2020	195,642
2021-2025	689,258
2026-2029	16,527
Total	1,687,055
Less: Amount Representing Interest	(185,168)
Present Value of Minimum Lease Payments	\$1,501,887

Operating

In prior years, the City entered into a lease purchase agreement with U.S. Bancorp to finance energy conservation improvements made to various buildings and infrastructure throughout the City. The original amount of the lease was \$830,000 with \$56,742 being considered a capital lease and \$773,258 being considered an operating lease. The lease commenced on June 20, 2014 and ends June 20, 2029. Operating lease payments made during 2015 were \$52,272.

The future minimum lease payments are as follows:

December 31,	Payment Total
2016	\$64,350
2017	64,350
2018	64,350
2019	64,350
2020	64,350
2021-2025	321,750
2026-2029	225,225
Total	\$868,725

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NOTE 15 – OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS

The change in the City’s long-term obligations during 2015 consisted of the following:

	Restated Balance at December 31, 2014	Issued	Retired	Balance at December 31, 2015	Due Within One Year
<u>Governmental Activities:</u>					
<u>General Obligation Bonds:</u>					
2005 Various Purpose Bonds - Unvoted 4.15% \$2,154,168	\$215,415	\$0	\$215,415	\$0	\$0
2010 Various Purpose Bonds 3.6% \$1,200,000	939,911	0	71,032	868,879	73,612
Total General Obligations Bonds	1,155,326	0	286,447	868,879	73,612
<u>Other Long-Term Obligations:</u>					
2011 OWDA Loan 3.25% \$23,100	19,117	0	966	18,151	998
2012 Brantwood Division TIF Loan 5.0% \$1,400,000	1,335,367	0	0	1,335,367	0
2014 Property Acquisition Non-Tax Revenue Bond Anticipation Note 1.25% \$4,600,000	4,600,000	0	4,600,000	0	0
Premium	7,575	0	7,575	0	0
2015 Property Acquisition Non-Tax Revenue Bond Anticipation Note 1.25% \$5,460,000	0	5,460,000	0	5,460,000	0
Premium	0	26,972	17,981	8,991	0
OPWC Harshman Road Project Phase II	196,000	0	8,000	188,000	8,000
OPWC Burkhardt Road Project	236,373	75,375	0	311,748	62,350
Compensated Absences	585,545	89,459	67,055	607,949	64,339
Capital Leases	55,229	1,480,616	33,958	1,501,887	159,785
Total Other Long-Term Obligations	7,035,206	7,132,422	4,735,535	9,432,093	295,472
<u>Net Pension Liability:</u>					
OPERS	1,203,213	27,803	0	1,231,016	0
OP&F	7,023,962	447,230	0	7,471,192	0
Total Net Pension Liability	8,227,175	475,033	0	8,702,208	0
Total Governmental Activities	\$16,417,707	\$7,607,455	\$5,021,982	\$19,003,180	\$369,084

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The 2005 Various Purpose Bonds were issued on December 6, 2005, in the amount of \$2,154,168 to retire the 2001 Sidewalk Special Assessment Bond Anticipation Note, the 2005 Fire Station Acquisition Note, the 2005 Real Estate Acquisition Note, the 2004 General Equipment Replacement Bond Anticipation Note, and the 2004 Business Park Infrastructure Bond Anticipation Note. The bonds were issued at a 4.15 percent interest rate and will reach maturity on December 6, 2015. The bonds were paid off during 2015 from the Fire and Street / Public Services Special Revenue Funds and the General Obligation Debt Retirement Debt Service Fund using transfers from the General Fund.

The 2010 Various Purpose Bonds were issued on November 8, 2010, in the amount of \$1,200,000 to retire the Real Estate Acquisition Bond Anticipation Note and the Center of Flight Improvement Bond Anticipation Note. The bonds were issued at a 3.6 percent interest rate and will reach maturity on November 8, 2020. The bonds will be paid from the DAP Facility Special Revenue Fund using transfers from the General Fund.

The Ohio Water Development Authority (OWDA) loan consisted of money owed to the Ohio Water Development Authority for the construction of a salt storage shed. The loan was issued at a 3.25 percent interest rate and will reach maturity on July 1, 2030. The loan will be repaid from the Street / Public Services Special Revenue Fund.

On December 21, 2012, the City entered into a tax increment financing and infrastructure development agreement with Disciple Development Company, LLC to fund the construction of public infrastructure improvement in the Brantwood division. The loan was received in 2013. Per the agreement, the City will begin repaying the loan once TIF monies are received from the Brantwood division development, and the repayment schedule will depend upon the amount of TIF monies received by the City.

The 2014 Property Acquisition Non-Tax Revenue Bond Anticipation Note was issued on April 24, 2014, in the amount of \$4,600,000 for acquisition and improvements of properties and buildings. This note was refinanced in April of 2015 for \$5,460,000. The City has spent \$4,071,000 of the note proceeds as of December 31, 2015.

The City received a loan in the amount of \$200,000 from the Ohio Public Works Commission for the Harshman Road Improvements. The loan was issued at a zero percent interest rate and will mature on January 1, 2039. The loan will be repaid from the Ohio Public Works Issue II fund.

During 2015, the City received \$75,375 in loan proceeds from the Ohio Public Works Commission for the Burkhardt Road Project. The loan was issued at a zero percent interest rate and will mature on January 1, 2021. The loan will be repaid from the Ohio Public Works Issue II – Burkhardt Road fund.

Compensated absences will be paid from the General Fund and the Fire, Street / Public Service, Police, and Victims of Crime Act special revenue funds. The City pays obligations relating to employee compensation from the funds benefitting their service. For additional information related to the net pension liability see note 11.

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The City's overall legal debt margin was \$19,662,848 and the unvoted legal debt margin was \$7,281,556 at December 31, 2015.

Principal and interest requirements to retire the City's outstanding general obligation bonds at December 31, 2015 were:

Year	General Obligation Bonds		OWDA	
	Principal	Interest	Principal	Interest
2016	\$73,612	\$30,623	\$998	\$582
2017	76,286	27,949	1,031	549
2018	79,057	25,178	1,064	515
2019	81,929	22,306	1,099	481
2020	557,995	19,331	1,135	445
2021-2025	0	0	6,260	1,639
2026-2030	0	0	6,564	545
Total	<u>\$868,879</u>	<u>\$125,387</u>	<u>\$18,151</u>	<u>\$4,756</u>

Year	OPWC	OPWC	Total	
	Harshman Principal	Burkhardt Principal	Principal	Interest
2016	\$8,000	\$62,350	\$144,960	\$31,205
2017	8,000	62,350	147,667	28,498
2018	8,000	62,350	150,471	25,693
2019	8,000	62,350	153,378	22,787
2020	8,000	62,348	629,478	19,776
2021-2025	40,000	0	46,260	1,639
2026-2030	40,000	0	46,564	545
2031-2035	40,000	0	40,000	0
2036-2039	28,000	0	28,000	0
Total	<u>\$188,000</u>	<u>\$311,748</u>	<u>\$1,386,778</u>	<u>\$130,143</u>

NOTE 16 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage through the Public Entities Pool of Ohio (PEP), a risk sharing pool for building contents, vehicles, general liability, public official, and police professional liability (see Note 20). Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated on accident history and administrative costs.

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NOTE 17 – INTERFUND ACTIVITY

Interfund balances at December 31, 2015 consisted of \$394,750 advanced from the General Fund to nonmajor governmental funds as a result of an advance for a grant reimbursement. All amounts are expected to be repaid within one year.

Transfers made during the year ended December 31, 2015 were as follows:

Transfers From	Transfers To					Total
	Fire Fund	Street / Public Service Fund	Police Fund	General Assessments Fund	Nonmajor Governmental Funds	
General Fund	\$810,000	\$1,412,450	\$1,710,000	\$84,360	\$326,570	\$4,343,380
Police and Fire Income Tax Fund	584,581	0	876,872	0	0	1,461,453
Nonmajor Governmental Funds	0	0	0	0	1,565,251	1,565,251
Total	\$1,394,581	\$1,412,450	\$2,586,872	\$84,360	\$1,891,821	\$7,370,084

Transfers from the General Fund were made to move unrestricted balances to support programs and projects accounted for in other funds.

Transfers from the Police and Fire Income Tax Fund to the Fire Fund and Police Fund were made for operating purposes.

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission

The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami, and Montgomery Counties and various cities residing within these counties, including the City of Riverside. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks, and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses that affect the development of the region. The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designing management. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$11,592 for the operation of the Commission during 2015.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

Financial information may be obtained by writing to Brian Martin, Executive Director, 10 North Ludlow Street, Suite 700, Dayton, Ohio 45402.

Greater Miami Valley Emergency Medical Services Council

The Greater Miami Valley EMS Council is a jointly governed organization between municipal corporations and townships in Montgomery, Greene, and Warren Counties. The purpose of the Council is to foster cooperation among the political subdivisions by promoting programs and recommending matters that will result in more efficient methods of delivering fire and emergency medical services in the region. The Council is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS Services by volunteers, two representatives appointed by the members who are provided Fire/EMS Services by a combination of full-time employees and volunteers, and a representative appointed by the members who are provided Fire/EMS Services by full-time employees. Payments to the Council are made from the Fire Special Revenue Fund. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designing management. The degree of control exercised by any participating government is limited to its representation on the Board. The City contributed \$550 toward the operation of the Council during 2015. Financial information may be obtained by writing to Sandy Lehrter, Executive Administrator, at 247 Taylor Street, Suite 130, Dayton, Ohio, 45402.

Economic Development/Government Equity Program

The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced, and that county economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, townships, and cities within Montgomery County and Montgomery County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial, or research facilities and by creating and preserving job and employment opportunities for the people of the County.

The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. The City has agreed to be a member for 8 years, ending December 31, 2019. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued, and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the General Fund. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designing management. The degree of control exercised by any participating government is limited to its representation on the Board. The City did not receive any monies from ED/GE during 2015.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

Financial information may be obtained by writing to Erik Collins, Executive Administrator, 451 West Third Street, Dayton, Ohio, 45422.

NOTE 19 – RELATED ORGANIZATION

The Riverside Historical Society (RHS) is a related organization that was created by Ordinance No. 96-0-79 on November 7, 1996 by the City of Riverside. RHS is governed by seven members, which are appointed by City Council. RHS was established to provide a society that is interested and qualified to undertake such programs that will promote the historical and cultural heritage of the City, to protect existing historical landmarks in the City, and to promote the use of and protect historical sites within the City. The City is not able to impose its will on the RHS, and no financial benefit and/or burden relationship exists. The City did not contribute to the operation of the RHS during 2015.

NOTE 20 – RISK SHARING POOL

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081 of the Ohio Revised Code by the execution of an intergovernmental contract (“Participation Agreements”). PEP enables the subscribing subdivisions to pool risk for property, liability, and public official liability.

PEP has no employees; rather, it is administered through contracts with various professionals. Pursuant to a contract, the firm of American Risk Pooling Consultants administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative, and claims functions to a “Pool Operator,” currently USI Insurance Services. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as counsel to PEP, and others as required.

The City pays an annual “premium” to PEP for the coverage they are provided, based on rates established by PEP, using anticipated and actual results of operation for the various coverage provided. Participants are also charged for a “surplus contribution” that is used to fund the activities of PEP. During 2015, the City of Riverside made premium payments of \$167,991 to PEP. There was no required surplus contribution in 2015.

PEP is governed by a seven-member Board of Trustees elected by the members of PEP. The City makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio, 45402.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

NOTE 21 – CONTINGENT LIABILITIES

Litigation

The City is party to legal proceedings. The City is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the City.

Federal and State Grants

For the period January 1, 2015 to December 31, 2015, the City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 22 – 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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

Fund Balances	General Fund	Fire Fund	Street / Public Service Fund	Police Fund
<u>Nonspendable:</u>				
Materials and Supplies	\$855	\$729	\$55,478	\$185
<u>Restricted for:</u>				
Safety Forces	0	1,320,991	0	260,645
Transportation Services	0	0	491,264	0
Street Lighting	0	0	0	0
Center of Flight Program	0	0	0	0
Drug Law	0	0	0	0
Public Health Services	0	0	0	0
Community Development	0	0	0	0
Capital Improvements	0	0	0	0
<i>Total Restricted</i>	<u>0</u>	<u>1,320,991</u>	<u>491,264</u>	<u>260,645</u>
<u>Committed to:</u>				
Transportation Services	0	0	0	0
<u>Assigned to:</u>				
Purchases on Order	317,465	0	0	0
Community Development	0	0	0	0
Future Appropriations	1,763,810	0	0	0
Debt Service Payments	0	0	0	0
<i>Total Assigned</i>	<u>2,081,275</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Unassigned (Deficit)</u>	<u>3,682,495</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u><u>\$5,764,625</u></u>	<u><u>\$1,321,720</u></u>	<u><u>\$546,742</u></u>	<u><u>\$260,830</u></u>

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

Fund Balances	General Assessments Fund	Police and Fire Income Tax Fund	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>				
Materials and Supplies	\$0	\$0	\$0	\$57,247
<u>Restricted for:</u>				
Safety Forces	0	107,381	46,224	1,735,241
Transportation Services	0	0	817,001	1,308,265
Street Lighting	186,618	0	0	186,618
Center of Flight Program	0	0	270,498	270,498
Drug Law	0	0	2,129	2,129
Public Health Services	0	0	5,212	5,212
Community Development	0	0	24,462	24,462
Capital Improvements	0	0	48,971	48,971
<i>Total Restricted</i>	<u>186,618</u>	<u>107,381</u>	<u>1,214,497</u>	<u>3,581,396</u>
<u>Committed to:</u>				
Transportation Services	0	0	229	229
<u>Assigned to:</u>				
Purchases on Order	0	0	0	317,465
Community Development	0	0	33,793	33,793
Future Appropriations	0	0	0	1,763,810
Debt Service Payments	0	0	1,559,369	1,559,369
<i>Total Assigned</i>	<u>0</u>	<u>0</u>	<u>1,593,162</u>	<u>3,674,437</u>
<u>Unassigned (Deficit)</u>	<u>0</u>	<u>0</u>	<u>(19,212)</u>	<u>3,663,283</u>
Total Fund Balances	<u><u>\$186,618</u></u>	<u><u>\$107,381</u></u>	<u><u>\$2,788,676</u></u>	<u><u>\$10,976,592</u></u>

NOTE 23 – SIGNIFICANT COMMITMENTS

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

City of Riverside
Notes to the Basic Financial Statements
For The Year Ended December 31, 2015

General Fund	\$317,465
Fire Fund	1,014,758
Street/Public Service Fund	186,553
Police Fund	17,972
Nonmajor Governmental Funds	261,866
Total	<u>\$1,798,614</u>

Contractual Commitments

The City of Riverside has entered into the following contracts as of December 31, 2015:

Contractor	Purpose	Amount Remaining
Brumbaugh Construction	Tenant Modifications at Wright Point	\$25,840
MS Consultants	Canoe/Kayak Launch	9,644

NOTE 24 – SUBSEQUENT EVENTS

In April 2016, the City reissued Property Acquisition Non-Tax Revenue Bond Anticipation Notes in the amount of \$5,400,000.

Required Supplementary Information

City of Riverside
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Ohio Public Employees Retirement System - Traditional Plan
 Last Two Years (1)

	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.010207%	0.010207%
City's Proportionate Share of the Net Pension Liability	\$1,231,016	\$1,203,213
City's Covered-Employee Payroll	\$1,224,748	\$1,164,021
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	100.51%	103.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

Amounts presented as of the City's measurement date which is the prior fiscal year end.

City of Riverside
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Ohio Police and Fire Pension Fund
 Last Two Years (1)

	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.144220%	0.144220%
City's Proportionate Share of the Net Pension Liability	\$7,471,192	\$7,023,962
City's Covered-Employee Payroll	\$2,928,529	\$2,550,921
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	255.12%	275.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%	73.00%

(1) Information prior to 2013 is not available.

Amounts presented as of the City's measurement date which is the prior fiscal year end.

City of Riverside
 Required Supplementary Information
 Schedule of City Contributions
 Ohio Public Employees Retirement System - Traditional Plan
 Last Three Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$152,682	\$150,347	\$151,323
Contributions in Relation to the Contractually Required Contribution	<u>(152,682)</u>	<u>(150,347)</u>	<u>(151,323)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$1,244,308	\$1,224,748	\$1,164,021
Contributions as a Percentage of Covered-Employee Payroll	12.27%	12.28%	13.00%

(1) Information prior to 2013 is not available.

City of Riverside
 Required Supplementary Information
 Schedule of City Contributions
 Ohio Police and Fire Pension Fund
 Last Ten Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$632,322	\$603,551	\$445,308	\$377,381
Contributions in Relation to the Contractually Required Contribution	<u>(632,322)</u>	<u>(603,551)</u>	<u>(445,308)</u>	<u>(377,381)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$3,071,613	\$2,928,529	\$2,550,921	\$2,638,061
Contributions as a Percentage of Covered-Employee Payroll:	20.59%	20.61%	17.46%	14.31%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$401,451	\$403,022	\$404,265	\$404,259	\$367,954	\$328,999
<u>(401,451)</u>	<u>(403,022)</u>	<u>(404,265)</u>	<u>(404,259)</u>	<u>(367,954)</u>	<u>(328,999)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,832,034	\$2,848,130	\$2,818,139	\$2,842,149	\$2,587,935	\$2,463,402
14.18%	14.15%	14.35%	14.22%	14.22%	13.36%

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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 Riverside
Montgomery County
5200 Springfield Street, Suite 100
Riverside, Ohio 45431

To the Mayor and 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, each major fund, and the aggregate remaining fund information of the City of Riverside, Montgomery County, (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 26, 2017, wherein we noted the City adopted provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider Finding Number 2015-001 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as Finding Number 2015-001.

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 "Y" and "O".

Dave Yost
Auditor of State
Columbus, Ohio

January 26, 2017

**CITY OF RIVERSIDE
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2015-001

Noncompliance and Material Weakness – Improper Transfers

Ohio Rev. Code Section 5705.14(B) states that the unexpended balance in any specific permanent improvement fund, other than a bond fund, after the payment of all obligations incurred in the acquisition of such improvement, shall be transferred to the sinking fund or bond retirement fund of the subdivision; provided that if such money is not required to meet the obligations payable from such funds, it may be transferred to a special fund for the acquisition of permanent improvements, or, with the approval of the court of common pleas of the county in which such subdivision is located, to the general fund of the subdivision.

During Fiscal Year 2015 the City transferred the unspent proceeds from three separate Ohio Public Works Commission (OPWC) funds into the General Fund. These transfers were not separately approved by the City Council in open session, with the exception of the transfer from the OPWC – Streambank Preservation Fund to the General Fund. It was approved in February 2015. The other two transfers were approved by appropriation line item in the annual appropriation measure and supplemental appropriations during the year. Amounts transferred from these funds are as follows:

OPWC – Harshman Road	\$650,635
OPWC – Burkhardt Road	\$908,730
OPWC – Streambank Preservation	\$ 7,526

Even though these funds were originally started with transfers from the General Fund, that money became restricted for permanent improvements once it was transferred into each OPWC fund, and the transfers out of the OPWC funds should have followed provisions of Ohio Rev. Code Section 5705.14(B). The OPWC – Harshman Road and OPWC – Burkhardt Road projects had related debt outstanding at December 31, 2015. These leftover balances should have been posted to the City’s Debt Service Fund. The OPWC – Streambank Preservation project did not have related debt outstanding at December 31, 2015. That leftover balance should have been posted to the City’s Permanent Improvement Fund.

As a result, the City’s General Fund transfers in and year-end cash balance was overstated by \$1,566,891, and the City’s Other Governmental Fund year-end cash balance was understated by the same amount. Other Governmental Funds transfers in were understated by \$1,559,365 and transfers out were overstated by \$7,526. The financial statements have been adjusted for these items. Additionally, the City has corrected its accounting system fund balances for these items.

The City should take steps to ensure interfund transfers made are in accordance with provisions in the Ohio Rev. Code. Additionally, if the City plans to make transfers that are intended to be returned to the originating fund, the City should consider making these transactions as advances.

Official’s Response:

We did not receive a response from City officials to this finding.

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CITY OF RIVERSIDE

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
FEBRUARY 21, 2017**