



Dave Yost • Auditor of State

**CITY OF CELINA
MERCER COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Celina
Mercer County
225 N. Main Street
Celina, Ohio 45822

To the City Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 September 8, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 8, 2015

**CITY OF CELINA
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**

The discussion and analysis of the City of Celina's financial performance provides an overview of the City's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of Celina's financial position.

The statement of net position and the statement of activities provide information about the activities of the City as a whole, presenting both an aggregate and a longer-term view of the City.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the City's most significant funds individually and the City's non-major funds in a single column. The City's major funds are the General, Parks and Recreation, Westview/Westbank Projects, Tax Increment Financing, Electric, Water, Sewer, and Stormwater funds.

REPORTING THE CITY AS A WHOLE

The statement of net position and the statement of activities reflect how the City did financially during 2014. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the City's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the City as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors can include changes in the City's property tax base and the condition of the City's capital assets (buildings; streets; electric, water, sewer, and stormwater lines). These factors must be considered when assessing the overall health of the City.

In the statement of net position and the statement of activities, the City is divided into two types of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including security of persons and property, public health, leisure time activities, community environment, basic utility services, transportation, and general government activities. These services are primarily funded by property taxes and income taxes and from intergovernmental revenues, including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The City's electric, water, sewer, and stormwater services are reported here.

**CITY OF CELINA
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the City's major funds, the General, Parks and Recreation, Westview/Westbank Projects, Tax Increment Financing, Electric, Water, Sewer, and Stormwater funds. While the City uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - The City's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the City's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services being provided.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Proprietary Funds - The City's enterprise funds use the accrual basis of accounting, the same as that used for the business-type activities on the government-wide financial statements. The internal service fund is an accounting device used to accumulate and allocate costs internally among the City's other programs and activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the City's programs. These funds also use the accrual basis of accounting.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the City's net position for 2014 and 2013.

**Table 1
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and Other Assets	\$9,845,334	\$8,345,093	\$19,442,578	\$20,130,142	\$29,287,912	\$28,475,235
Capital Assets, Net	26,404,358	23,285,437	36,526,471	36,189,885	62,930,829	59,475,322
Total Assets	36,249,692	31,630,530	55,969,049	56,320,027	92,218,741	87,950,557
Deferred Outflows of Resources	0	0	39,123	59,955	39,123	59,955

(Continued)

**CITY OF CELINA
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

**Table 1
Net Position**

	Governmental Activities		Business-Type Activities		Total	
Liabilities:						
Current and Other Liabilities	2,251,720	858,829	2,401,912	2,337,021	4,653,632	3,195,850
Long-Term Liabilities	4,599,530	3,826,487	9,755,318	10,816,151	14,354,848	14,642,638
Total Liabilities	6,851,250	4,685,316	12,157,230	13,153,172	19,008,480	17,838,488
Deferred Inflows of Resources	1,341,997	1,431,670			1,341,997	1,431,670
Net Position:						
Net Investment in Capital Assets	22,144,107	19,700,394	28,187,483	26,938,423	50,331,590	46,628,817
Restricted	3,276,245	3,011,754	917,548	757,136	4,193,793	3,768,890
Unrestricted	2,636,093	2,801,396	14,745,911	15,541,251	17,382,004	18,342,647
Total Net Position	\$28,056,445	\$25,513,544	\$43,850,942	\$43,226,810	\$71,907,387	\$68,740,354

There were several factors contributing to the increase in current and other assets for governmental activities. Modest increases in both property and income taxes contributed to an increase in cash and cash equivalents, amounts due from other governments increased due to grant reimbursements outstanding as of yearend, and the receivable for property taxes increased largely due to outstanding delinquent taxes. The increase in net capital assets reflects a \$2.9 million land acquisition (for which debt was issued for the purchase) as well as a number of other asset acquisitions. The increase in current and other liabilities was primarily due to the remaining amount owed on the land acquisition (a portion of this purchase was paid in 2014 with the remainder paid in 2015). The increase in long-term liabilities was due to the bond anticipation note issued for the land acquisition. Overall, net position for governmental activities increased almost 10 percent.

There was little change in the net position for business-type activities (increase of less than 2 percent). The most significant change was the decrease in long-term liabilities resulting from scheduled debt retirement. The debt reduction is also noted in the increase in the net investment in capital assets. The only other change of note is the decrease in current and other assets (primarily cash and cash equivalents) and corresponding decrease in unrestricted net position. This is largely the result of cash carryover spending in the Electric enterprise fund.

Table 2 reflects the change in net position for 2014 and 2013.

**Table 2
Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
	Revenues:					
Program Revenues:						
Charges for Services	\$1,237,450	\$1,142,199	\$25,505,991	\$25,271,390	\$26,743,441	\$26,413,589
Operating Grants, Contributions, and Interest	738,851	689,869	0	0	738,851	689,869
Capital Grants and Contributions	866,752	604,476	0	91,000	866,752	695,476
Total Program Revenues	2,843,053	2,436,544	25,505,991	25,362,390	28,349,044	27,798,934

(Continued)

**CITY OF CELINA
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

**Table 2
Change in Net Position
(Continued)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Revenues:						
Property Taxes	\$549,737	\$366,973	\$0	\$0	\$549,737	\$366,973
Municipal Income Taxes	5,272,044	5,032,542	0	0	5,272,044	5,032,542
Payment in Lieu of Taxes	766,875	756,873	0	0	766,875	756,873
Other Local Taxes	567,874	565,960	0	0	567,874	565,960
Franchise Fees	92,315	97,372	0	0	92,315	97,372
Grants and Entitlements not Restricted to Specific Programs	291,282	310,961	0	0	291,282	310,961
Interest	51,573	40,996	12,895	5,091	64,468	46,087
Other	177,432	216,905	148,474	384,323	325,906	601,228
Total General Revenues	7,769,132	7,388,582	161,369	389,414	7,930,501	7,777,996
Total Revenues	10,612,185	9,825,126	25,667,360	25,751,804	36,279,545	35,576,930
Expenses:						
Security of Persons and Property	3,784,516	3,007,586	0	0	3,784,516	3,007,586
Public Health	111,352	91,010	0	0	111,352	91,010
Leisure Time Activities	578,237	615,739	0	0	578,237	615,739
Community Environment	2,619	73,059	0	0	2,619	73,059
Basic Utility Services	253,230	115,418	0	0	253,230	115,418
Transportation	1,552,118	1,625,098	0	0	1,552,118	1,625,098
General Government	1,447,535	1,486,821	0	0	1,447,535	1,486,821
Interest and Fiscal Charges	75,497	119,335	0	0	75,497	119,335
Electric	0	0	19,829,162	17,605,458	19,829,162	17,605,458
Water	0	0	3,547,727	3,103,479	3,547,727	3,103,479
Sewer	0	0	1,805,606	1,652,813	1,805,606	1,652,813
Stormwater	0	0	124,913	104,976	124,913	104,976
Total Expenses	7,805,104	7,134,066	25,307,408	22,466,726	33,112,512	29,600,792
Excess of Revenues Over Expenses Before Transfers	2,807,081	2,691,060	359,952	3,285,078	3,167,033	5,976,138
Transfers	(264,180)	(444,299)	264,180	444,299	0	0
Increase in Net Position	2,542,901	2,246,761	624,132	3,729,377	3,167,033	5,976,138
Net Position Beginning of Year	25,513,544	23,266,783	43,226,810	39,497,433	68,740,354	62,764,216
Net Position End of Year	\$28,056,445	\$25,513,54	\$43,850,942	\$43,226,810	\$71,907,387	\$68,740,354

For governmental activities, program revenues represented 27 percent of total revenues which was similar to the prior year (25 percent in 2013). The most significant increase in program revenues is the increase in capital grants and contributions and related to grant resources for the Westview/Westbank related projects. General revenues remained fairly similar to the prior year, although there was a 5 percent increase overall largely due to modest increases in both property and income taxes.

Overall, expenses for governmental activities increased 9 percent with the most significant change in the security of persons and property program. The major program expense for governmental activities is security of persons and property, which includes the police and fire departments, and accounts for approximately 48 percent of all governmental activities expenses. Maintenance of the City's streets also represents a significant amount of the City's governmental expenses, along with the general business of running the City's government. These three programs represent 87 percent of the City's governmental expenses.

**CITY OF CELINA
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

For business-type activities, there was little change in overall revenues (decrease less than 1 percent); however, there was a 13 percent increases in total expenses. Although expenses increased somewhat in each utility, the most significant increase was in the Electric Fund and largely due to an increase in the cost of purchasing electricity. The City purchases its electricity through various electric generating facilities in which it has ownership as well as on the open market. The City's electric operations account for 78 percent of the expenses of the City's business-type activities.

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Security of Persons and Property	\$3,784,516	\$3,007,586	\$3,316,167	\$2,323,357
Public Health	111,352	91,010	103,852	14,710
Leisure Time Activities	578,237	615,739	29,707	480,673
Community Environment	2,619	73,059	(1,403)	(55,489)
Basic Utility Services	253,230	115,418	67,043	(48,395)
Transportation	1,552,118	1,625,098	598,074	955,471
General Government	1,447,535	1,486,821	773,114	907,860
Interest and Fiscal Charges	75,497	119,335	75,497	119,335
Total Expenses	<u>\$7,805,104</u>	<u>\$7,134,066</u>	<u>\$4,962,051</u>	<u>\$4,697,522</u>

General revenues provided for 64 percent of the costs of providing governmental services in 2014, a slight decrease from the prior year. The City's most significant revenue source is municipal income taxes. Although dependence on municipal income taxes is critical to the City's operations, there are several programs which continue to be well supported through program revenues. The costs of the leisure time activities program are funded through charges for activities, donations from the Bryson Trust, and grants. The community environment program receives grant funding, primarily through the CDBG program. The transportation program receives charges for services in the form of permissive motor vehicle license monies and operating grants in the form of State levied motor vehicle license fees and gas taxes.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund, the Parks and Recreation special revenue fund, and the Westview/Westbank Projects and Tax Increment Financing capital projects funds. Fund balance increased \$491,576 in the General Fund. Revenues remained fairly similar to the prior year; however, both expenditures and resources transferred to other funds to subsidize operations decreased.

Fund balance did decreased significantly in the Parks and Recreation Fund as the result of the purchase of a mobile home park.

The Westview/Westbank Projects Fund had a deficit fund balance at year end due to construction activities for which the City will be receiving grant reimbursements.

There was an increase in fund balance in the Tax Increment Financing Fund. Revenues were similar to the prior year. There was a decrease in expenditures relating to improvements as well a reduction in debt service expenditures.

**CITY OF CELINA
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

The City's enterprise funds are the Electric, Water, Sewer, and Stormwater funds. The Electric Fund had an operating loss for 2014. The remaining funds reported an operating income.

There was a 5 percent decrease in net position in the Electric Fund, primarily due to a substantial increase in materials and supplies expenses and the result of the increase in purchased power costs noted previously.

Net position increased 7 percent in the Water Fund despite a 3 percent decrease in revenues and 17 percent increase in expenses (primarily materials and supplies expense). The fund had an operating income due to the excess of revenues over expenses.

Net position increased over 16 percent in the Sewer Fund. Revenues and expenses were both fairly similar to the prior year.

Revenues and expenses were also similar to the prior year for the Stormwater Fund. There was a 3 percent increase in net position.

BUDGETARY HIGHLIGHTS

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations ordinance which is effective the first day of January. The City's most significant budgeted fund is the General Fund. For revenues, there was no change from the original budget to the final budget. The most significant change from the final budget to actual revenues was related to municipal income taxes with collections better than projected. For expenditures, changes from the original budget to the final budget were not significant although there was a \$300,000 increase in the final budget for the community environment program related to the City's land acquisition. Actual expenditures were less than the final budgeted amounts for all programs due to conservative budgeting.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2014, was \$26,404,358 and \$36,526,471, respectively (net of accumulated depreciation). This investment in capital assets includes land; land improvements; construction in progress; buildings; improvements other than buildings; streets; furniture and equipment; vehicles; and electric, water, sewer, and stormwater lines. The most significant additions for governmental activities were the land acquisition, street improvements, and the purchase of vehicles. In the business-type activities, the largest additions were infrastructure improvements. Disposals were minimal for both governmental and business-type activities. For further information on the City's capital assets, refer to Note 10 to the basic financial statements.

Debt - At December 31, 2014, the City had \$800,000 in outstanding revenue anticipation notes and \$1,200,000 in bond anticipation notes payable from governmental activities. The City had a number of long-term obligations outstanding as of December 31, 2014, including \$2,812,091 in general obligation bonds, \$2,140,000 in mortgage revenue bonds, \$370,548 in OPWC loans, \$5,000,465 in OWDA loans and \$1,164,568 due to AMP-Ohio. Of this amount, \$9,495,826 will be repaid from business-type activities.

In addition to the debt outlined above, the City's long-term obligations also include capital leases and compensated absences. For further information on the City's debt, refer to Notes 17, 18, and 19 to the basic financial statements.

**CITY OF CELINA
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

CURRENT ISSUES

On February 4, 2015, the City issued revenue anticipation notes, in the amount of \$700,000, to partially retire notes previously issued to provide for the acquisition of property and the construction and installation of the West Bank Walkway. The notes are payable from the revenues of the Grand Lake tax incremental financing district. The notes have an interest rate of 1.89 percent and mature on February 3, 2016.

On February 27, 2015, the City issued bond anticipation notes, in the amount of \$2,645,000, to retire notes previously issued to acquire property. The notes have an interest rate of 1.6 percent and mature on February 26, 2016.

December 12, 2013, the City accepted the deed granting ownership of the North Grove Cemetery after the Board of the North Grove Cemetery Association, Inc. voted to dissolve the association. The City maintains a permanent fund for the care, maintenance, and upkeep of the lots in and the grounds comprising the North Grove Cemetery. The North Grove Cemetery will continue to operate as an active cemetery in accordance with the Ohio Revised Code Chapter 759 and also in accordance with local ordinances as enacted from time to time by the City Council.

During 2014, the City was awarded a \$1,000,000 grant to complete the Westbank Walkway and Filter Strip Phase 2 Project. The City was also awarded a \$285,545 grant for the Westview Park Quad Project and a \$150,000 grant for the Eastview Park Improvements Project. These projects are ongoing.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those interested in our City's financial well-being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Betty Strawn, Celina City Auditor, P.O. Box 297, Celina, Ohio 45822-0297.

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**CITY OF CELINA
MERCER COUNTY**

**STATEMENT OF NET POSITION
DECEMBER 31, 2014**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$6,830,992	\$13,395,234	\$20,226,226
Cash and Cash Equivalents with Fiscal Agents		309,093	309,093
Accounts Receivable	97,112	2,641,872	2,738,984
Accrued Interest Receivable	8,759		8,759
Due from Other Governments	923,335	4,372	927,707
Municipal Income Taxes Receivable	1,054,930		1,054,930
Internal Balances	(918,941)	918,941	
Prepaid Items	12,943	27,504	40,447
Materials and Supplies Inventory	78,505	2,139,410	2,217,915
Property Taxes Receivable	604,366		604,366
Payment in Lieu of Taxes Receivable	978,075		978,075
Notes Receivable	172,845		172,845
Special Assessments Receivable	2,413		2,413
Investment in Joint Venture		6,152	6,152
Non-depreciable Capital Assets	14,097,614	468,562	14,566,176
Depreciable Capital Assets, Net	12,306,744	36,057,909	48,364,653
Total Assets	36,249,692	55,969,049	92,218,741
Deferred Outflows of Resources:			
Deferred Charge on Refunding		39,123	39,123
Liabilities:			
Accrued Wages Payable	168,073	99,085	267,158
Accounts Payable	1,580,537	112,671	1,693,208
Contracts Payable	183,381	1,528,668	1,712,049
Retainage Payable	20,161	6,846	27,007
Due to Other Governments	193,248	103,194	296,442
Accrued Interest Payable	6,320	150,228	156,548
Notes Payable	100,000		100,000
Deposits Held and Due to Others		401,220	401,220
Long-Term Liabilities:			
Due Within One Year	2,399,858	1,119,052	3,518,910
Due in More Than One Year	2,199,672	8,636,266	10,835,938
Total Liabilities	6,851,250	12,157,230	19,008,480
Deferred Inflows of Resources:			
Property Taxes	363,922		363,922
Payment in Lieu of Taxes	978,075		978,075
Total Deferred Inflows of Resources	1,341,997		1,341,997
Net Position:			
Net Investment in Capital Assets	22,144,107	28,187,483	50,331,590
Restricted for:			
Debt Service	32,607	309,093	341,700
Capital Projects	1,908,888		1,908,888
Other Purposes	1,334,750		1,334,750
Revenue Bond Operations and Maintenance		608,455	608,455
Unrestricted	2,636,093	14,745,911	17,382,004
Total Net Position	\$28,056,445	\$43,850,942	\$71,907,387

See Accompanying Notes to the Basic Financial Statements.

**CITY OF CELINA
MERCER COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>	
Governmental Activities:				
Security of Persons and Property	\$3,784,516	\$451,483	\$16,866	
Public Health	111,352	7,500		
Leisure Time Activities	578,237	108,380	10,000	430,150
Community Environment	2,619		4,022	
Basic Utility Services	253,230			186,187
Transportation	1,552,118	7,986	695,643	250,415
General Government	1,447,535	662,101	12,320	
Interest and Fiscal Charges	75,497			
Total Governmental Activities	<u>7,805,104</u>	<u>1,237,450</u>	<u>738,851</u>	<u>866,752</u>
Business-Type Activities:				
Electric	19,829,162	18,686,188		
Water	3,547,727	4,045,364		
Sewer	1,805,606	2,485,368		
Stormwater	124,913	289,071		
Total Business-Type Activities	<u>25,307,408</u>	<u>25,505,991</u>		
Total	<u>\$33,112,512</u>	<u>\$26,743,441</u>	<u>\$738,851</u>	<u>\$866,752</u>

General Revenues:

Property Taxes Levied for General Purposes
Property Taxes Levied for Police Pension
Property Taxes Levied for Fire Pension
Municipal Income Taxes
Payment in Lieu of Taxes
Other Local Taxes
Franchise Fees
Grants and Entitlements not Restricted to Specific Programs
Interest
Other
Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements.

**Net (Expense) Revenue
and Change in Net Position**

Governmental Activities	Business-Type Activities	Total
(\$3,316,167)		(\$3,316,167)
(103,852)		(103,852)
(29,707)		(29,707)
1,403		1,403
(67,043)		(67,043)
(598,074)		(598,074)
(773,114)		(773,114)
(75,497)		(75,497)
<u>(4,962,051)</u>		<u>(4,962,051)</u>
	(\$1,142,974)	(1,142,974)
	497,637	497,637
	679,762	679,762
	164,158	164,158
	<u>198,583</u>	<u>198,583</u>
<u>(4,962,051)</u>	<u>198,583</u>	<u>(4,763,468)</u>
412,499		412,499
68,619		68,619
68,619		68,619
5,272,044		5,272,044
766,875		766,875
567,874		567,874
92,315		92,315
291,282	0	291,282
51,573	12,895	64,468
177,432	148,474	325,906
<u>7,769,132</u>	<u>161,369</u>	<u>7,930,501</u>
<u>(264,180)</u>	<u>264,180</u>	
<u>7,504,952</u>	<u>425,549</u>	<u>7,930,501</u>
2,542,901	624,132	3,167,033
<u>25,513,544</u>	<u>43,226,810</u>	<u>68,740,354</u>
<u>\$28,056,445</u>	<u>\$43,850,942</u>	<u>\$71,907,387</u>

**CITY OF CELINA
MERCER COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	<u>General</u>	<u>Parks and Recreation</u>	<u>Westview/ Westbank Projects</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$2,186,576	\$54,787	\$1,058,572
Accounts Receivable	79,031		
Accrued Interest Receivable	8,759		
Due from Other Governments	157,969		430,150
Municipal Income Taxes Receivable	1,054,930		
Interfund Receivable	1,373,400		
Prepaid Items	12,943		
Materials and Supplies Inventory	22,660		
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	12,140		
Property Taxes Receivable	446,706		
Payment in Lieu of Taxes Receivable			
Notes Receivable			
Special Assessments Receivable			
Total Assets	<u>5,355,114</u>	<u>54,787</u>	<u>1,488,722</u>
Liabilities:			
Accrued Wages Payable	149,875	2,233	
Accounts Payable	127,335	1,445,230	
Contracts Payable	365		183,016
Retainage Payable			20,161
Due to Other Governments	162,921		
Interfund Payable	925,826	232	1,285,545
Accrued Interest Payable			
Notes Payable			
Total Liabilities	<u>1,366,322</u>	<u>1,447,695</u>	<u>1,488,722</u>
Deferred Inflows of Resources:			
Property Taxes	268,986		
Payment in Lieu of Taxes			
Unavailable Revenue	998,423		430,150
Total Deferred Inflows of Resources	<u>1,267,409</u>		<u>430,150</u>
Fund Balance:			
Non-spendable	47,743		
Restricted			
Committed			
Assigned	24,365		
Unassigned (Deficit)	2,649,275	(1,392,908)	(430,150)
Total Fund Balance (Deficit)	<u>2,721,383</u>	<u>(1,392,908)</u>	<u>(430,150)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$5,355,114</u>	<u>\$54,787</u>	<u>\$1,488,722</u>

See Accompanying Notes to the Basic Financial Statements.

Tax Increment Financing	Other Governmental	Total Governmental Funds
\$1,897,602	1,509,752	\$6,707,289
	18,081	97,112
		8,759
12,620	322,596	923,335
		1,054,930
		1,373,400
		12,943
	55,845	78,505
		12,140
	157,660	604,366
978,075		978,075
	172,845	172,845
	2,413	2,413
<u>2,888,297</u>	<u>2,239,192</u>	<u>12,026,112</u>
	15,965	168,073
	7,972	1,580,537
		183,381
		20,161
	30,327	193,248
	38,917	2,250,520
1,866		1,866
100,000		100,000
<u>101,866</u>	<u>93,181</u>	<u>4,497,786</u>
	94,936	363,922
978,075		978,075
12,620	340,529	1,781,722
<u>990,695</u>	<u>435,465</u>	<u>3,123,719</u>
	55,845	103,588
1,795,736	1,067,992	2,863,728
	655,925	655,925
		24,365
	(69,216)	757,001
<u>1,795,736</u>	<u>1,710,546</u>	<u>4,404,607</u>
<u>\$2,888,297</u>	<u>\$2,239,192</u>	<u>\$12,026,112</u>

**CITY OF CELINA
MERCER COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014**

Total Governmental Fund Balance	\$4,404,607
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Amounts reported for governmental activities on the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	26,404,358
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Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Accounts Receivable	\$70,687	
Accrued Interest Payable	8,756	
Due from Other Governments	832,408	
Municipal Income Taxes Receivable	627,014	
Delinquent Property Taxes Receivable	240,444	
Special Assessments Receivable	2,413	
		1,781,722

An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.	(41,821)
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Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest Payable	(4,454)	
Revenue Anticipation Notes Payable	(700,000)	
Bond Anticipation Notes Payable	(1,200,000)	
General Obligation Bonds Payable	(1,875,000)	
OPWC Loan Payable	(116,846)	
Capital Leases Payable	(268,405)	
Compensated Absences Payable	(439,279)	
		(4,603,984)

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.	111,563
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Net Position of Governmental Activities	\$28,056,445
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See Accompanying Notes to the Basic Financial Statements.

**CITY OF CELINA
MERCER COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Parks and Recreation	Westview/ Westbank Projects	Tax Increment Financing	Other Governmental	Total Governmental Funds
Revenues:						
Property Taxes	\$257,239				\$82,442	\$339,681
Municipal Income Taxes	5,223,432					5,223,432
Payment in Lieu of Taxes				\$766,875		766,875
Other Local Taxes	567,874					567,874
Special Assessments					3,741	3,741
Charges for Services	226,124	\$108,380			14,822	349,326
Fees, Licenses, and Permits	76,272					76,272
Fines and Forfeitures	339,347				181,614	520,961
Intergovernmental	620,599	10,000		26,808	924,619	1,582,026
Interest	55,880				5,242	61,122
Other	131,482	18,963			25,844	176,289
Total Revenues	7,498,249	137,343		793,683	1,238,324	9,667,599
Expenditures:						
Current:						
Security of Persons and Property	3,303,638				456,496	3,760,134
Public Health	91,010				20,342	111,352
Leisure Time Activities	62,290	3,070,066	\$430,150			3,562,506
Community Environment	300,000					300,000
Basic Utility Services	209,431				186,187	395,618
Transportation	205,396			242,915	955,586	1,403,897
General Government	1,348,477				62,732	1,411,209
Debt Service:						
Principal Retirement				241,873	82,919	324,792
Current Refunding				100,000		100,000
Interest and Fiscal Charges				82,718	13,526	96,244
Total Expenditures	5,520,242	3,070,066	430,150	667,506	1,777,788	11,465,752
Excess of Revenues Over (Under) Expenditures	1,978,007	(2,932,723)	(430,150)	126,177	(539,464)	(1,798,153)
Other Financing Sources (Uses):						
Notes Issued		1,200,000		700,000		1,900,000
Current Refunding				(700,000)		(700,000)
Sale of Capital Assets	1,143					1,143
Transfers In		294,450		105,590	1,186,250	1,586,290
Transfers Out	(1,487,574)			(17,850)		(1,505,424)
Total Other Financing Sources (Uses)	(1,486,431)	1,494,450		87,740	1,186,250	1,282,009
Changes in Fund Balance	491,576	(1,438,273)	(430,150)	213,917	646,786	(516,144)
Fund Balance Beginning of Year	2,229,807	45,365		1,581,819	1,063,760	4,920,751
Fund Balance (Deficit) End of Year	\$2,721,383	(\$1,392,908)	(\$430,150)	\$1,795,736	\$1,710,546	\$4,404,607

See Accompanying Notes to the Basic Financial Statements.

**CITY OF CELINA
MERCER COUNTY**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Changes in Fund Balance - Total Governmental Funds (\$516,144)

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

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

Capital Outlay - Nondepreciable Capital Assets	\$3,355,710	
Capital Outlay - Depreciable Capital Assets	513,120	
Capital Contribution - Depreciable Capital Assets	250,415	
Depreciation	<u>(979,915)</u>	
		3,139,330

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a gain or a loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(1,143)	
Gain on Disposal of Capital Assets	1,143	
Loss on Disposal of Capital Assets	<u>(20,409)</u>	
		(20,409)

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

Delinquent Property Taxes	210,056	
Municipal Income Taxes	48,612	
Fees, Licenses, and Permits	21,543	
Special Assessments	(3,077)	
Intergovernmental	421,063	
Interest	<u>(5,169)</u>	
		693,028

Note proceeds are other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net position. (1,900,000)

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

Revenue Anticipation Notes Payable	800,000	
General Obligation Bonds Payable	235,000	
OPWC Loan Payable	6,873	
Capital Leases Payable	<u>82,919</u>	
		1,124,792

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. 20,747

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 2,165

The internal service fund used by management to charge the cost of insurance to individual funds is not reported on the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year. (608)

Change in Net Position of Governmental Activities \$2,542,901

See Accompanying Notes to the Basic Financial Statements.

**CITY OF CELINA
MERCER COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		<u>Over (Under)</u>
Revenues:				
Property Taxes	\$285,407	\$285,407	\$257,239	(\$28,168)
Municipal Income Taxes	4,825,000	4,825,000	5,220,191	395,191
Other Local Taxes	560,000	560,000	566,078	6,078
Charges for Services	229,000	229,000	253,615	24,615
Fees, Licenses, and Permits	103,250	103,250	76,732	(26,518)
Fines and Forfeitures	321,412	321,412	331,551	10,139
Intergovernmental	566,967	566,967	635,662	68,695
Interest	17,734	17,734	55,879	38,145
Other	158,695	158,695	130,862	(27,833)
Total Revenues	<u>7,067,465</u>	<u>7,067,465</u>	<u>7,527,809</u>	<u>460,344</u>
Expenditures:				
Current:				
Security of Persons and Property	\$3,550,657	\$3,590,299	\$3,285,239	\$305,060
Public Health	91,010	91,010	91,010	
Leisure Time Activities	80,380	80,380	62,394	17,986
Community Environment		300,000	300,000	
Basic Utility Services	299,165	276,462	217,185	59,277
Transportation	236,089	236,089	203,600	32,489
General Government	1,459,006	1,484,556	1,297,565	186,991
Other	144,159	94,159	45,257	48,902
Total Expenditures	<u>5,860,466</u>	<u>6,152,955</u>	<u>5,502,250</u>	<u>650,705</u>
Excess of Revenues Over Expenditures	<u>1,206,999</u>	<u>914,510</u>	<u>2,025,559</u>	<u>1,111,049</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	1,143	1,143	1,143	
Advances Out	(153,174)	(153,174)	(1,438,719)	(1,285,545)
Transfers Out	(1,105,795)	(1,693,318)	(1,487,574)	205,744
Total Other Financing Sources (Uses)	<u>(1,257,826)</u>	<u>(1,845,349)</u>	<u>(2,925,150)</u>	<u>(1,079,801)</u>
Changes in Fund Balance	<u>(50,827)</u>	<u>(930,839)</u>	<u>(899,591)</u>	<u>31,248</u>
Fund Balance Beginning of Year	<u>3,062,771</u>	<u>3,062,771</u>	<u>3,062,771</u>	
Prior Year Encumbrances Appropriated	<u>47,837</u>	<u>47,837</u>	<u>47,837</u>	
Fund Balance End of Year	<u>\$3,059,781</u>	<u>\$2,179,769</u>	<u>\$2,211,017</u>	<u>\$31,248</u>

See Accompanying Notes to the Basic Financial Statements.

**CITY OF CELINA
MERCER COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAPY BUDGETARY BASIS) AND ACTUAL
PARKS AND RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$128,000	\$128,000	\$108,380	(\$19,620)
Intergovernmental			10,000	10,000
Other	6,100	6,100	18,963	12,863
Total Revenues	<u>134,100</u>	<u>134,100</u>	<u>137,343</u>	<u>3,243</u>
Expenditures:				
Current:				
Leisure Time Activities	449,982	460,277	1,634,257	(1,173,980)
Excess of Revenues Under Expenditures	<u>(315,882)</u>	<u>(326,177)</u>	<u>(1,496,914)</u>	<u>(1,170,737)</u>
Other Financing Sources:				
Notes Issued			1,200,000	1,200,000
Transfers In	313,473	323,767	294,450	(29,317)
Total Other Financing Sources	<u>313,473</u>	<u>323,767</u>	<u>1,494,450</u>	<u>1,170,683</u>
Changes in Fund Balance	(2,409)	(2,410)	(2,464)	(54)
Fund Balance Beginning of Year	50,075	50,075	50,075	
Prior Year Encumbrances Appropriated	<u>2,409</u>	<u>2,409</u>	<u>2,409</u>	
Fund Balance End of Year	<u><u>\$50,075</u></u>	<u><u>\$50,074</u></u>	<u><u>\$50,020</u></u>	<u><u>(\$54)</u></u>

See Accompanying Notes to the Basic Financial Statements.

**CITY OF CELINA
MERCER COUNTY**

**STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014**

	Enterprise Funds				Total Enterprise Funds	Self Insurance Internal Service Fund
	Electric	Water	Sewer	Stormwater		
Assets:						
Current Assets:						
Equity in Pooled Cash and Cash Equivalents	\$6,260,755	\$3,601,564	\$2,166,113	\$357,127	\$12,385,559	\$111,563
Accounts Receivable	1,729,204	504,892	384,986	22,790	2,641,872	
Due from Other Governments	2,088	1,142	1,142		4,372	
Interfund Receivable	1,347,887				1,347,887	
Prepaid Items	13,348	7,078	7,078		27,504	
Materials and Supplies Inventory	1,446,784	637,038	42,658	12,930	2,139,410	
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	401,220		608,455		1,009,675	
Cash and Cash Equivalents with Fiscal Agents			309,093		309,093	
Total Current Assets	<u>11,201,286</u>	<u>4,751,714</u>	<u>3,519,525</u>	<u>392,847</u>	<u>19,865,372</u>	<u>111,563</u>
Non-Current Assets:						
Investment in Joint Venture	6,152				6,152	
Non-depreciable Capital Assets	190,491	40,850	237,221		468,562	
Depreciable Capital Assets, Net	14,220,042	14,505,418	4,622,449	2,710,000	36,057,909	
Total Non-Current Assets	<u>14,416,685</u>	<u>14,546,268</u>	<u>4,859,670</u>	<u>2,710,000</u>	<u>36,532,623</u>	
Total Assets	<u>25,617,971</u>	<u>19,297,982</u>	<u>8,379,195</u>	<u>3,102,847</u>	<u>56,397,995</u>	<u>111,563</u>
Deferred Outflows of Resources:						
Deferred Charge on Refunding			39,123		39,123	
Liabilities:						
Current Liabilities:						
Accrued Wages Payable	38,585	37,244	23,256		99,085	
Accounts Payable	47,340	45,686	13,441	6,204	112,671	
Contracts Payable	1,426,071	9,634	92,963		1,528,668	
Retainage Payable			6,846		6,846	
Compensated Absences Payable	39,470	26,925	18,221		84,616	
Due to Other Governments	59,002	27,274	16,918		103,194	
Interfund Payable	48,938	213,283	208,546		470,767	
Accrued Interest Payable		143,532	6,696		150,228	
General Obligation Bonds Payable		30,000	125,000		155,000	
Mortgage Revenue Bonds Payable			345,000		345,000	
OPWC Loans Payable		24,162			24,162	
OWDA Loans Payable		287,219			287,219	
AMP-Ohio Payable	199,897				199,897	
Capital Leases Payable		23,158			23,158	
Total Current Liabilities	<u>1,859,303</u>	<u>868,117</u>	<u>856,887</u>	<u>6,204</u>	<u>3,590,511</u>	
Non-Current Liabilities:						
Deposits Held and Due to Others	401,220				401,220	
General Obligation Bonds Payable		365,000	417,091		782,091	
Mortgage Revenue Bonds Payable			1,795,000		1,795,000	
OPWC Loans Payable		229,540			229,540	
OWDA Loans Payable		4,713,246			4,713,246	
AMP-Ohio Payable	964,671				964,671	
Capital Leases Payable		23,695			23,695	
Compensated Absences Payable	48,533	51,447	28,043		128,023	
Total Non-Current Liabilities	<u>1,414,424</u>	<u>5,382,928</u>	<u>2,240,134</u>		<u>9,037,486</u>	
Total Liabilities	<u>3,273,727</u>	<u>6,251,045</u>	<u>3,097,021</u>	<u>6,204</u>	<u>12,627,997</u>	
Net Position:						
Net Investment in Capital Assets	\$14,410,533	\$8,850,248	\$2,216,702	\$2,710,000	\$28,187,483	
Restricted for:						
Revenue Bond Operations and Maintenance			608,455		608,455	
Revenue Bond Future Debt Service			309,093		309,093	
Unrestricted	7,933,711	4,196,689	2,187,047	386,643	14,704,090	111,563
Total Net Position	<u>\$22,344,244</u>	<u>\$13,046,937</u>	<u>\$5,321,297</u>	<u>\$3,096,643</u>	<u>43,809,121</u>	<u>\$111,563</u>

Net position reported for business-type activities on the statement of net position is different because it includes a proportionate share of the net position of the internal service fund.

41,821

Net position of business-type activities

\$43,850,942

See Accompanying Notes to the Basic Financial Statements.

**CITY OF CELINA
MERCER COUNTY**

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total Enterprise Funds</u>	<u>Self Insurance Internal Service Fund</u>
Operating Revenues:						
Charges for Services	\$18,328,809	\$4,045,364		\$289,071	\$22,663,244	\$8,597
Charges for Services Pledged as Security on Mortgage Revenue Bonds			\$2,485,368		2,485,368	
Other	58,971	42,641	46,862		148,474	
Total Operating Revenues	<u>18,387,780</u>	<u>4,088,005</u>	<u>2,532,230</u>	<u>289,071</u>	<u>25,297,086</u>	<u>8,597</u>
Operating Expenses:						
Personal Services	1,186,259	1,143,596	739,504		3,069,359	
Materials and Supplies	17,473,170	1,683,437	566,556	49,885	19,773,048	9,569
Bad Debt			3,668	210	3,878	
Other	359,992	69,404	61,692		491,088	
Depreciation	807,701	450,409	339,644	74,818	1,672,572	
Total Operating Expenses	<u>19,827,122</u>	<u>3,346,846</u>	<u>1,711,064</u>	<u>124,913</u>	<u>25,009,945</u>	<u>9,569</u>
Operating Income (Loss)	<u>(1,439,342)</u>	<u>741,159</u>	<u>821,166</u>	<u>164,158</u>	<u>287,141</u>	<u>(972)</u>
Non-Operating Revenues (Expenses):						
Excise Taxes	357,379				357,379	
Change in Joint Venture	(1,868)				(1,868)	
Interest Revenue		5,675	7,220		12,895	
Interest Expense		(200,761)	(94,470)		(295,231)	
Total Non-Operating Revenues (Expenses)	<u>355,511</u>	<u>(195,086)</u>	<u>(87,250)</u>		<u>73,175</u>	
Income before Contributions and Transfers	(1,083,831)	546,073	733,916	164,158	360,316	(972)
Capital Contributions		315,256		29,790	345,046	
Transfers In		17,850			17,850	
Transfers Out				(98,716)	(98,716)	
Changes in Net Position	(1,083,831)	879,179	733,916	95,232	624,496	(972)
Net Position Beginning of Year	<u>23,428,075</u>	<u>12,167,758</u>	<u>4,587,381</u>	<u>3,001,411</u>		<u>112,535</u>
Net Position End of Year	<u>\$22,344,244</u>	<u>\$13,046,937</u>	<u>\$5,321,297</u>	<u>\$3,096,643</u>		<u>\$111,563</u>

The change in net position reported for business-type activities on the statement of activities is different because it includes a proportionate share of the net loss of the internal service fund.

(364)

Change in net assets of business-type activities

\$624,132

See Accompanying Notes to the Basic Financial Statements.

CITY OF CELINA
MERCER COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Electric	Water	Sewer	Stormwater	Total Enterprise Funds	Self Insurance Internal Service Fund
Increases (Decreases) in Cash and Cash Equivalents						
Cash Flows from Operating Activities:						
Cash Received from Customers	\$18,189,980	\$4,077,252	\$2,466,718	\$288,020	\$25,021,970	\$8,840
Cash Received from Transactions with Other Funds	228,227				228,227	
Cash Received from Other Revenues	42,719	47,241	46,862		136,822	
Cash Received from Deposits	113,879				113,879	
Cash Payments for Personal Services	(1,179,557)	(1,134,328)	(734,266)		(3,048,151)	
Cash Payments for Materials and Supplies	(16,600,026)	(1,347,098)	(237,315)	(74,641)	(18,259,080)	(9,569)
Cash Payments for Transactions with Other Funds	(909,985)	(337,522)	(320,520)		(1,568,027)	
Cash Payments for Other Expenses	(488,318)	(68,704)	(61,692)		(618,714)	
Cash Payments for Deposits Refunded	(114,228)				(114,228)	
Net Cash Provided by (Used for) Operating Activities	<u>(717,309)</u>	<u>1,236,841</u>	<u>1,159,787</u>	<u>213,379</u>	<u>1,892,698</u>	<u>(729)</u>
Cash Flows from Non-capital Financing Activities:						
Cash Received from Excise Taxes	357,379				357,379	
Advances In	217,766				217,766	
Advances Out		(32,296)	(32,296)		(64,592)	
Transfers In		17,850			17,850	
Net Cash Provided by (Used for) Non-capital Financing Activities	<u>575,145</u>	<u>(14,446)</u>	<u>(32,296)</u>		<u>528,403</u>	
Cash Flows from Capital and Related Financing Activities:						
Principal Paid on General Obligation Bonds		(160,000)	(115,000)	(82,400)	(357,400)	
Principal Paid on Mortgage Revenue Bonds			(335,000)		(335,000)	
Principal Paid on OPWC Loans		(24,162)			(24,162)	
Principal Paid on OWDA Loans		(278,108)			(278,108)	
Principal Paid on Capital Lease		(22,633)			(22,633)	
Interest Paid on General Obligation Bonds		(18,750)	(30,600)	(16,316)	(65,666)	
Interest Paid on Mortgage Revenue Bonds			(61,045)		(61,045)	
Interest Paid on OWDA Loans		(169,312)			(169,312)	
Acquisition of Capital Assets	(523,984)	(852,161)	(108,759)	(79,592)	(1,564,496)	
Net Cash Used for Capital and Related Financing Activities	<u>(523,984)</u>	<u>(1,525,126)</u>	<u>(650,404)</u>	<u>(178,308)</u>	<u>(2,877,822)</u>	
Cash Flows from Investing Activities:						
Interest		5,675	7,220		12,895	
Net Increase (Decrease) in Cash and Cash Equivalents	(666,148)	(297,056)	484,307	35,071	(443,826)	(729)
Cash and Cash Equivalents Beginning of Year	7,328,123	3,898,620	2,599,354	322,056	14,148,153	112,292
Cash and Cash Equivalents End of Year	<u>\$6,661,975</u>	<u>\$3,601,564</u>	<u>\$3,083,661</u>	<u>\$357,127</u>	<u>\$13,704,327</u>	<u>\$111,563</u>

CITY OF CELINA
MERCER COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Electric	Water	Sewer	Stormwater	Total Enterprise Funds	Self Insurance Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating Income (Loss)	(\$1,439,342)	\$741,159	\$821,166	\$164,158	\$287,141	(\$972)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation	807,701	450,409	339,644	74,818	1,672,572	
Changes in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	83,071	35,135	(14,982)	(841)	102,383	243
Decrease in Interfund Receivable	(13,988)				(13,988)	
Increase in Prepaid Items	(451)	(25)	(25)		(501)	
(Increase) Decrease in Materials and Supplies Inventory	(32,763)	14,029	4,563	(943)	(15,114)	
Increase in Accrued Wages Payable	3,079	2,548	1,085		6,712	
Increase (Decrease) in Accounts Payable	(26,993)	9,848	5,961	309	(10,875)	
Increase (Decrease) in Contracts Payable	25,321	(22,619)	(5,432)	(15,982)	(18,712)	
Decrease in Retainage Payable		(11,701)		(8,140)	(19,841)	
Increase in Due to Other Governments	1,534	2,571	1,140		5,245	
Increase in Interfund Payable	1,796	10,720	3,036		15,552	
Decrease in Deposits Held and Due to Others	(349)				(349)	
Decrease in AMP-Ohio Payable	(129,399)				(129,399)	
Increase in Compensated Absences Payable	3,474	4,767	3,631		11,872	
Net Cash Provided by (Used for) Operating Activities	<u>(\$717,309)</u>	<u>\$1,236,841</u>	<u>\$1,159,787</u>	<u>\$213,379</u>	<u>\$1,892,698</u>	<u>(\$729)</u>

Non-Cash Capital Transactions:

During 2014, the Water enterprise fund received capital assets from governmental activities, in the amount of \$315,256.

During 2014, the Stormwater enterprise fund received capital assets from governmental activities, in the amount of \$29,790.

See *Accompanying Notes to the Basic Financial Statements*.

CITY OF CELINA
MERCER COUNTY

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2014

Assets:

Equity in Pooled Cash and Cash Equivalents	\$10,645
Cash and Cash Equivalents in Segregated Accounts	<u>69,247</u>
Total Assets	<u><u>79,892</u></u>

Liabilities:

Accounts Payable	
Deposits Held and Due to Others	<u>\$79,892</u>

See Accompanying Notes to the Basic Financial Statements.

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**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

1. DESCRIPTION OF THE CITY OF CELINA AND THE REPORTING ENTITY

A. The City

The City of Celina is a statutory municipal corporation operating under the laws of the State of Ohio. The City operates under a mayor-council form of government. Legislative power is vested in a seven member council and a council president, each elected to four-year terms. The Mayor is elected to a four-year term and is the chief executive officer of the City. All City officials, with the exception of the Service-Safety Director, are elected positions. The Service-Safety Director is appointed by the Mayor.

The City of Celina is divided into various departments and financial management and control systems. Services provided include police protection, fire protection, parks and recreation, street maintenance and repair, and electric, water, sewer, and stormwater services as well as a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures.

B. Reporting Entity

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

The primary government of the City of Celina consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City, this includes all departments and activities that are directly operated by the elected City officials.

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 for which the City approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. There were no component units of the City of Celina in 2014.

The City of Celina participates in the Grand Lake/Mercer County Development Corporation, a joint venture; the Mercer County Community Improvement Corporation, the Grand Lake/Mercer County Research Corporation, and the Mercer County Planning Commission, jointly governed organizations; and the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program and the Ohio Government Risk Management Plan, insurance purchasing pools. These organizations are presented in Notes 22, 23, and 24 to the basic financial statements.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial 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.

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net position presents the financial condition of the governmental and business-type 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 and business-type 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 that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

2. 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the proprietary fund statements. Fiduciary funds are reported by type.

B. 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. The funds of the City are presented in three categories: governmental, proprietary, and fiduciary.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

Governmental funds are those through which most governmental functions of the City 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 and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

General Fund - The General Fund accounts for all financial resources, except those required to be 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.

Parks and Recreation Fund - The Parks and Recreation Fund accounts for fees, grants, donations from the Bryson Trust, and transfers from the General Fund restricted for the maintenance and improvement of park and recreation facilities within the City.

Westview/Westbank Projects Fund - The Westview/Westbank Projects Fund accounts for grants restricted for the Westview Park Quad and Westbank Walkway projects.

Tax Increment Financing Fund - The Tax Increment Financing Fund accounts for payment in lieu of tax revenues restricted for infrastructure and recreational improvements and construction.

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

2. Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Electric Fund - This fund accounts for the provision of electric distribution to residential and commercial users within the City.

Water Fund - This fund accounts for the provision of water collection and distribution to residential and commercial users within the City.

Sewer Fund - This fund accounts for the provision of wastewater treatment service to residential and commercial users within the City.

Stormwater Fund - This fund accounts for the operation of the stormwater runoff system within the City.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department to other departments of the City on a cost reimbursement basis. The City's internal service fund accounts for the activities of the self-insurance program for employee health care benefits.

3. 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. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are not available to support the City's own programs. The City did not have any trust funds in 2014. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for insurance proceeds to secure proper handling of fire damaged structures, the activity of the municipal court due to third-parties, and employee deductions not yet remitted to their specific vendors.

C. Measurement Focus

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities 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.

2. 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 are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects 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, includes a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the City finances and meets the cash flow needs of its proprietary activities.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; proprietary funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

1. Revenues - Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means 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 thirty-one days after year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from income taxes is recognized in the year in which the income is earned. 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 the 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 both measurable and available at year end: income taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), grants, and interest.

2. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report 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 that time. For the City, deferred outflows of resources consists of a deferred charge on refunding.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of financial position may report 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 consists of property taxes, payment in lieu of taxes, and unavailable revenue. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2014, but which were levied to finance 2015 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes accrued interest, intergovernmental revenue including grants, municipal income taxes, delinquent property taxes, special assessments, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

3. Expenses/Expenditures

On the accrual basis, 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.

E. Budgetary Process

All funds, except agency funds, are 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 City Council may appropriate. The appropriations ordinance is City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by City Council. The legal level of control has been established by City Council at the fund, department, and object level for some funds and at the fund level for other funds. Budgetary allocations at the department and object level within these funds are made by the City Auditor.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. 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 the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by City Council.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

F. Cash and Investments

To improve cash management, cash received by the City, except cash held by fiscal agents, is pooled and invested. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately for the City by financial institutions acting as trustees to service its mortgage revenue bonded debt as principal and interest payments come due and invested in mutual funds is presented as "Cash and Cash Equivalents with Fiscal Agents".

During 2014, the City invested in federal agency securities, mutual funds, nonnegotiable certificates of deposit, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share, which is the price the investment could be sold for on December 31, 2014.

Interest earnings are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2014 was \$55,880, which includes \$45,885 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Unclaimed monies that have a legal restriction on their use are reported as restricted.

Utility deposits from customers are classified as restricted assets on the statement of fund net position because their use is limited to the payment of unpaid utility bills or refunding of the deposit to the customer.

Restricted assets also represent certain resources which are segregated from other resources of the City to comply with various covenants established by bond financing agreements. These assets are generally held in separate accounts of the City or by a trustee. The various covenants place restrictions on the use of these resources, require minimum balances to be maintained in certain accounts, and establish annual amounts to be accumulated for specific purposes.

J. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The City maintains a capitalization threshold of one thousand dollars. 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 not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated, except for land, some land improvements, and construction in progress. 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 replacement. The City reports all infrastructure, including that acquired prior to 1980. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	15-40 years	20-30 years
Buildings	10-100 years	5-100 years
Improvements Other than Buildings	10-23 years	N/A
Streets	15 years	N/A
Electric, Water, Sewer, and Stormwater Lines	N/A	1-50 years
Furniture and Equipment	5-20 years	5-20 years
Vehicles	3-25 years	3-25 years

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Charge on Refunding

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as deferred outflows of resources on the statement of net position.

L. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from interfund loans and from interfund services provided and used are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are presented as "Internal Balances".

M. 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 the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on department policy and length of service.

N. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that are 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. Long-term notes, bonds, loans, and capital leases are recognized as liabilities on the fund financial statements when due.

O. Bond Premium

Bond premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or 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 activities for construction, repair, and maintenance of State highways and local streets, recreation, loans to local businesses, and other revenues restricted for use by the municipal court and police department. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. 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 governmental funds. The classifications are as follows:

Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted - The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation (City ordinance).

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

Committed - The committed classification includes amounts that can be used only for the specific purposes determined by a formal action (ordinance) of City Council. The 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, committed fund balance 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.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned - Amounts in the assigned 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. Assigned amounts represent intended uses established by City Council. The City Council has authorized the Service-Safety 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 first applies restricted resources when an expenditure is 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 can be used.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for electric, water, sewer, and stormwater services, and internal service fund charges for health insurance. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

S. Capital Contributions

Capital contributions arise from contributions from outside sources and other funds of the City.

T. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Estimates

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

3. ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At December 31, 2014, the Parks and Recreation, Police Pension, Fire Pension, JAG Law Enforcement, and Ohio Department of Youth Services Grant special revenue funds and the CDBG and Westview/Westpark Projects capital projects funds had deficit fund balances, in the amount of \$1,392,908, \$12,529, \$17,770, \$104, \$11,523, \$27,290, and \$430,150, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

At December 31, 2014, the JAG Law Enforcement and Ohio Department of Youth Services Grant special revenue funds and the Sidewalk/Curb capital projects fund had deficit cash balances, in the amount of \$104, \$11,523, and \$27,290, respectively.

For the year ended December 31, 2014, the Sidewalk/Curb capital projects fund had final appropriations in excess of estimated resources and available balances, in the amount of \$1,231.

The following accounts had expenditures in excess of appropriations for the year ended December 31, 2014.

<u>Fund/Department/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Governmental Activities:			
General Fund:			
General Government			
Safety Service Director			
Personal Services	\$46,419	\$46,466	\$47
Other			
Materials and Supplies	36,659	36,707	48
Governmental Activities:			
Parks and Recreation Special Revenue Fund			
Leisure Time Activities			
Parks			
Capital Outlay	\$10,295	\$1,220,291	\$1,209,996
Sidewalk/Curb Capital Projects Fund		226	226
Business-Type Activities:			
Sewer Enterprise Fund			
Other			
Customer Services	2,500	2,917	417

The City will monitor the activity of their funds to ensure that appropriations are within estimated resources and that expenditures are within appropriations.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

4. 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 Budgetary Basis) and Actual for the General Fund and the Parks and Recreation special revenue fund is presented 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 fund balance (GAAP basis).

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis are as follows:

Changes in Fund Balance		
	General Fund	Parks and Recreation
GAAP Basis	\$491,576	(\$1,438,273)
Increases (Decreases) Due To Revenue Accruals:		
Accrued 2013, Received in Cash 2014	558,484	0
Accrued 2014, Not Yet Received in Cash	(528,924)	0
Expenditure Accruals:		
Accrued 2013, Paid in Cash 2014	(389,103)	(7,119)
Accrued 2014, Not Yet Paid in Cash	440,496	1,447,695
Prepaid Items	1,470	0
Materials and Supplies Inventory	(8,255)	0
Advances Out	(1,438,719)	0
Encumbrances Outstanding at Year End (Budget Basis)	(26,616)	(4,767)
Budget Basis	(\$899,591)	(\$2,464)

5. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

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

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

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. 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.

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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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 City Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$8,592,825 of the City's bank balance of \$19,849,991 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

B. Investments

As of December 31, 2014, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal National Mortgage Association Notes	\$35,000	1/14/15
Federal National Mortgage Association Notes	49,999	1/21/15
Federal National Mortgage Association Notes	24,999	2/2/15
Federal National Mortgage Association Notes	69,997	2/25/15
Federal National Mortgage Association Notes	9,999	3/16/15
Federal National Mortgage Association Notes	24,994	4/13/15
Federal National Mortgage Association Notes	24,994	4/15/15
Federal Home Loan Mortgage Corporation Notes	35,000	1/5/15
Federal Home Loan Mortgage Corporation Notes	50,000	1/12/15
Federal Home Loan Mortgage Corporation Notes	50,000	1/20/15
Federal Home Loan Mortgage Corporation Notes	35,000	1/21/15
Federal Home Loan Mortgage Corporation Notes	39,999	2/24/15
Federal Home Loan Mortgage Corporation Notes	24,999	3/3/15
Federal Home Loan Mortgage Corporation Notes	24,992	5/4/15
Federal Home Loan Mortgage Corporation Notes	49,978	6/9/15
Mutual Funds	309,093	38 days
Mutual Funds	6,403	43 days
STAR Ohio	138,269	50.1 days
Total Investments	<u>\$1,003,715</u>	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the City.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the mutual funds carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The City has no investment policy for credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

The City places no limit on the amount of its interim monies it may invest in a particular security. The following table indicates the percentage of each investment to the City's total portfolio.

	Fair Value	Percentage of Portfolio
Federal National Mortgage Association	\$239,982	23.91%
Federal Home Loan Mortgage Corporation	309,968	30.88

6. RECEIVABLES

Receivables at December 31, 2014, consisted of accounts (billings for user charged services, including unbilled utility services); accrued interest, intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; interfund; property taxes; payment in lieu of taxes; notes; and special assessments. All receivables are considered collectible in full and within one year, except for municipal income taxes, property taxes, notes, special assessments, and the allowance for un-collectibles related to utility services. Municipal income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Special assessments, in the amount of \$833, will not be received within one year. Delinquent special assessments were \$703 at December 31, 2014.

Notes receivable represent low interest loans for development projects granted to eligible City businesses under the Federal Community Development Block Grant program. The loans have an annual interest rate of 2 to 5 percent and are to be repaid over a period of ten to twenty years. Principal, in the amount of \$8,433, was repaid during 2014. Notes outstanding at December 31, 2014, were \$172,845. Notes receivable, in the amount of \$154,291, will not be received within one year.

A summary of accounts receivable related to utility services is as follows:

	Electric	Water	Sewer	Stormwater	Total Enterprise Funds
Accounts Receivable	\$1,947,673	\$569,285	\$434,087	\$25,696	\$2,976,741
Less Allowance for Un-collectibles	(218,469)	(64,393)	(49,101)	(2,906)	(334,869)
Net Accounts Receivable	\$1,729,204	\$504,892	\$384,986	\$22,790	\$2,641,872

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

6. RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities:	
Major Funds:	
General Fund:	
Property Tax Allocation	\$17,925
Local Government Mercer County	114,539
	25,505
Total General Fund	157,969
Westview/Westbank Projects:	
Ohio Department of Natural Resources Tax Increment Financing Property Tax Allocation	430,150
	12,620
Total Major Funds	600,739
Non-major Funds:	
Street:	
Gasoline Tax	188,190
Motor Vehicle License Tax	101,150
Total Street	289,340
State Highway:	
Gasoline Tax	15,259
Motor Vehicle License Tax	8,201
Total State Highway	23,460
Police Pension:	
Personal Property Phase-Out	733
Property Tax Allocation	3,163
Total Police Pension	3,896
Fire Pension:	
Personal Property Phase-Out	733
Property Tax Allocation	3,163
Total Fire Pension	3,896
Permissive MVL:	
Permissive MVL	2,004
Total Non-major Funds	322,596
Total Governmental Activities	\$923,335
 Business Type Activities:	
Non-major Funds:	
Electric	
Mercer County	\$2,088
Water	
Mercer County	1,142
Sewer	
Mercer County	1,142
Total Business Type Activities	\$4,372

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

7. MUNICIPAL INCOME TAXES

The City levies and collects an income tax of 1.5 percent based on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Of the total income tax collected, 1 percent is credited to the General Fund and .5 percent is to be used to fund the Police and Fire special revenue fund. The additional .5 percent will be collected for a period of seven years and began collections on January 1, 2011.

8. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Real property tax revenues received in 2014 represent the collection of 2013 taxes. Real property taxes received in 2014 were levied after October 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2014 represent the collection of 2013 taxes. Public utility real and tangible personal property taxes received in 2014 became a lien on December 31, 2012, were levied after October 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Celina. The County Auditor periodically remits to the City its portion of the taxes collected.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of December 31, 2014, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2014 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

The full tax rate for all City operations for the year ended December 31, 2014, was \$2.30 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2014 property tax receipts were based are as follows:

<u>Category</u>	<u>Amount</u>
Real Property:	
Residential/Agricultural	\$122,230,340
Commercial/Industrial	34,926,810
Public Utility Property:	
Real	8,842,966
Personal	589,170
Total Assessed Value	<u>\$166,589,286</u>

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

9. PAYMENT IN LIEU OF TAXES

According to State law, the City has established several tax incremental financing districts within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if their taxes had not been exempted. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by these owners or others may result in subsequent agreements to make payments in lieu of taxes and may, therefore, spread the costs of the improvements to a larger number of property owners.

10. CAPITAL ASSETS

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

	Balance 01/01/2014	Additions	Reductions	Balance 12/31/2014
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$2,707,593	\$2,945,000		\$5,652,593
Land Improvements	8,034,311			8,034,311
Construction in Progress		410,710		410,710
Total Non-depreciable Capital Assets	<u>10,741,904</u>	<u>3,355,710</u>		<u>14,097,614</u>
Depreciable Capital Assets:				
Land Improvements	1,163,799			1,163,799
Buildings	1,939,324			1,939,324
Improvements Other than Buildings	1,706,773			1,706,773
Streets	13,262,594	496,389		13,758,983
Furniture and Equipment	871,485	84,189	(\$53,689)	901,985
Vehicles	4,260,116	182,957	(27,644)	4,415,429
Total Depreciable Capital Assets	<u>23,204,091</u>	<u>763,535</u>	<u>(81,333)</u>	<u>23,886,293</u>
Less Accumulated Depreciation for:				
Land Improvements	(420,235)	(40,259)		(460,494)
Buildings	(326,609)	(47,425)		(374,034)
Improvements Other than Buildings	(1,125,867)	(43,738)		(1,169,605)
Streets	(6,786,953)	(574,161)		(7,361,114)
Furniture and Equipment	(479,082)	(65,542)	33,280	(511,344)
Vehicles	(1,521,812)	(208,790)	27,644	(1,702,958)
Total Accumulated Depreciation	<u>(10,660,558)</u>	<u>(979,915)</u>	<u>60,924</u>	<u>(11,579,549)</u>
Total Depreciable Capital Assets, Net	<u>12,543,533</u>	<u>(216,380)</u>	<u>(20,409)</u>	<u>12,306,744</u>
Governmental Activities Capital Assets, Net	<u>\$23,285,437</u>	<u>\$3,139,330</u>	<u>(\$20,409)</u>	<u>\$26,404,358</u>

Governmental activities accepted contributions of capital assets from outside sources, with a fair value of \$250,415 during 2014.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

10. CAPITAL ASSETS (Continued)

	Balance 01/01/2014	Additions	Reductions	Balance 12/31/2014
Business-Type Activities:				
Non-depreciable Capital Assets:				
Land	\$368,946			\$368,946
Construction in Progress	518,150	627,003	(\$1,045,537)	99,616
Total Non-depreciable Capital Assets	<u>887,096</u>	<u>627,003</u>	<u>(1,045,537)</u>	<u>468,562</u>
Depreciable Capital Assets:				
Land Improvements	230,099			230,099
Buildings	30,326,230			30,326,230
Electric, Water, Sewer, and Stormwater Lines	37,673,961	1,953,938	(118,725)	39,509,174
Furniture and Equipment	750,855	222,610	(12,808)	960,657
Vehicles	2,359,987	251,144		2,611,131
Total Depreciable Capital Assets	<u>71,341,132</u>	<u>2,427,692</u>	<u>(131,533)</u>	<u>73,637,291</u>
Less Accumulated Depreciation for:				
Land Improvements	(53,522)	(11,308)		(64,830)
Buildings	(17,074,343)	(558,231)		(17,632,574)
Electric, Water, Sewer, and Stormwater Lines	(16,902,732)	(934,542)	118,725	(17,718,549)
Furniture and Equipment	(474,111)	(50,567)	12,808	(511,870)
Vehicles	(1,533,635)	(117,924)		(1,651,559)
Total Accumulated Depreciation	<u>(36,038,343)</u>	<u>(1,672,572)</u>	<u>131,533</u>	<u>(37,579,382)</u>
Total Depreciable Capital Assets, Net	<u>35,302,789</u>	<u>755,120</u>		<u>36,057,909</u>
Business-Type Activities Capital Assets, Net	<u>\$36,189,885</u>	<u>\$1,382,123</u>	<u>(\$1,045,537)</u>	<u>\$36,526,471</u>

Business-type activities accepted contributions of capital assets from governmental activities, in the amount of \$345,046 during 2014.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Security of Persons and Property	\$188,033
Leisure Time Activities	122,477
Community Environment	2,619
Basic Utility Services	8,422
Transportation	633,980
General Government	24,384
Total Depreciation Expense - Governmental Activities	<u>\$979,915</u>

11. INTERFUND RECEIVABLES/PAYABLES

At December 31, 2014, the General Fund had an interfund receivable, in the amount of \$1,373,400; \$1,285,545 from the Westview/Westbank Projects capital projects fund from providing cash flow resources until the receipt of grant monies, \$38,917 from providing cash flow resources to other governmental funds, and \$48,938 from the Electric enterprise fund for the City's portion of the kilowatt hour tax. The entire amount is expected to be repaid within one year.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

11. INTERFUND RECEIVABLES/PAYABLES (Continued)

The Electric enterprise fund had an interfund receivable, in the amount of \$1,347,887 for services and debt funds provided by the Electric enterprise fund, in the amount of \$925,826 to the General Fund, in the amount of \$232 to the Parks and Recreation special revenue fund, in the amount of \$213,283 to the Water enterprise fund, and in the amount of \$208,546 to the Sewer enterprise fund. Of those amounts, only \$153,496 from the General Fund, \$50,443 from the Water enterprise fund and \$45,706 from the Sewer enterprise fund is expected to be repaid within one year.

Of the above, \$1,534,000 was originally issued to the General, Water and Sewer funds in 2013 for the purchase of real estate and an administration building. These funds were issued at an interest rate of .21% for seven years. The following are the future annual principal and interest repayment requirements for this debt:

<u>Year</u>	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
2015	\$155,440	\$32,774	\$32,774
2016	155,440	32,774	32,774
2017	155,440	32,774	32,774
2018	155,440	32,774	32,774
2019	155,440	32,774	32,774
2020	155,115	32,705	32,705
Total	<u>\$932,315</u>	<u>\$196,575</u>	<u>\$196,575</u>

12. RISK MANAGEMENT

A. Property and Liability

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. During 2014, the City contracted with the Ohio Government Risk Management Plan, an insurance purchasing pool, for the following coverage:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Property (building and contents)	\$52,739,786	\$1,000
Electronic Data Processing	213,394	1,000
General Liability - Aggregate	7,000,000	0
Public Official Liability - Aggregate	7,000,000	5,000
Law Enforcement Liability - Aggregate	7,000,000	5,000
Employee Benefits Liability - Aggregate	7,000,000	0
Automobile Liability	5,000,000	0

There has been no significant reduction in insurance coverage from 2013, and no insurance settlement has exceeded insurance coverage during the last three years.

Each participant of Ohio Government Risk Management Plan enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant. The firm of Hylant Administrative Services provides administrative, cost control, and actuarial services to the Plan.

**CITY OF CELINA
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

12. RISK MANAGEMENT (Continued)

B. Employee Medical Benefits

On January 1, 2013, the City terminated its self-insured program for medical, vision, and dental benefits. Prior to its termination, the City offered medical, vision, and dental benefits to all employees through a self-insured program. All funds of the City participated in the program and made payments to the Self-Insurance fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Currently, resources of the fund are being used to pay ongoing COBRA payments. The fund will be closed in 2015.

The City currently uses Medical Mutual for health and vision insurance and Guardian for dental insurance.

C. Workers' Compensation

For 2014, the City participated in the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The intent of the Program is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity redistribution" arrangement insures that each participant shares equally in the overall performance of the Program. Participation in the Program is limited to participants that can meet the Program's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the Program.

13. SIGNIFICANT CONTRACTUAL COMMITMENTS

The City has several outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2014:

<u>Vendor</u>	<u>Outstanding Balance</u>
MAC Athletics	\$151,845
Shinn Bros., Inc.	615,843
Toms Construction	259,388
Vaughn Industries	25,269

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2015 are as follows:

Westview/Westbank Projects	\$704,792
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**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

14. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that 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.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2014, members in state and local classifications contributed 10 percent of covered payroll. For 2014, member and employer contribution rates were consistent across all three plans.

The City's 2014 contribution rate was 14 percent. The portion of the City's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the City's contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remained at 2 percent. Employer contribution rates are actuarially determined.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013, and 2012 was \$336,004, 423,403, and \$337,211, respectively. For 2014, 91 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012. Contributions to the member-directed plan for 2014 were \$6,609 made by the City and \$4,721 made by the plan members.

**CITY OF CELINA
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

14. DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan. 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 for the plan. The report that may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

Funding Policy - Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2014, through July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014, through December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent for police officers and 24 percent for firefighters.

The OPF pension fund is authorized by the Ohio Revised Code to allocate a portion of the employer contribution to retiree health care benefits. For 2014, the portion of the City's contribution used to fund pension benefits was 19 percent of covered payroll for police officers and 23.5 percent of covered payroll for firefighters. The City's contribution to OPF for police and firefighters pension was \$163,117 and \$227,814 for the year ended December 31, 2014, \$160,122 and \$227,092 for the year ended December 31, 2013, and \$112,890 and \$160,522 for the year ended December 31, 2012. For 2014, 92 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 2013 and 2012.

15. POST-EMPLOYMENT BENEFITS

A. 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 a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**CITY OF CELINA
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

15. POSTEMPLOYMENT BENEFITS (Continued)

Disclosures for the health care 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.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through 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 covered payroll of active members. In 2014, state and local employers contributed 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remained at 2 percent for both plans as recommended by the OPERS actuary.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The City's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2014, 2013, and 2012, was \$57,102, \$32,890, and \$135,564, respectively. For 2014, 91 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

B. Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored health care program, a cost-sharing, multiple-employer defined benefit postemployment health care 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 survivor benefit check, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

**CITY OF CELINA
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

15. POST-EMPLOYMENT BENEFITS (Continued)

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 writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the OPF website at www.op-f.org.

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 by the Ohio Revised Code to contribute to the pension plan at rates expressed as a percentage of payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively. 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 premium 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 contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the employer contribution allocated to the health care plan was .5 percent of covered payroll. The amount of employer contribution 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 which was allocated to fund postemployment health care benefits for police and firefighters was \$4,293 and \$4,847 for the year ended December 31, 2014, \$36,460 and \$40,293 for the year ended December 31, 2013, and \$59,766 and \$62,813 for the year ended December 31, 2012. For 2014, 92 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 2012 and 2011.

16. COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. City employees earn and accumulate vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for 100 percent of earned unused vacation leave upon termination.

**CITY OF CELINA
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

16. COMPENSATED ABSENCES (Continued)

Sick leave is earned at various rates as defined by City policy and union contracts. Upon retirement, employees are entitled to the value of their accumulated unused sick leave at varying percentages to a maximum of eighty to one hundred twenty days based on City policy and union contracts.

17. NOTES PAYABLE

The City's note transactions for the year ended December 31, 2014, were as follows:

	<u>Interest Rate</u>	<u>Balance 01/01/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2014</u>
Governmental Activities:					
Revenue Anticipation Notes:					
West Bank Walkway	2.49%	\$200,000		\$200,000	
West Bank Walkway	2.07		\$100,000		\$100,000
Total Governmental Activities		<u>\$200,000</u>	<u>\$100,000</u>	<u>\$200,000</u>	<u>\$100,000</u>

According to Ohio law, notes can be issued in anticipation of bond proceeds and levies or for up to 50 percent of anticipated revenue collections. The liability for all notes is presented in the fund receiving the proceeds. All of the City's revenue anticipation notes are backed by the full faith and credit of the City of Celina.

The revenue anticipation notes, in the amount of \$100,000, were issued on February 5, 2014, to retire notes previously issued and to pay for the acquisition of property and the construction and installation of the West Bank Walkway. The notes matured on February 4, 2015. As of December 31, 2014, all of the proceeds had been spent.

18. LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2014, was as follows:

	<u>Interest Rate</u>	<u>Balance 01/01/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2014</u>	<u>Due Within One Year</u>
Governmental Activities:						
Revenue Anticipation Notes:						
West Bank Walkway	2.49%	\$800,000		\$800,000		
West Bank Walkway	2.07		\$700,000		\$700,000	\$700,000
Total Revenue Anticipation Notes		<u>800,000</u>	<u>700,000</u>	<u>800,000</u>	<u>700,000</u>	<u>700,000</u>
Bond Anticipation Notes:						
Land Acquisition	1.2		1,200,000		1,200,000	1,200,000
General Obligation Bonds						
2010 Various Purpose	2 - 4	2,110,000		235,000	1,875,000	245,000
Other Long-Term Obligations:						
OPWC Loan Payable		123,719		6,873	116,846	6,873
Capital Leases Payable		351,324		82,919	268,405	86,111
Compensated Absences Payable		441,444	21,883	24,048	439,279	161,874
Total Other Long-Term Obligations		<u>916,487</u>	<u>21,883</u>	<u>113,840</u>	<u>824,530</u>	<u>254,858</u>
Total Governmental Activities		<u>\$3,826,487</u>	<u>\$1,921,883</u>	<u>\$1,148,840</u>	<u>\$4,599,530</u>	<u>\$2,399,858</u>

**CITY OF CELINA
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

18. LONG-TERM OBLIGATIONS (Continued)

	<u>Interest Rate</u>	<u>Balance 01/01/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2014</u>	<u>Due Within One Year</u>
Business-type Activities:						
General Obligation Bonds						
2005 Waterworks Refunding	3 - 5%	\$130,000		\$130,000		
Premium		3,517		3,517		
2005 Wastewater Refunding	3 - 5	635,000		115,000	\$520,000	\$125,000
Premium		26,977		4,886	22,091	
2010 Various Purpose	2 - 4	425,000		30,000	395,000	30,000
Total General Obligation Bonds		<u>1,220,494</u>		<u>283,403</u>	<u>937,091</u>	<u>155,000</u>
Mortgage Revenue Bonds						
2011 Wastewater Refunding	2 - 3.4	2,475,000		335,000	2,140,000	345,000
Other Long-Term Obligations						
OPWC Loan Payable		277,864		24,162	253,702	24,162
OWDA Loans Payable	3.25-4.99	5,278,573		278,108	5,000,465	287,219
AMP-Ohio Payable		1,293,967	\$20,524	149,923	1,164,568	199,897
Capital Leases Payable		69,486		22,633	46,853	23,158
Compensated Absences Payable		200,767	26,337	14,465	212,639	84,616
Total Other Long-Term Obligations		<u>7,120,657</u>	<u>46,861</u>	<u>489,291</u>	<u>6,678,227</u>	<u>619,052</u>
Total Business-Type Activities		<u>\$10,816,151</u>	<u>\$46,861</u>	<u>\$1,107,694</u>	<u>\$9,755,318</u>	<u>\$1,119,052</u>

A. Revenue Anticipation Notes

The City issued revenue anticipation notes in 2014, in the amount of \$700,000, to partially retire notes previously issued to provide funds for the acquisition of property and the construction and installation of the West Bank Walkway. The notes are payable from the revenues of the Grand Lake tax incremental financing district. The notes matured on February 5, 2015. As of December 31, 2014, all proceeds were spent.

B. Bond Anticipate Notes

The City issued bond anticipation notes in 2014, in the amount of \$1,200,000, to acquire property. The notes matured on April 23, 2015, and were paid from the Parks and Recreation special revenue fund. As of December 31, 2014, all proceeds were spent.

C. Governmental Activities General Obligation Bonds

In 2010, the City issued general obligation bonds, in the original amount of \$2,830,000, to retire bond anticipation notes issued for recreational, street, water, sewer, and stormwater improvements. These bonds will fully mature in 2030. The bonds will be paid with transfers from the Tax Incremental Financing capital projects fund and the Stormwater enterprise fund.

The bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2021 through 2023 (with the balance of \$50,000 to be paid at stated maturity on December 1, 2024), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

18. LONG-TERM OBLIGATIONS (Continued)

<u>Year</u>	<u>Amount</u>
2021	\$50,000
2022	50,000
2023	50,000

The bonds maturing on December 1, 2030, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2025 through 2029 (with the balance of \$15,000 to be paid at stated maturity on December 1, 2030), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

<u>Year</u>	<u>Amount</u>
2025	\$55,000
2026	10,000
2027	10,000
2028	15,000
2029	15,000

The bonds maturing on or after December 1, 2024, are subject to prior redemption, by and at the sole option of the City, either in whole or in part, on any date on or after December 1, 2020, at par plus accrued interest to the redemption date.

D. OPWC Loan Payable

On August 11, 2011, the City obtained an interest free loan from the Ohio Public Works Commission, in the amount of \$137,465, for the construction of Buckeye Street. The loan was issued for a twenty year period, with final maturity in 2031. The loan is to be repaid from the Tax Incremental Financing capital projects fund.

E. Capital Leases Payable

Capital lease obligations will be paid from the fund that maintains custody of the related asset.

F. Business-Type Activities General Obligation Bonds

The general obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment to the extent resources are not available from the applicable enterprise fund to make principal and interest payments. The City has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

On April 1, 2005, the City issued general obligation refunding bonds in the Water enterprise fund, in the original amount of \$1,145,000, to refund \$1,340,000 of 1994 Waterworks Mortgage Revenue bonds. These bonds fully matured in 2014 and were paid from the Water enterprise fund. The refunded bonds were fully retired.

On April 1, 2005, the City issued general obligation refunding bonds in the Sewer enterprise fund, in the original amount of \$1,530,000, to refund \$1,755,000 of 1993 Wastewater Mortgage Revenue bonds. These bonds will fully mature in 2018. The bonds will be paid from the Sewer enterprise fund. The refunded bonds were fully retired.

In 2010, the City issued general obligation bonds, in the original amount of \$500,000, to retire bond anticipation notes issued for water improvements. These bonds will fully mature in 2030. The bonds will be paid from the Water enterprise fund.

**CITY OF CELINA
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

18. LONG-TERM OBLIGATIONS (Continued)

The bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2021 through 2023 (with the balance of \$20,000 to be paid at stated maturity on December 1, 2024), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

<u>Year</u>	<u>Amount</u>
2021	\$20,000
2022	20,000
2023	20,000

The bonds maturing on December 1, 2030, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2025 through 2029 (with the balance of \$25,000 to be paid at stated maturity on December 1, 2030), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

<u>Year</u>	<u>Amount</u>
2025	\$20,000
2026	20,000
2027	20,000
2028	20,000
2029	25,000

The bonds maturing on or after December 1, 2024, are subject to prior redemption, by and at the sole option of the City, either in whole or in part, on any date on or after December 1, 2020, at par plus accrued interest to the redemption date.

G. Mortgage Revenue Bonds

Mortgage revenue bonds are special obligations of the City secured by a mortgage upon the assets of the sewer system. The bonds are payable solely from the gross revenues of the system after provisions for reasonable operation and maintenance expenses.

In 2011, the City issued \$3,140,000 in Wastewater Refunding bonds to currently refund 1999 Wastewater Refunding bonds and to provide funds to make various improvements to the City's wastewater system. The refunded bonds were fully retired in 2011.

The bond indentures have certain restrictive covenants and principally require that bond reserves be maintained and charges for services to customers be sufficient to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties.

Fund assets, whose use are restricted under the bond indenture to improvement and replacement and debt service requirements are presented as restricted assets on the statement of fund net position. These assets are further segregated between those held by the City and those held by the trustee. Restricted assets relating to the mortgage revenue bond issue were as follows as of December 31, 2014:

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

18. LONG-TERM OBLIGATIONS (Continued)

	Restricted Assets
	Wastewater Refunding
Restricted Assets held by the City for:	
Revenue Bond Operations and Maintenance	\$608,455
Restricted Assets held by Fiscal Agent for:	
Revenue Bond Future Debt Service	309,093

The bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2019 and 2020, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Year	Amount
2019	\$135,000
2020	135,000

The bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2021 and 2022, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Year	Amount
2021	\$140,000
2022	145,000

The bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2023 and 2024, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Year	Amount
2023	\$150,000
2024	155,000

The bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the years 2025 and 2026, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Year	Amount
2025	\$160,000
2026	165,000

The mortgage revenue bonds will be paid solely from the revenues of the Sewer enterprise fund. Annual principal and interest payments on the bonds are expected to require less than 100 percent of these net revenues in future years. The total principal and interest remaining to be paid on the mortgage revenue bonds are \$2,140,000 and \$353,585 respectively. Principal and interest for the current year and total net revenues were \$396,045 and \$1,160,810, respectively.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

18. LONG-TERM OBLIGATIONS (Continued)

H. OPWC Loan Payable

On August 26, 2002, the City obtained an interest free loan from the Ohio Public Works Commission, in the amount of \$483,243, for the construction of a 1.5 million gallon water tower and the installation of a twenty inch water line. The loan is to be repaid from the Water enterprise fund.

The OPWC loan will be paid solely from the net revenues of the Water enterprise fund. Annual principal payments on the loan are expected to require less than 100 percent of these net revenues in future years. The total principal remaining on the OPWC loan is \$253,702. Principal for the current year and total net revenues were \$24,162, and \$1,191,568, respectively.

I. OWDA Loans Payable

On April 11, 2005, the City obtained a loan from the Ohio Water Development Authority, in the amount of \$1,878,426, for the design of the granular activated carbon process. On August 13, 2007, the City increased this loan to include the construction of the granular activated carbon process system. The total loan amount was \$8,542,544.

The OWDA loans are to be repaid from the net revenues of the Water enterprise fund. Annual principal and interest payments on the loans are expected to require less than 100 percent of these net revenues in future years. The total principal and interest remaining on the OWDA loan is \$5,000,465 and \$1,263,411, respectively. Principal and interest for the current year and total net revenues were \$447,420 and \$1,191,568, respectively.

J. AMP-Ohio Payable

The City of Celina is a member of American Municipal Power (AMP) and a participant in the American Municipal Power Generating Station Project (AMPGS). This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share of the project was 19,000 kW of a total capacity of 771,281 kW, giving the City a 2.46 percent share of the project.

The AMPGS project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. As a result of a March 31, 2014, legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability.

The City's estimated share of the impaired costs at March 31, 2014, was \$3,296,136. The City received a credit of \$709,787 related to its participation in the AMP Fremont Energy Center (AFEC) project, a credit of \$859,272 related to the AMPGS costs deemed to have future benefit for the project participants, have incurred additional costs of \$20,524, and have made payments of \$583,033 leaving a net impaired cost estimate of \$1,164,568. The City is reporting a payable to AMP in its business-type activities and in its Electric enterprise fund for these impaired costs. AMP financed these costs in its revolving line of credit. Any additional costs (including line of credit interest and legal fees) or amounts received related to the project may result in a future liability to the City. These amounts will be recorded as they become estimable.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

18. LONG-TERM OBLIGATIONS (Continued)

The City is paying its liability to AMP by making monthly payments over the next five and one-half years. The liability should be paid in full during 2020.

K. Compensated Absences Payable

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds are the General Fund, the Street special revenue fund, and the Electric, Water, and Sewer enterprise funds.

The City's legal debt margin was \$14,267,422 at December 31, 2014.

The following is a summary of the City's future annual debt service requirements for governmental activities:

Year	Governmental Activities		
	General Obligation Bonds		OPWC Loan
	Principal	Interest	Principal
2015	\$245,000	\$53,450	\$6,873
2016	250,000	48,550	6,874
2017	260,000	42,300	6,874
2018	260,000	35,800	6,873
2019	265,000	28,000	6,873
2020-2024	475,000	56,750	34,366
2025-2029	105,000	12,600	34,366
2030-2031	15,000	600	13,747
Total	\$1,875,000	\$278,050	\$116,846

The City's future annual debt service requirements, including mandatory sinking fund requirements, payable from the business-type activities are as follows:

Year	Wastewater Refunding General Obligation Bonds		Wastewater Refunding Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	\$125,000	\$26,000	\$345,000	\$54,345
2016	125,000	19,750	350,000	47,445
2017	130,000	13,500	130,000	40,445
2018	140,000	7,000	130,000	37,845
	\$520,000	\$66,250		
2019	30,000	9,950	135,000	35,245
2020-2024	115,000	36,850	725,000	121,600
2025-2029	105,000	18,000	325,000	16,660
2030	25,000	1,000		
	\$395,000	\$113,550	\$2,140,000	\$353,585

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

18. LONG-TERM OBLIGATIONS (Continued)

<u>Year</u>	<u>OPWC Loan</u>	<u>OWDA Loans</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2015	\$24,162	\$287,219	\$160,200
2016	24,162	296,630	150,790
2017	24,162	306,349	141,071
2018	24,162	316,386	131,034
2019	24,162	326,752	120,668
2020-2024	120,811	1,801,536	435,562
2025-2028	12,081	1,665,593	124,086
	<u>\$253,702</u>	<u>\$5,000,465</u>	<u>\$1,263,411</u>

19. CAPITAL LEASES - LESSEE DISCLOSURE

The City has entered into capitalized leases for equipment and vehicles. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and change in fund balance for governmental funds and as a reduction of the liability in the enterprise funds. During 2014, the City paid principal, in the amount of \$82,919, from governmental funds and \$22,633 from business-type activities.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment		\$69,486
Vehicles	\$908,735	
Less Accumulated Depreciation	(109,048)	6,949
Total	<u>\$799,687</u>	<u>\$62,537</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, 2014.

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$86,111	\$10,334	\$23,158	\$1,087
2016	89,426	7,019	23,695	550
2017	92,868	3,577		
Total	<u>\$268,405</u>	<u>\$20,930</u>	<u>\$46,853</u>	<u>\$1,637</u>

20. FUND BALANCE

Fund balance is classified as non-spendable, 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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

20. FUND BALANCE (Continued)

<u>Fund Balance</u>	<u>General</u>	<u>Parks and Recreation</u>	<u>Westview/ Westbank Projects</u>	<u>Tax Increment Financing</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Non-spendable for:						
Prepaid Items	\$12,943					\$12,943
Materials & Supplies Inventory	22,660				\$55,845	78,505
Unclaimed Monies	12,140					12,140
Total Non-spendable	47,743				55,845	103,588
Restricted for:						
Street Construction and Maintenance Cemetery				\$1,795,736	292,666 10,198	2,088,402 10,198
Economic Development and Rehabilitation					273,603	273,603
Police and Fire Operations					8,674	8,674
Drug Enforcement					4,326	4,326
Court Operations					445,900	445,900
Recreation					18	18
Debt Retirement					32,607	32,607
Total Restricted				1,795,736	1,067,992	2,863,728
Committed for:						
Police and Fire Operations					561,446	561,446
Street Construction and Maintenance					94,479	94,479
Total Committed					655,925	655,925
Assigned for:						
Unpaid Obligations	24,365					24,365
Unassigned (Deficit)	2,649,275	(\$1,392,908)	(\$430,150)		(69,216)	757,001
Total Fund Balance	\$2,721,383	(\$1,392,908)	(\$430,150)	\$1,795,736	\$1,710,546	\$4,404,607

21. INTERFUND TRANSFERS

During 2014, the General Fund made transfers to the Parks and Recreation Fund, Tax Increment Financing Fund, and other governmental funds, in the amount of \$294,450, \$6,874, \$1,186,250, respectively, to move receipts as debt payments became due and to subsidize various programs in other funds.

The Stormwater enterprise fund made transfers to the Tax Increment Financing Fund, in the amount of \$98,716, as debt payments became due.

22. JOINT VENTURE

The City of Celina purchased capital stock of the Grand Lake/Mercer County Development Corporation (Corporation) in 1995. The Corporation was incorporated for purchasing land, developing land to entice new industries, and potentially constructing buildings to rent to interested

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

22. JOINT VENTURE (Continued)

The Corporation issued additional shares of capital stock in 1998 reducing the City's interest from 20 to 19 percent. The City's net investment and its share of the operating results of the Corporation are reported in the City's Electric enterprise fund. The Corporation has not accumulated significant financial resources nor is the Corporation experiencing fiscal stress that may cause an additional financial benefit to or burden on the City in the future. Complete financial statements for the Corporation can be obtained from Grand Lake/Mercer County Development Corporation, 112 West Main Street, Coldwater, Ohio 45828, or from the City Auditor's Office.

23. JOINTLY GOVERNED ORGANIZATIONS

A. Mercer County Community Improvement Corporation

The Mercer County Community Improvement Corporation (Corporation) was designated as an agency of Mercer County for industrial, commercial, distribution, and research development in Mercer County. The seventeen members of the Corporation consist of representatives from the County, the City, and villages within the county, along with additional appointments as established by the bylaws. The Corporation received land in 2013 from the City of Celina, with a value of \$18,300, for the benefit of a company. The Corporation adopts its own budget, authorizes expenditures, hires and fires staff, and currently relies on Mercer County to finance deficits. Financial information can be obtained from the Mercer County Auditor, Courthouse, Celina, Ohio 45822.

B. Grand Lake/Mercer County Research Corporation

The Grand Lake/Mercer County Research Corporation (Corporation) was created to enhance the economic environment of Mercer County by attracting new business and industry, retaining existing business and industry, and thereby creating and retaining job opportunities. The twenty-one members of the Corporation consist of representatives based on the eight largest cumulative private contributors, two representatives from the City of Celina, two representatives from Mercer County, one representative from the villages within the County, any contributor of \$5,000 or more in one year, and four representatives from the community. The Corporation adopts its own budget, authorizes expenditures, hires and fires staff, and does not rely on the City to finance deficits. Financial information can be obtained from the Grand Lake/Mercer County Research Corporation, Wright State University, 7600 State Route 703, Celina, Ohio 45822.

C. Mercer County Planning Commission

The City participates in the Mercer County Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Mercer County, and the municipalities and townships within the County. The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services within the County. Financial information can be obtained from the Mercer County Auditor, Courthouse, Celina, Ohio 45822.

**CITY OF CELINA
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

24. INSURANCE PURCHASING POOLS

A. Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program

The City is a participant in the Ohio Municipal League City Equity Pooling Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance officers, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as coordinator of the Program. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the Program.

B. Ohio Government Risk Management Plan

The City participates in the Ohio Government Risk Management Plan (Plan), an insurance purchasing pool consisting of various entities in the State of Ohio. The intent of the Plan is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the Plan. Membership in the Plan is by written application subject to the approval of the Plan Manager. Financial information may be obtained from the Ohio Government Risk Management Plan, 1505 Jefferson Avenue, Toledo, Ohio 43603.

25. CONTINGENT LIABILITIES

A. Litigation

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

B. Federal and State Grants

For the period January 1, 2014, to December 31, 2014, 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 disallowances, if any, would be immaterial.

26. SUBSEQUENT EVENTS

On February 4, 2015, the City issued revenue anticipation notes, in the amount of \$700,000, to partially retire notes previously issued to provide for the acquisition of property and the construction and installation of the West Bank Walkway. The notes are payable from the revenues of the Grand Lake tax incremental financing district. The notes have an interest rate of 1.89 percent and mature on February 3, 2016.

On February 27, 2015, the City issued bond anticipation notes, in the amount of \$2,645,000, to retire notes previously issued to acquire property. The notes have an interest rate of 1.6 percent and mature on February 26, 2016.

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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 Celina
Mercer County
225 N. Main Street
Celina, Ohio 45822

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Celina, Mercer County, (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 8, 2015.

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 opinion 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

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www.ohioauditor.gov

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

September 8, 2015



Dave Yost • Auditor of State

CITY OF CELINA

MERCER 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
OCTOBER 20, 2015**