



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 the City of Celina, Mercer County, Ohio (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Celina, Mercer County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended December 31, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2016, 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

October 3, 2016

**CITY OF CELINA  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
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, 2015. 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, 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 2015. 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, 2015  
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**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

Fund financial statements provide detailed information about the City's major funds, the General, 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 2015 and 2014.

**Table 1  
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Current and Other Assets	\$11,767,922	\$9,845,334	\$20,987,761	\$19,442,578	\$32,755,683	\$29,287,912
Capital Assets, Net	27,050,075	26,404,358	36,687,287	36,526,471	63,737,362	62,930,829
Total Assets	<u>38,817,997</u>	<u>36,249,692</u>	<u>57,675,048</u>	<u>55,969,049</u>	<u>96,493,045</u>	<u>92,218,741</u>
<b>Deferred Outflows of Resources:</b>						
Deferred Charge on Refunding				39,123		39,123
Pension	831,563	543,568	341,916	237,324	1,173,479	780,892
Total Deferred Outflows of Resources	<u>831,563</u>	<u>543,568</u>	<u>341,916</u>	<u>276,447</u>	<u>1,173,479</u>	<u>820,015</u>

(Continued)



**CITY OF CELINA  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
UNAUDITED  
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**Table 1  
Net Position  
(Continued)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Liabilities:</b>						
Current and Other Liabilities	\$705,399	\$2,251,720	\$2,237,720	\$2,401,912	\$2,943,119	\$4,653,632
<b>Long-Term Liabilities:</b>						
Pension	6,094,357	5,775,913	1,945,635	1,901,688	8,039,992	7,677,601
Other Amounts	6,038,941	4,599,530	9,281,260	9,755,318	15,320,201	14,354,848
Total Liabilities	<u>12,838,697</u>	<u>12,627,163</u>	<u>13,464,615</u>	<u>14,058,918</u>	<u>26,303,312</u>	<u>26,686,081</u>
<b>Deferred Inflows of Resources:</b>						
Pension	21,853		34,181		56,034	
Other Amounts	1,328,734	1,341,997			1,328,734	1,341,997
Total Deferred Inflows of Resources	<u>1,350,587</u>	<u>1,341,997</u>	<u>34,181</u>		<u>1,384,768</u>	<u>1,341,997</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	21,271,868	22,144,107	28,686,761	28,187,483	49,958,629	50,331,590
Restricted	4,154,853	3,276,245	647,730	917,548	4,802,583	4,193,793
Unrestricted (Deficit)	33,555	(2,596,252)	15,183,677	13,081,547	15,217,232	10,485,295
Total Net Position	<u>\$25,460,276</u>	<u>\$22,824,100</u>	<u>\$44,518,168</u>	<u>\$42,186,578</u>	<u>\$69,978,444</u>	<u>\$65,010,678</u>

During 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions", which significantly revises accounting for pension costs and liabilities. For reasons discussed below, end users of these financial statements will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB Statement No. 68, the net pension liability equals the City's proportionate share of each plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

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

**CITY OF CELINA  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
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the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer as to the employee because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

In accordance with GASB Statement No. 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred outflows/inflows.

As a result of implementing GASB Statement No. 68, the City is reporting a net pension liability and deferred outflows/inflows of resources related to pension on the accrual basis of accounting. This implementation, along with other adjustments, also had the effect of restating net position at December 31, 2014, from \$28,056,445 to \$22,824,100 for governmental activities and from \$43,850,942 to \$42,186,578 for business-type activities.

For governmental activities, there was an increase in current and other assets of over \$1.9 million. The increase is generally due to the excess of revenues over expenses for the year and not needing those resources for 2015 operations. This increase is also reflected in the increase in unrestricted net position. The decrease in current and other liabilities is primarily the result of a significant payable at the end of 2014 for the purchase of land. The increase in other long-term liabilities was due to additional debt issued for land acquisition and improvements to the municipal court building.

For business-type activities, the increase in current and other assets is a combination of an increase in cash and cash equivalents and an increase in accounts receivable, largely related to an additional billing cycle in 2015. Note a similar increase in unrestricted net position. The only other change of significance is the decrease in other long-term liabilities. While the City obtained an additional loan in 2015 for the construction of a water tower, overall debt retirement exceeded the new debt.

Table 2 reflects the change in net position for 2015 and 2014.

**CITY OF CELINA  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
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(Continued)**

**Table 2  
Change in Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$1,345,802	\$1,237,450	\$27,791,529	\$25,505,991	\$29,137,331	\$26,743,441
Operating Grants, Contributions, and Interest	778,618	738,851			778,618	738,851
Capital Grants and Contributions	917,216	866,752			917,216	866,752
<b>Total Program Revenues</b>	<b>3,041,636</b>	<b>2,843,053</b>	<b>27,791,529</b>	<b>25,505,991</b>	<b>30,833,165</b>	<b>28,349,044</b>
<b>General Revenues:</b>						
Property Taxes	373,435	549,737			373,435	549,737
Municipal Income Taxes	5,485,446	5,272,044			5,485,446	5,272,044
Payment in Lieu of Taxes	706,093	766,875			706,093	766,875
Other Local Taxes	575,919	567,874			575,919	567,874
Franchise Fees	90,938	92,315			90,938	92,315
Grants and Entitlements not Restricted to Specific Programs	291,917	291,282			291,917	291,282
Interest	75,783	51,573	12,032	12,895	87,815	64,468
Other	163,703	177,432	159,731	148,474	323,434	325,906
<b>Total General Revenues</b>	<b>7,763,234</b>	<b>7,769,132</b>	<b>171,763</b>	<b>161,369</b>	<b>7,934,997</b>	<b>7,930,501</b>
<b>Total Revenues</b>	<b>10,804,870</b>	<b>10,612,185</b>	<b>27,963,292</b>	<b>25,667,360</b>	<b>38,768,162</b>	<b>36,279,545</b>
<b>Expenses:</b>						
Security of Persons and Property	4,434,000	3,784,516			4,434,000	3,784,516
Public Health	122,219	111,352			122,219	111,352
Leisure Time Activities	576,257	578,237			576,257	578,237
Community Environment		2,619				2,619
Basic Utility Services	187,136	253,230			187,136	253,230
Transportation	1,369,072	1,552,118			1,369,072	1,552,118
General Government	1,432,874	1,447,535			1,432,874	1,447,535
Interest and Fiscal Charges	147,600	75,497			147,600	75,497
Electric			19,757,958	19,829,162	19,757,958	19,829,162
Water			3,719,710	3,547,727	3,719,710	3,547,727
Sewer			1,947,681	1,805,606	1,947,681	1,805,606
Stormwater			105,889	124,913	105,889	124,913
<b>Total Expenses</b>	<b>8,269,158</b>	<b>7,805,104</b>	<b>25,531,238</b>	<b>25,307,408</b>	<b>33,800,396</b>	<b>33,112,512</b>
Excess of Revenues Over Expenses Before Transfers	2,535,712	2,807,081	2,432,054	359,952	4,967,766	3,167,033
Transfers	100,464	(264,180)	(100,464)	264,180		
<b>Increase in Net Position</b>	<b>2,636,176</b>	<b>2,542,901</b>	<b>2,331,590</b>	<b>624,132</b>	<b>4,967,766</b>	<b>3,167,033</b>
Net Position Beginning of Year	22,824,100	n/a	42,186,578	n/a	65,010,678	n/a
<b>Net Position End of Year</b>	<b>\$25,460,276</b>	<b>\$22,824,100</b>	<b>\$44,518,168</b>	<b>\$42,186,578</b>	<b>\$69,978,444</b>	<b>\$65,010,678</b>

**CITY OF CELINA  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
UNAUDITED  
(Continued)**

The information necessary to restate the 2014 beginning balance and the 2014 pension expense amounts for the effects of the initial implementation of GASB Statement No. 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$780,892 computed under GASB Statement No. 27. GASB Statement No. 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB Statement No. 68, pension expense represents additional amounts earned adjusted by deferred outflows/inflows. The contractually required contribution is no longer a component of pension expense. Under GASB Statement No. 68, the 2015 statements report pension expense of \$820,083. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed.

Total 2015 Program Expenses under GASB Statement No. 68	\$33,800,396
Pension Expense under GASB Statement No. 68	(820,083)
2015 Contractually Required Contribution	794,245
Adjusted 2015 Program Expenses	33,774,558
Total 2014 Program Expenses under GASB Statement No. 27	(33,112,512)
Increase in Program Expenses not Related to Pension	\$662,046

For governmental activities, program revenues represented 28 percent of total revenues which was similar to the prior year (27 percent in 2014). The increase in program revenues is due to modest increases in each program revenue type. General revenues remained very similar to the prior year with a change of less than 1 percent.

Overall, expenses for governmental activities increased almost 6 percent although there was not a significant change in any particular program.

For business-type activities, the additional billing cycle (as mentioned previously) led to the increase in charges for services revenue. Expenses changed less than 1 percent from the prior year.

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	
	2015	2014	2015	2014
Security of Persons and Property	\$4,434,000	\$3,784,516	\$3,891,990	\$3,316,167
Public Health	122,219	111,352	112,184	103,852
Leisure Time Activities	576,257	578,237	(100,547)	29,707
Community Environment		2,619	(4,392)	(1,403)
Basic Utility Services	187,136	253,230	187,136	67,043
Transportation	1,369,072	1,552,118	266,901	598,074
General Government	1,432,874	1,447,535	726,650	773,114
Interest and Fiscal Charges	147,600	75,497	147,600	75,497
Total Expenses	\$8,269,158	\$7,805,104	\$5,227,522	\$4,962,051

**CITY OF CELINA  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
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General revenues provided for 63 percent of the costs of providing governmental services in 2015 (64 percent in 2014). 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 and Tax Increment Financing capital projects funds. Fund balance increased \$818,601 in the General Fund (30 percent). Revenues increased 4 percent (primarily municipal income taxes and fees, licenses, and permits) and expenditures decreased almost 8 percent (primarily due to no expenditures for the community environment program).

There was a 15 percent increase in fund balance in the Tax Increment Financing Fund. Activity was similar to the prior year but both revenues and expenditures were slightly lower.

**BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS**

The City's enterprise funds are the Electric, Water, Sewer, and Stormwater funds. The Electric Fund rebounded from an operating loss in the prior year to have an increase in net position of over 5 percent due to an increase in charges for services revenue.

Net position increased less than 4 percent in the Water Fund and is not a significant change. Revenues and expenses were similar to the prior year.

Net position increased almost 12 percent in the Sewer Fund. Again, revenues and expenses were fairly similar to the prior year with revenues exceeding expenses.

There was a 3 percent increase in net position of the Stormwater Fund and not a significant change.

**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. Actual expenditures were less than the final budgeted amounts for all programs due to conservative budgeting.

**CITY OF CELINA  
MERCER COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** – The City's investment in capital assets for governmental and business-type activities as of December 31, 2015, was \$27,050,075 and \$36,687,287, 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 included continuing construction, street improvements, and the purchase of vehicles. In the business-type activities, the largest additions were continuing construction and infrastructure improvements. The most significant disposals for both governmental and business-type activities were vehicle replacements. For further information on the City's capital assets, refer to Note 11 to the basic financial statements.

**Debt** – At December 31, 2015, the City had \$700,000 in outstanding revenue anticipation notes and \$2,645,000 in bond anticipation notes payable from governmental activities. The City had a number of long-term obligations outstanding as of December 31, 2015, including \$2,595,000 in general obligation bonds, \$1,795,000 in mortgage revenue bonds, \$339,513 in OPWC loans, \$5,586,841 in OWDA loans and \$985,782 due to AMP-Ohio. Of this amount, \$8,962,163 will be repaid from business-type activities.

In addition to the debt outlined above, the City's long-term obligations also include the net pension liability, capital leases and compensated absences. For further information on the City's debt, refer to Notes 18, 19, and 20 to the basic financial statements.

**CURRENT ISSUES**

On February 3, 2016, the City issued revenue anticipation notes, in the amount of \$500,000, 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 1.65 percent and mature on February 3, 2017.

On February 26, 2016, 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 1.50 percent and mature on February 24, 2017.

**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.

**CITY OF CELINA  
MERCER COUNTY**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$8,892,782	\$14,445,557	\$23,338,339
Cash and Cash Equivalents with Fiscal Agents		309,149	309,149
Accounts Receivable	69,742	3,376,616	3,446,358
Accrued Interest Receivable	8,756		8,756
Due from Other Governments	629,835	4,912	634,747
Municipal Income Taxes Receivable	1,104,079		1,104,079
Internal Balances	(769,587)	769,587	
Prepaid Items	14,656	29,756	44,412
Materials and Supplies Inventory	87,883	2,047,954	2,135,837
Property Taxes Receivable	654,251		654,251
Payment in Lieu of Taxes Receivable	965,954		965,954
Notes Receivable	107,965		107,965
Special Assessments Receivable	1,606		1,606
Investment in Joint Venture		4,230	4,230
Non-depreciable Capital Assets	14,924,521	1,267,914	16,192,435
Depreciable Capital Assets, Net	12,125,554	35,419,373	47,544,927
Total Assets	<u>38,817,997</u>	<u>57,675,048</u>	<u>96,493,045</u>
<b>Deferred Outflows of Resources</b>			
Pension	<u>831,563</u>	<u>341,916</u>	<u>1,173,479</u>
<b>Liabilities:</b>			
Accrued Wages Payable	68,009	31,652	99,661
Accounts Payable	160,078	171,883	331,961
Contracts Payable	75,644	1,422,217	1,497,861
Retainage Payable	17,763		17,763
Due to Other Governments	130,958	131,802	262,760
Accrued Interest Payable	52,947	75,758	128,705
Notes Payable	200,000		200,000
Deposits Held and Due to Others		404,408	404,408
<b>Long-Term Liabilities:</b>			
Due Within One Year	991,904	997,010	1,988,914
Due in More Than One Year	5,047,037	8,284,250	13,331,287
Pension	6,094,357	1,945,635	8,039,992
Total Liabilities	<u>12,838,697</u>	<u>13,464,615</u>	<u>26,303,312</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	362,780		362,780
Payment in Lieu of Taxes	965,954		965,954
Pension	21,853	34,181	56,034
Total Deferred Inflows of Resources	<u>1,350,587</u>	<u>34,181</u>	<u>1,384,768</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	21,271,868	28,686,761	49,958,629
<b>Restricted for:</b>			
Debt Service	32,644	309,149	341,793
Capital Projects	2,703,588		2,703,588
Other Purposes	1,418,621		1,418,621
Revenue Bond Operations and Maintenance		338,581	338,581
Unrestricted	33,555	15,183,677	15,217,232
Total Net Position	<u>\$25,460,276</u>	<u>\$44,518,168</u>	<u>\$69,978,444</u>

See Accompanying Notes to the Basic Financial Statements.

**CITY OF CELINA  
MERCER COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants, Contributions, and Interest</b>	<b>Capital Grants and Contributions</b>
<b>Governmental Activities:</b>				
Security of Persons and Property	\$4,434,000	\$517,252	\$24,758	
Public Health	122,219	10,035		
Leisure Time Activities	576,257	111,951		\$564,853
Community Environment			4,392	
Basic Utility Services	187,136			
Transportation	1,369,072	9,445	740,363	352,363
General Government	1,432,874	697,119	9,105	
Interest and Fiscal Charges	147,600			
<b>Total Governmental Activities</b>	<b>8,269,158</b>	<b>1,345,802</b>	<b>778,618</b>	<b>917,216</b>
<b>Business-Type Activities:</b>				
Electric	19,757,958	20,852,017		
Water	3,719,710	4,142,353		
Sewer	1,947,681	2,494,164		
Stormwater	105,889	302,995		
<b>Total Business-Type Activities</b>	<b>25,531,238</b>	<b>27,791,529</b>		
<b>Total</b>	<b>\$33,800,396</b>	<b>\$29,137,331</b>	<b>\$778,618</b>	<b>\$917,216</b>

**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 - Restated (Note 3)
  
- Net Position End of Year

*See Accompanying Notes to the Basic Financial Statements.*



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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
(\$3,891,990)		(\$3,891,990)
(112,184)		(112,184)
100,547		100,547
4,392		4,392
(187,136)		(187,136)
(266,901)		(266,901)
(726,650)		(726,650)
(147,600)		(147,600)
<u>(5,227,522)</u>		<u>(5,227,522)</u>
	\$1,094,059	1,094,059
	422,643	422,643
	546,483	546,483
	197,106	197,106
	<u>2,260,291</u>	<u>2,260,291</u>
<u>(5,227,522)</u>	<u>2,260,291</u>	<u>(2,967,231)</u>
276,017		276,017
48,709		48,709
48,709		48,709
5,485,446		5,485,446
706,093		706,093
575,919		575,919
90,938		90,938
291,917		291,917
75,783	12,032	87,815
163,703	159,731	323,434
<u>7,763,234</u>	<u>171,763</u>	<u>7,934,997</u>
<u>100,464</u>	<u>(100,464)</u>	
<u>7,863,698</u>	<u>71,299</u>	<u>7,934,997</u>
2,636,176	2,331,590	4,967,766
<u>22,824,100</u>	<u>42,186,578</u>	<u>65,010,678</u>
<u>\$25,460,276</u>	<u>\$44,518,168</u>	<u>\$69,978,444</u>

**CITY OF CELINA  
MERCER COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	<u>General</u>	<u>Tax Increment Financing</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$3,537,850	\$2,262,618	2,969,228	\$8,769,696
Accounts Receivable	52,189		17,553	69,742
Accrued Interest Receivable	8,756			8,756
Due from Other Governments	150,561	13,474	465,800	629,835
Municipal Income Taxes Receivable	1,104,079			1,104,079
Interfund Receivable	504,953			504,953
Prepaid Items	14,656			14,656
Materials and Supplies Inventory	18,027		69,856	87,883
<b>Restricted Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	11,523			11,523
Property Taxes Receivable	483,577		170,674	654,251
Payment in Lieu of Taxes Receivable		965,954		965,954
Notes Receivable			107,965	107,965
Special Assessments Receivable			1,606	1,606
<b>Total Assets</b>	<u>5,886,171</u>	<u>3,242,046</u>	<u>3,802,682</u>	<u>12,930,899</u>
<b>Liabilities:</b>				
Accrued Wages Payable	62,213		5,796	68,009
Accounts Payable	136,697		23,381	160,078
Contracts Payable		173	75,471	75,644
Retainage Payable			17,763	17,763
Due to Other Governments	100,096		30,862	130,958
Interfund Payable	772,330		460,389	1,232,719
Accrued Interest Payable		3,418		3,418
Notes Payable		200,000		200,000
<b>Total Liabilities</b>	<u>1,071,336</u>	<u>203,591</u>	<u>613,662</u>	<u>1,888,589</u>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	268,142		94,638	362,780
Payment in Lieu of Taxes		965,954		965,954
Unavailable Revenue	1,006,709	13,474	495,122	1,515,305
<b>Total Deferred Inflows of Resources</b>	<u>1,274,851</u>	<u>979,428</u>	<u>589,760</u>	<u>2,844,039</u>
<b>Fund Balance:</b>				
Non-spendable	44,206		69,856	114,062
Restricted		2,059,027	1,475,420	3,534,447
Committed			1,254,007	1,254,007
Assigned	110,514			110,514
Unassigned (Deficit)	3,385,264		(200,023)	3,185,241
<b>Total Fund Balance</b>	<u>3,539,984</u>	<u>2,059,027</u>	<u>2,599,260</u>	<u>8,198,271</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$5,886,171</u>	<u>\$3,242,046</u>	<u>\$3,802,682</u>	<u>\$12,930,899</u>

See Accompanying Notes to the Basic Financial Statements.

**CITY OF CELINA  
MERCER COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2015**

Total Governmental Fund Balance	\$8,198,271
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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.	27,050,075
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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	\$26,459	
Accrued Interest Payable	8,756	
Due from Other Governments	562,299	
Municipal Income Taxes Receivable	624,714	
Delinquent Property Taxes Receivable	291,471	
Special Assessments Receivable	1,606	
		1,515,305

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	(49,529)	
Revenue Anticipation Notes Payable	(500,000)	
Bond Anticipation Notes Payable	(2,645,000)	
General Obligation Bonds Payable	(2,230,000)	
OPWC Loan Payable	(109,973)	
Compensated Absences Payable	(553,968)	
		(6,088,470)

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

Deferred Outflows - Pension	831,563	
Deferred Inflows - Pension	(21,853)	
Net Pension Liability	(6,094,357)	
		(5,284,647)

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	\$25,460,276
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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, 2015**

	<u>General</u>	<u>Tax Increment Financing</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property Taxes	\$238,302		\$84,106	\$322,408
Municipal Income Taxes	5,487,746			5,487,746
Payment in Lieu of Taxes		\$706,093		706,093
Other Local Taxes	575,919			575,919
Special Assessments			1,174	1,174
Charges for Services	236,984		131,064	368,048
Fees, Licenses, and Permits	119,658			119,658
Fines and Forfeitures	364,609		249,540	614,149
Intergovernmental	627,600	25,110	1,626,881	2,279,591
Interest	74,449		5,986	80,435
Other	110,079		53,624	163,703
Total Revenues	<u>7,835,346</u>	<u>731,203</u>	<u>2,152,375</u>	<u>10,718,924</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Security of Persons and Property	3,309,455		786,984	4,096,439
Public Health	91,010		31,209	122,219
Leisure Time Activities	55,286		967,735	1,023,021
Basic Utility Services	190,918			190,918
Transportation	167,773	33,196	901,477	1,102,446
General Government	1,274,778		423,054	1,697,832
<b>Debt Service:</b>				
Principal Retirement		251,873	1,468,405	1,720,278
Current Refunding		200,000		200,000
Interest and Fiscal Charges		73,734	28,791	102,525
Total Expenditures	<u>5,089,220</u>	<u>558,803</u>	<u>4,607,655</u>	<u>10,255,678</u>
Excess of Revenues Over (Under) Expenditures	<u>2,746,126</u>	<u>172,400</u>	<u>(2,455,280)</u>	<u>463,246</u>
<b>Other Financing Sources (Uses):</b>				
Notes Issued		500,000	2,645,000	3,145,000
Bonds Issued			600,000	600,000
Current Refunding		(500,000)		(500,000)
Sale of Capital Assets	1,400			1,400
Transfers In		108,441	3,122,052	3,230,493
Transfers Out	(1,928,925)	(17,550)	(1,200,000)	(3,146,475)
Total Other Financing Sources (Uses)	<u>(1,927,525)</u>	<u>90,891</u>	<u>5,167,052</u>	<u>3,330,418</u>
Changes in Fund Balance	818,601	263,291	2,711,772	3,793,664
Fund Balance (Deficit) Beginning of Year	<u>2,721,383</u>	<u>1,795,736</u>	<u>(112,512)</u>	<u>4,404,607</u>
Fund Balance End of Year	<u>\$3,539,984</u>	<u>\$2,059,027</u>	<u>\$2,599,260</u>	<u>\$8,198,271</u>

See Accompanying Notes to the Basic Financial Statements.

**CITY OF CELINA  
MERCER COUNTY**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Changes in Fund Balance - Total Governmental Funds \$3,793,664

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	\$826,907	
Capital Outlay - Depreciable Capital Assets	887,458	
Capital Contribution - Depreciable Capital Assets	368,809	
Depreciation	<u>(921,938)</u>	1,161,236

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 loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(1,400)	
Loss on Disposal of Capital Assets	<u>(514,119)</u>	(515,519)

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

Delinquent Property Taxes	51,027	
Municipal Income Taxes	(2,300)	
Fees, Licenses, and Permits	(22,503)	
Special Assessments	(807)	
Charges for Services	3,780	
Intergovernmental	<u>(295,614)</u>	(266,417)

Debt proceeds are other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net position. (3,745,000)

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	700,000	
Bond Anticipation Notes Payable	1,200,000	
General Obligation Bonds Payable	245,000	
OPWC Loan Payable	6,873	
Capital Leases Payable	<u>268,405</u>	2,420,278

Except for amounts reported as deferred outflow/inflows, changes in the net pension liability are reported as pension expense on the statement of activities. (608,445)

Contractually required pension contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows. 556,143

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. (45,075)

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. (114,689)

Change in Net Position of Governmental Activities \$2,636,176

*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, 2015**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Over (Under)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Under)</u>
<b>Revenues:</b>				
Property Taxes	\$268,986	\$268,986	\$238,302	(\$30,684)
Municipal Income Taxes	5,300,000	5,300,000	5,436,297	136,297
Other Local Taxes	560,000	560,000	579,990	19,990
Charges for Services	229,000	229,000	240,476	11,476
Fees, Licenses, and Permits	103,250	103,250	119,658	16,408
Fines and Forfeitures	321,945	321,945	368,559	46,614
Intergovernmental	546,890	546,890	626,602	79,712
Interest	54,823	54,823	74,452	19,629
Other	152,138	152,138	110,756	(41,382)
<b>Total Revenues</b>	<u>7,537,032</u>	<u>7,537,032</u>	<u>7,795,092</u>	<u>258,060</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Security of Persons and Property	3,861,619	3,975,324	3,489,819	485,505
Public Health	91,010	91,010	91,010	
Leisure Time Activities	82,589	82,589	57,400	25,189
Basic Utility Services	235,975	220,254	198,597	21,657
Transportation	265,708	265,708	169,250	96,458
General Government	1,501,262	1,551,647	1,342,974	208,673
Other	129,500	74,778	7,291	67,487
<b>Total Expenditures</b>	<u>6,167,663</u>	<u>6,261,310</u>	<u>5,356,341</u>	<u>904,969</u>
Excess of Revenues Over Expenditures	<u>1,369,369</u>	<u>1,275,722</u>	<u>2,438,751</u>	<u>1,163,029</u>
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	1,400	1,400	1,400	
Advances In	1,285,545	1,285,545	864,376	(421,169)
Advances Out	(153,496)	(153,496)	(153,496)	
Transfers Out	(937,181)	(2,139,645)	(1,928,925)	210,720
<b>Total Other Financing Sources (Uses)</b>	<u>196,268</u>	<u>(1,006,196)</u>	<u>(1,216,645)</u>	<u>(210,449)</u>
Changes in Fund Balance	1,565,637	269,526	1,222,106	952,580
Fund Balance Beginning of Year	2,211,017	2,211,017	2,211,017	
Prior Year Encumbrances Appropriated	26,616	26,616	26,616	
<b>Fund Balance End of Year</b>	<u>\$3,803,270</u>	<u>\$2,507,159</u>	<u>\$3,459,739</u>	<u>\$952,580</u>

See Accompanying Notes to the Basic Financial Statements.

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CITY OF CELINA  
MERCER COUNTY

STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2015

	Enterprise Funds			
	Electric	Water	Sewer	Stormwater
<b>Assets:</b>				
<b>Current Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$7,155,648	\$3,869,256	\$2,156,013	\$521,651
Accounts Receivable	2,342,355	625,670	378,649	29,942
Due from Other Governments	2,346	1,283	1,283	
Interfund Receivable	1,158,572			
Prepaid Items	14,212	7,772	7,772	
Materials and Supplies Inventory	1,369,707	630,905	36,474	10,868
Total Current Assets	<u>12,042,840</u>	<u>5,134,886</u>	<u>2,580,191</u>	<u>562,461</u>
<b>Non-Current Assets:</b>				
<b>Restricted Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	404,408		338,581	
Cash and Cash Equivalents with Fiscal Agents			309,149	
Investment in Joint Venture	4,230			
Non-depreciable Capital Assets	190,491	939,818	137,605	
Depreciable Capital Assets, Net	13,944,896	14,210,727	4,629,729	2,634,021
Total Non-Current Assets	<u>14,544,025</u>	<u>15,150,545</u>	<u>5,415,064</u>	<u>2,634,021</u>
Total Assets	<u>26,586,865</u>	<u>20,285,431</u>	<u>7,995,255</u>	<u>3,196,482</u>
<b>Deferred Outflows of Resources:</b>				
Pension	128,919	128,919	84,078	
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accrued Wages Payable	11,897	11,813	7,942	
Accounts Payable	60,101	99,037	11,744	1,001
Contracts Payable	1,415,267	450	6,500	
Compensated Absences Payable	28,043	28,551	16,032	
Due to Other Governments	50,139	51,715	29,948	
Interfund Payable	44,867	194,721	191,218	
Accrued Interest Payable		71,804	3,954	
General Obligation Bonds Payable		30,000		
Mortgage Revenue Bonds Payable			350,000	
OPWC Loan Payable		24,162		
OWDA Loans Payable		296,630		
AMP-Ohio Payable	199,897			
Capital Leases Payable		23,695		
Total Current Liabilities	<u>1,810,211</u>	<u>832,578</u>	<u>617,338</u>	<u>1,001</u>
<b>Non-Current Liabilities:</b>				
Deposits Held and Due to Others	404,408			
General Obligation Bonds Payable		335,000		
Mortgage Revenue Bonds Payable			1,445,000	
Net Pension Liability	733,600	733,600	478,435	
OPWC Loans Payable		205,378		
OWDA Loans Payable		5,290,211		
AMP-Ohio Payable	785,885			
Compensated Absences Payable	73,402	104,752	44,622	
Total Non-Current Liabilities	<u>1,997,295</u>	<u>6,668,941</u>	<u>1,968,057</u>	
Total Liabilities	<u>3,807,506</u>	<u>7,501,519</u>	<u>2,585,395</u>	<u>1,001</u>
<b>Deferred Inflows of Resources:</b>				
Pension	\$12,888	\$12,888	\$8,405	
<b>Net Position:</b>				
Net Investment in Capital Assets	14,135,387	8,945,019	2,972,334	2,634,021
<b>Restricted for:</b>				
Revenue Bond Operations and Maintenance			338,581	
Revenue Bond Future Debt Service			309,149	
Unrestricted	8,760,003	3,954,924	1,865,469	561,460
Total Net Position	<u>\$22,895,390</u>	<u>\$12,899,943</u>	<u>\$5,485,533</u>	<u>\$3,195,481</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.

Net position of business-type activities

See Accompanying Notes to the Basic Financial Statements.



Total Enterprise Funds	Self Insurance Internal Service Fund
\$13,702,568	\$111,563
3,376,616	
4,912	
1,158,572	
29,756	
<u>2,047,954</u>	
<u>20,320,378</u>	<u>111,563</u>
742,989	
309,149	
4,230	
1,267,914	
<u>35,419,373</u>	
<u>37,743,655</u>	
58,064,033	111,563
<u>341,916</u>	
31,652	
171,883	
1,422,217	
72,626	
131,802	
430,806	
75,758	
30,000	
350,000	
24,162	
296,630	
199,897	
23,695	
<u>3,261,128</u>	
404,408	
335,000	
1,445,000	
1,945,635	
205,378	
5,290,211	
785,885	
222,776	
<u>10,634,293</u>	
<u>13,895,421</u>	
<u>\$34,181</u>	
28,686,761	
338,581	
309,149	
15,141,856	111,563
<u>44,476,347</u>	<u>\$111,563</u>
41,821	
<u>\$44,518,168</u>	

**CITY OF CELINA  
MERCER COUNTY**

**STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
PROPREITARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
<b>Operating Revenues:</b>			
Charges for Services	\$20,495,360	\$4,142,353	
Charges for Services Pledged as Security on Mortgage Revenue Bonds			\$2,494,164
Other	79,244	42,271	24,841
Total Operating Revenues	<u>20,574,604</u>	<u>4,184,624</u>	<u>2,519,005</u>
<b>Operating Expenses:</b>			
Personal Services	1,154,799	1,124,637	734,911
Materials and Supplies	17,398,272	1,891,123	710,956
Bad Debt	13,115		
Other	357,126	108,496	69,450
Depreciation	830,975	489,373	340,074
Total Operating Expenses	<u>19,754,287</u>	<u>3,613,629</u>	<u>1,855,391</u>
Operating Income	<u>820,317</u>	<u>570,995</u>	<u>663,614</u>
<b>Non-Operating Revenues (Expenses):</b>			
Excise Taxes	356,657		
Change in Joint Venture	(1,922)		
Gain on Disposal of Capital Assets	13,000	375	
Loss on Disposal of Capital Assets	(9,359)	(9,394)	(6,089)
Interest Revenue		5,749	6,283
Interest Expense		(101,422)	(90,302)
Total Non-Operating Revenues (Expenses)	<u>358,376</u>	<u>(104,692)</u>	<u>(90,108)</u>
Income before Transfers	1,178,693	466,303	573,506
Transfers In		17,550	
Transfers Out		(3,300)	
Changes in Net Position	1,178,693	480,553	573,506
Net Position Beginning of Year - Restated (Note 3)	<u>21,716,697</u>	<u>12,419,390</u>	<u>4,912,027</u>
Net Position End of Year	<u>\$22,895,390</u>	<u>\$12,899,943</u>	<u>\$5,485,533</u>

*See Accompanying Notes to the Basic Financial Statements.*

<u>Stormwater</u>	<u>Total Enterprise Funds</u>	<u>Self Insurance Internal Service Fund</u>
\$302,995	\$24,940,708	
	2,494,164	
	146,356	
<u>302,995</u>	<u>27,581,228</u>	
	3,014,347	
26,555	20,026,906	
55	13,170	
	535,072	
79,279	1,739,701	
<u>105,889</u>	<u>25,329,196</u>	
<u>197,106</u>	<u>2,252,032</u>	
	356,657	
	(1,922)	
	13,375	
	(24,842)	
	12,032	
	(191,724)	
	<u>163,576</u>	
197,106	2,415,608	
3,300	20,850	
<u>(101,568)</u>	<u>(104,868)</u>	
98,838	2,331,590	
<u>3,096,643</u>	<u>42,144,757</u>	<u>111,563</u>
<u>\$3,195,481</u>	<u>\$44,476,347</u>	<u>\$111,563</u>

CITY OF CELINA  
MERCER COUNTY

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Electric	Water	Sewer	Stormwater	Total Enterprise Funds	Self Insurance Internal Service Fund
Increases (Decreases) in Cash and Cash Equivalents						
<b>Cash Flows from Operating Activities:</b>						
Cash Received from Customers	\$19,543,577	\$4,024,109	\$2,512,165	\$295,788	\$26,375,639	
Cash Received from Transactions with Other Funds	280,356				280,356	
Cash Received from Other Revenues	95,238	42,130	24,700		162,068	
Cash Received from Deposits	109,770				109,770	
Cash Payments for Personal Services	(1,183,555)	(1,111,063)	(744,925)		(3,039,543)	
Cash Payments for Materials and Supplies	(16,849,497)	(1,701,646)	(797,718)	(29,696)	(19,378,557)	
Cash Payments for Transactions with Other Funds	(650,521)	(128,971)			(779,492)	
Cash Payments for Other Expenses	(363,398)	(78,189)	(53,220)		(494,807)	
Cash Payments for Deposits Refunded	(106,582)				(106,582)	
Net Cash Provided by Operating Activities	875,388	1,046,370	941,002	266,092	3,128,852	
<b>Cash Flows from Non-capital Financing Activities:</b>						
Cash Received from Excise Taxes	356,657				356,657	
Advances In	218,224				218,224	
Advances Out		(32,364)	(32,364)		(64,728)	
Transfers In		17,550		3,300	20,850	
Transfers Out		(3,300)			(3,300)	
Net Cash Provided by (Used for) Non-capital Financing Activities	574,881	(18,114)	(32,364)	3,300	527,703	
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Principal Paid on General Obligation Bonds		(30,000)	(520,000)	(86,900)	(636,900)	
Principal Paid on Mortgage Revenue Bonds			(345,000)		(345,000)	
Principal Paid on OPWC Loan		(24,162)			(24,162)	
Principal Paid on OWDA Loans		(287,219)			(287,219)	
Principal Paid on Capital Leases		(23,158)			(23,158)	
Interest Paid on General Obligation Bonds		(12,950)	(21,667)	(14,668)	(49,285)	
Interest Paid on Mortgage Revenue Bonds			(54,345)		(54,345)	
Interest Paid on OWDA Loans		(160,200)			(160,200)	
Proceeds of OWDA Loan		873,595			873,595	
Acquisition of Capital Assets	(565,188)	(1,102,594)	(253,827)	(3,300)	(1,924,909)	
Sale of Capital Assets	13,000	375			13,375	
Net Cash Used for Capital and Related Financing Activities	(552,188)	(766,313)	(1,194,839)	(104,868)	(2,618,208)	
<b>Cash Flows from Investing Activities:</b>						
Interest		5,749	6,482		12,231	
Net Increase (Decrease) in Cash and Cash Equivalents	898,081	267,692	(279,719)	164,524	1,050,578	
Cash and Cash Equivalents Beginning of Year	6,661,975	3,601,564	3,083,661	357,127	13,704,327	\$111,563
Cash and Cash Equivalents End of Year	7,560,056	3,869,256	2,803,942	521,651	14,754,905	111,563
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>						
Operating Income	820,317	570,995	663,614	197,106	2,252,032	

**CITY OF CELINA  
MERCER COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Adjustments to Reconcile Operating Income to Net  
Cash Provided by Operating Activities:**

Depreciation	830,975	489,373	340,074	79,279	1,739,701
<b>Changes in Assets and Liabilities:</b>					
(Increase) Decrease in Accounts Receivable	(613,151)	(120,778)	6,337	(7,152)	(734,744)
Increase in Due from Other Governments	(258)	(141)	(141)		(540)
Increase in Interfund Receivable	(28,909)				(28,909)
Increase in Prepaid Items	(864)	(694)	(694)		(2,252)
Decrease in Materials and Supplies Inventory	77,077	6,133	6,184	2,062	91,456
Decrease in Accrued Wages Payable	(26,688)	(25,431)	(15,314)		(67,433)
Increase (Decrease) in Accounts Payable	12,761	53,351	(1,697)	(5,203)	59,212
Decrease in Contracts Payable	(10,804)	(9,634)	(86,463)		(106,901)
Decrease in Retainage Payable			(6,846)		(6,846)
Increase (Decrease) in Due to Other Governments	(8,863)	24,441	13,030		28,608
Increase (Decrease) in Interfund Payable	(4,071)	13,802	15,036		24,767
Increase in Deposits Held and Due to Others	3,188				3,188
Decrease in AMP-Ohio Payable	(178,786)				(178,786)
Increase in Compensated Absences Payable	13,442	54,931	14,390		82,763
Decrease in Net Pension Liability	(13,524)	(13,524)	(8,820)		(35,868)
Increase in Deferred Outflows - Pension	9,492	9,492	6,190		25,174
Decrease in Deferred Inflows - Pension	(5,946)	(5,946)	(3,878)		(15,770)
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$875,388</u></u>	<u><u>\$1,046,370</u></u>	<u><u>\$941,002</u></u>	<u><u>\$266,092</u></u>	<u><u>\$3,128,852</u></u>
					<u><u>\$0</u></u>

**Non-Cash Capital Transactions**

During 2015, the Water enterprise fund transferred capital assets, in the amount of \$3,300, to the Stormwater enterprise fund.

During 2015, the Electric, Water, and Sewer enterprise funds purchased capital assets, in the amount of \$7,610, \$4,735, and \$4,101, respectively, and subsequently transferred those assets to governmental activities.

*See Accompanying Notes to the Basic Financial Statements.*

**CITY OF CELINA  
MERCER COUNTY**

**STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
DECEMBER 31, 2015**

**Assets:**

Equity in Pooled Cash and Cash Equivalents	\$9,026
Cash and Cash Equivalents in Segregated Accounts	<u>75,201</u>
Total Assets	<u>84,227</u>

**Liabilities:**

Deposits Held and Due to Others	<u><u>\$84,227</u></u>
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*See Accompanying Notes to the Basic Financial Statements.*

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**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 2015.

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 23, 24, and 25 to the basic financial statements.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(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, 2015  
(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.

**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.

**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, in prior years, accounted for the activities of the self-insurance program for employee health care benefits. The City discontinued the self-insured program in 2013 and this fund has been paying the ongoing COBRA payments.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 2015. 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.

**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.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. Deferred outflows of resources are reported on the government-wide and proprietary funds statements of net position for pension and explained in Note 15 to the basic financial statements.

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 until that time. For the City, deferred inflows of resources consists of property taxes, payment in lieu of taxes, unavailable revenue, and pension. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2015, but which were levied to finance 2016 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,

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. Deferred inflows of resources related to pension are reported on the government-wide and proprietary funds statements of net position and explained in Note 15 to the basic financial statements.

**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 final amended certificate of estimated resources requested by the City prior to year end.

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".

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 2015, 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, 2015.

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 2015 was \$74,449, which includes \$59,880 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, 2015, 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.

**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.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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:

<b>Description</b>	<b>Governmental Activities Estimated Lives</b>	<b>Business-Type Activities Estimated Lives</b>
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

**K. 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".

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. 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.

**M. 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, net pension liability and 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.

**N. 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.

**O. 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.

**P. 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:

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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. 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.

**Q. 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.



**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**R. Capital Contributions**

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

**S. 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.

**T. Pension**

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

**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. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

For 2015, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". GASB Statement No. 68 established standards for measuring and recognizing pension liabilities, deferred outflows and deferred inflows of resources, and pension expenses/expenditures.

The implementation of this statement had the following effect on net position as previously reported on December 31, 2014.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION (Continued)**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Internal Service</u>
Net Position (Deficit) at December 31, 2014	\$22,344,244	\$13,046,937	\$5,321,297	\$3,096,643	\$111,563
Net Pension Liability	(717,030)	(717,030)	(467,628)		
Deferred Outflows – Payment Subsequent to Measurement Date	89,483	89,483	58,358		
Adjusted Net Position (Deficit) at December 31, 2014	<u>\$21,716,697</u>	<u>\$12,419,390</u>	<u>\$4,912,027</u>	<u>\$3,096,643</u>	<u>\$111,563</u>

	<u>Total Governmental Activities</u>	<u>Total Business-Type Activity</u>
Net Position December 31, 2014	\$28,056,445	\$43,850,942
Net Pension Liability	(5,775,913)	(1,901,688)
Deferred Outflows – Payment Subsequent to Measurement Date	543,568	237,324
Restated Net Position December 31, 2014	<u>\$22,824,100</u>	<u>\$42,186,578</u>

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

**4. ACCOUNTABILITY**

**Accountability**

At December 31, 2015, the 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 \$12,100, \$18,380, \$104, \$11,523, \$27,290, and \$130,626, 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.

**5. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual for the General 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).

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**5. BUDGETARY BASIS OF ACCOUNTING (Continued)**

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

	<b>General Fund</b>
GAAP Basis	\$818,601
<b><u>Increases (Decreases) Due To</u></b>	
<b>Revenue Accruals:</b>	
Accrued 2014, Received in Cash 2015	528,924
Accrued 2015, Not Yet Received in Cash	(569,178)
<b>Expenditure Accruals:</b>	
Accrued 2014, Paid in Cash 2015	(440,496)
Accrued 2015, Not Yet Paid in Cash	299,006
Prepaid Items	(1,713)
Materials and Supplies Inventory	4,633
Advances In	864,376
Advances Out	(153,496)
Encumbrances Outstanding at Year End (Budget Basis)	(128,551)
Budget Basis	<b>\$1,222,106</b>

**6. 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.

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:

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

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.

**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, \$13,094,356 of the City's bank balance of \$24,410,892 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.

**CITY OF CELINA  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

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

	<b>Fair Value</b>	<b>Maturity</b>
Federal National Mortgage Association Notes	\$24,999	1/13/16
Mutual Funds	309,149	44 days
Mutual Funds	531,302	35 days
STAR Ohio	138,416	49.4 days
Total Investments	<u>\$1,003,866</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.

The Federal National Mortgage Association Notes did not have an available rating. 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.

	<b>Fair Value</b>	<b>Percentage of Portfolio</b>
Federal National Mortgage Association	\$24,999	2.49%

**7. RECEIVABLES**

Receivables at December 31, 2015, 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. Delinquent special assessments were \$773 at December 31, 2015.

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 2.41 to 5 percent and are to be repaid over twenty years. Principal, in the amount of \$64,880, was repaid during 2015. Notes outstanding at December 31, 2015, were \$107,965. Notes receivable, in the amount of \$98,886, will not be received within one year.

**CITY OF CELINA  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**7. RECEIVABLES (Continued)**

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

	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Stormwater</b>	<b>Total Enterprise Funds</b>
Accounts Receivable	\$2,573,939	\$687,529	\$416,086	\$32,903	\$3,710,457
Less Allowance for Uncollectibles	(231,584)	(61,859)	(37,437)	(2,961)	(333,841)
Net Accounts Receivable	<u>\$2,342,355</u>	<u>\$625,670</u>	<u>\$378,649</u>	<u>\$29,942</u>	<u>\$3,376,616</u>

A summary of the principal items of intergovernmental receivables follows:

	<b>Amount</b>
<b>Governmental Activities:</b>	
<b>Major Funds:</b>	
<b>General Fund:</b>	
Property Tax Allocation	\$17,750
Local Government	105,306
Mercer County	27,505
Total General Fund	<u>150,561</u>
Tax Increment Financing	
Property Tax Allocation	13,474
Total Major Funds	<u>164,035</u>
<b>Non-major Funds:</b>	
Street	
Gasoline Tax	192,166
Motor Vehicle License Tax	109,949
Total Street	<u>302,115</u>
State Highway	
Gasoline Tax	15,582
Motor Vehicle License Tax	8,915
Total State Highway	<u>24,497</u>
Police Pension	
Property Tax Allocation	3,132
Fire Pension	
Property Tax Allocation	3,132
Permissive MVL	
Permissive MVL	2,297
Westview/Westbank Projects	
Ohio Department of Natural Resources	130,627
Total Non-major Funds	<u>465,800</u>
Total Governmental Activities	<u>\$629,835</u>

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**7. RECEIVABLES (Continued)**

	<u>Amount</u>
<b>Business Type Activities</b>	
<b>Non-major Funds</b>	
Electric	
Mercer County	\$2,346
Water	
Mercer County	1,283
Sewer	
Mercer County	1,283
Total Business Type Activities	<u><u>\$4,912</u></u>

**8. 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 eleven years and began collections on January 1, 2011.

**9. PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Real property tax revenues received in 2015 represent the collection of 2014 taxes. Real property taxes received in 2015 were levied after October 1, 2014, on the assessed values as of January 1, 2014, 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 2015 represent the collection of 2014 taxes. Public utility real and tangible personal property taxes received in 2015 became a lien on December 31, 2013, were levied after October 1, 2014, 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, 2015, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2015 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**9. PROPERTY TAXES (Continued)**

The full tax rate for all City operations for the year ended December 31, 2015, was \$2.30 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2015 property tax receipts were based are as follows:

Category	Amount
<b>Real Property:</b>	
Residential/Agricultural	\$126,489,730
Commercial/Industrial	35,368,770
<b>Public Utility Property:</b>	
Real	8,839,164
Personal	602,870
Total Assessed Value	\$171,300,534

**10. 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.

**11. CAPITAL ASSETS**

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

	Balance 1/1/2015	Additions	Reductions	Balance 12/31/2015
<b>Governmental Activities:</b>				
<b>Non-depreciable Capital Assets:</b>				
Land	\$5,652,593			\$5,652,593
Land Improvements	8,034,311			8,034,311
Construction in Progress	410,710	\$826,907		1,237,617
Total Non-depreciable Capital Assets	14,097,614	826,907		14,924,521
<b>Depreciable Capital Assets:</b>				
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	13,758,983	540,649		14,299,632
Furniture and Equipment	901,985	222,044	(\$78,321)	1,045,708
Vehicles	4,415,429	493,574	(591,577)	4,317,426
Total Depreciable Capital Assets	23,886,293	1,256,267	(669,898)	24,472,662

(Continued)



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**11. CAPITAL ASSETS (Continued)**

	<b>Balance 1/1/2015</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/2015</b>
<b>Less Accumulated Depreciation for:</b>				
Land Improvements	(460,494)	(37,623)		(498,117)
Buildings	(374,034)	(47,425)		(421,459)
Improvements Other than Buildings	(1,169,605)	(43,738)		(1,213,343)
Streets	(7,361,114)	(533,968)		(7,895,082)
Furniture and Equipment	(511,344)	(62,537)	72,892	(500,989)
Vehicles	(1,702,958)	(196,647)	81,487	(1,818,118)
Total Accumulated Depreciation	<u>(11,579,549)</u>	<u>(921,938)</u>	<u>154,379</u>	<u>(12,347,108)</u>
Total Depreciable Capital Assets, Net	<u>12,306,744</u>	<u>334,329</u>	<u>(515,519)</u>	<u>12,125,554</u>
Governmental Activities Capital Assets, Net	<u>\$26,404,358</u>	<u>1,161,236</u>	<u>(\$515,519)</u>	<u>\$27,050,075</u>

Governmental activities accepted contributions of capital assets from outside sources, with a fair value of \$352,363, during 2015. In addition, governmental activities received capital assets transferred from business-type activities, in the amount of \$16,446.

	<b>Balance 1/1/2015</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/2015</b>
<b>Business-Type Activities:</b>				
<b>Non-depreciable Capital Assets:</b>				
Land	\$368,946			\$368,946
Construction in Progress	99,616	\$1,041,679	(\$242,327)	898,968
Total Non-depreciable Capital Assets	<u>468,562</u>	<u>1,041,679</u>	<u>(242,327)</u>	<u>1,267,914</u>
<b>Depreciable Capital Assets:</b>				
Land Improvements	230,099			230,099
Buildings	30,326,230	306,147		30,632,377
Electric, Water, Sewer, and Stormwater Lines	39,509,174	631,363	(194,563)	39,945,974
Furniture and Equipment	960,657	69,222	(62,998)	966,881
Vehicles	2,611,131	119,275	(341,904)	2,388,502
Total Depreciable Capital Assets	<u>73,637,291</u>	<u>1,126,007</u>	<u>(599,465)</u>	<u>74,163,833</u>
<b>Business-Type Activities:</b>				
<b>Less Accumulated Depreciation for:</b>				
Land Improvements	(64,830)	(11,308)		(76,138)
Buildings	(17,632,574)	(558,231)		(18,190,805)
Electric, Water, Sewer, and Stormwater Lines	(17,718,549)	(984,211)	194,563	(18,508,197)
Furniture and Equipment	(511,870)	(64,699)	41,939	(534,630)
Vehicles	(1,651,559)	(121,252)	338,121	(1,434,690)
Total Accumulated Depreciation	<u>(37,579,382)</u>	<u>(1,739,701)</u>	<u>574,623</u>	<u>(38,744,460)</u>
Total Depreciable Capital Assets, Net	<u>36,057,909</u>	<u>(613,694)</u>	<u>(24,842)</u>	<u>35,419,373</u>
Business-Type Activities Capital Assets, Net	<u>\$36,526,471</u>	<u>\$427,985</u>	<u>(\$267,169)</u>	<u>\$36,687,287</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**11. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

Governmental Activities		
Security of Persons and Property	\$172,393	
Leisure Time Activities	125,392	
Basic Utility Services	8,422	
Transportation	592,739	
General Government	22,992	
Total Depreciation Expense – Governmental Activities	\$921,938	

**12. INTERFUND RECEIVABLES/PAYABLES**

At December 31, 2015, the General Fund had an interfund receivable, in the amount of \$504,953; \$421,169 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 \$44,867 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.

The Electric enterprise fund had an interfund receivable, in the amount of \$1,158,572, for services provided by the Electric enterprise fund, in the amount of \$772,330 to the General Fund, in the amount of \$303 to the Parks and Recreation special revenue fund, in the amount of \$194,721 to the Water enterprise fund, and in the amount of \$191,218 to the Sewer enterprise fund. Of those amounts, only \$153,818 from the General Fund, \$303 from the Parks and Recreation special revenue fund, \$64,313 from the Water enterprise fund and \$60,810 from the Sewer enterprise fund is expected to be repaid within one year.

**13. 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 2015, the City contracted with the Ohio Government Risk Management Plan, an insurance purchasing pool, for the following coverage:

Type of Coverage	Coverage	Deductible
Property (building and contents)	\$59,245,687	\$25,000
General Liability – Aggregate	8,000,000	
Public Official Liability – Aggregate	8,000,000	5,000
Law Enforcement Liability – Aggregate	8,000,000	5,000
Employee Benefits Liability – Aggregate	8,000,000	
Automobile Liability	6,000,000	

There has been no significant reduction in insurance coverage from 2014 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**13. 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 2016.

The City currently uses Anthem for health insurance, Eye Med for vision insurance, and Superior Dental Care for dental insurance.

**C. Workers' Compensation**

For 2015, 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.

**14. SIGNIFICANT CONTRACTUAL COMMITMENTS**

The City has several outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2015:

<b>Vendor</b>	<b>Outstanding Balance</b>
Alexander & Bebout, Inc.	\$73,987
Buckeye Power Sales Co., Inc.	64,350
Heyne Construction	360,734
Innovative Office Solutions	83,651
Reed City Power Line Supply Co.	36,885
Shinn Bros., Inc.	186,146
Vaughn Industries	103,968

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2016 are as follows:

General Fund	\$128,551
Other Governmental Funds	<u>560,885</u>
Total	<u><u>\$689,436</u></u>

**CITY OF CELINA  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**15. DEFINED BENEFIT PENSION PLANS**

**A. Net Pension Liability**

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

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) they benefit from employee services, and (2) State statute requires all funding to come from the employers. All contributions to date have come solely from the employer (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the amortization period exceeds thirty years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

**B. Plan Description – Ohio Public Employees Retirement System (OPERS)**

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

**CITY OF CELINA  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**15. DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**15. DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

**Funding Policy** – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows.

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

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

\*\* This rate is also determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$390,331 for 2015. Of this amount, \$45,024 is reported as an intergovernmental payable.

**C. Plan Description – Ohio Police and Fire Pension Fund (OPF)**

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

**CITY OF CELINA  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**15. DEFINED BENEFIT PENSION PLANS (Continued)**

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

For members hired after July 1, 2013, the minimum retirement age is fifty-two for normal service retirement with at least twenty-five years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is forty-eight for normal service retirement with at least twenty-five years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first twenty years of service credit, 2 percent for each of the next five years of service credit, and 1.5 percent for each year of service credit in excess of twenty-five years. The maximum pension of 72 percent of the allowable average annual salary is paid after thirty-three years of service credit.

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

Members retiring under normal service retirement, with less than fifteen years of service credit on July 1, 2013, will receive a COLA equal to either 3 percent or the percent increase, if any, in the Consumer Price Index over the twelve month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least fifteen years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

**Funding Policy** – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows.

	<u>Police</u>	<u>Firefighters</u>
<b>2015 Statutory Maximum Contribution Rates</b>		
Employer	19.50%	24.00%
<b>Employee:</b>		
January 1, 2015, through July 1, 2015	11.50 %	11.50 %
July 2, 2015, through December 31, 2015	12.25 %	12.25 %
 <b>2015 Actual Contribution Rates</b>		
<b>Employer</b>		
Pension	19.00 %	23.50 %
Postemployment Health Care Benefits	.50	.50
<b>Total Employer</b>	<u>19.50 %</u>	<u>24.00 %</u>
<b>Employee</b>		
January 1, 2015, through July 1, 2015	11.50 %	11.50 %
July 2, 2015, through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution was \$403,914 for 2015. Of this amount, \$30,160 is reported as an intergovernmental payable.

**CITY OF CELINA  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**15. DEFINED BENEFIT PENSION PLANS (Continued)**

**D. Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension**

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

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,189,562	\$4,850,430	\$8,039,992
Proportion of the Net Pension Liability	0.02644500%	0.09363010%	
Pension Expense	\$346,946	\$473,137	\$820,083

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

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
<b>Deferred Outflows of Resources:</b>			
Net difference between projected and actual earnings on pension plan investments	\$170,185	\$209,049	\$379,234
City contributions subsequent to the measurement date	390,331	403,914	794,245
Total Deferred Outflows of Resources	<u>\$560,516</u>	<u>\$612,963</u>	<u>\$1,173,479</u>
<b>Deferred Inflows of Resources:</b>			
Difference between expected and actual Experience	<u>\$56,034</u>	<u>\$0</u>	<u>\$56,034</u>

\$794,245 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

<u>Year Ending December 31,</u>	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
2016	(\$16,692)	(\$52,262)	(\$68,954)
2017	(16,692)	(52,262)	(68,954)
2018	(38,220)	(52,262)	(90,482)
2019	(42,547)	(52,263)	(94,810)
Total	<u>(\$114,151)</u>	<u>(\$209,049)</u>	<u>(\$323,200)</u>

**E. Actuarial Assumptions – OPERS**

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



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**15. DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio, and the Defined Contribution portfolio. The Defined Benefits portfolio includes the investment assets of the traditional pension plan, the defined benefit component of the combined plan, the annuitized accounts of the member-directed plan, and the VEBA Trust. Within the Defined Benefits portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money-weighted rate of return, net of investment expenses, for the Defined Benefits portfolio was 6.95 percent for 2014.

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

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**15. DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7 percent) or one percentage point higher (9 percent) than the current rate.

	<u>1% Decrease (7%)</u>	<u>Current Discount Rate (8%)</u>	<u>1% Increase (9%)</u>
City’s Proportionate Share of the Net Pension Liability	\$5,867,881	\$3,189,562	\$933,773

**F. Actuarial Assumptions – OPF**

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**15. DEFINED BENEFIT PENSION PLANS (Continued)**

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

Valuation Date	January 1, 2014
Actuarial Cost Method	entry age normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.6 percent and 3 percent

Mortality rates are based on the RP-2000 Combined Table, age adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2014, are summarized below.

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

\* levered 2x

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**15. DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

	<b>1% Decrease (7.25%)</b>	<b>Current Discount Rate (8.25%)</b>	<b>1% Increase (9.25%)</b>
City’s Proportionate Share of the Net Pension Liability	\$6,708,878	\$4,850,430	\$3,276,889

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of another postemployment benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45. See OPERS’ CAFR referenced below for additional information.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**16. POST-EMPLOYMENT 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/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed 14 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees and the traditional pension and combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a retiree medical account for member-directed plan members.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. The portion of the employer contribution allocated to health care for members in both the traditional pension and combined plans was 2 percent for 2015. As recommended by the OPERS actuary, the portion of the employer contribution allocated to health care beginning January 1, 2016, remained at 2 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the VEBA for participants in the member-directed plan was 4.5 percent for 2015.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing multiple-employer trusts. The corresponding contribution for the years ended December 31, 2015, 2014, and 2013 was \$65,055, \$64,843, and \$31,194, respectively. For 2015, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

**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 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 statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of another postemployment benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**16. 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](http://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 to contribute to the pension plan at rates expressed as a percentage of the 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 2015, the employer contribution allocated to the health care plan was .5 percent of covered payroll. The amount of the 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 for the years ended December 31, 2015, 2014, and 2013, was \$413,354, \$400,099, and \$465,163, respectively, of which \$9,440, \$9,163, and \$77,949 was allocated to the health care plan. For 2015, 93 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

**17. 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.

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**18. NOTES PAYABLE**

The City's note transactions for the year ended December 31, 2015, were as follows:

	<b>Interest Rate</b>	<b>Balance 1/1/2015</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/2015</b>
<b>Governmental Activities:</b>					
<b>Revenue Anticipation Notes</b>					
West Bank Walkway	2.07%	\$100,000		\$100,000	
West Bank Walkway	1.89		\$200,000		\$200,000
Total Governmental Activities		<u>\$100,000</u>	<u>\$200,000</u>	<u>\$100,000</u>	<u>\$200,000</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 \$200,000, were issued on February 4, 2015, 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 3, 2016. As of December 31, 2015, all of the proceeds had been spent.

**19. LONG-TERM OBLIGATIONS**

The City's long-term obligations activity for the year ended December 31, 2015, was as follows:

	<b>Interest Rate</b>	<b>Balance 1/1/2015</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/2015</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>						
<b>Revenue Anticipation Notes</b>						
West Bank Walkway	2.07%	\$700,000		\$700,000		
West Bank Walkway	1.89		\$500,000		\$500,000	\$500,000
Total Revenue Anticipation Notes		<u>700,000</u>	<u>500,000</u>	<u>700,000</u>	<u>500,000</u>	<u>500,000</u>
<b>Bond Anticipation Notes</b>						
Land Acquisition	1.2	1,200,000	0	1,200,000	0	0
Land Acquisition	1.6		2,645,000	0	2,645,000	0
Total Bond Anticipation Notes		<u>1,200,000</u>	<u>2,645,000</u>	<u>1,200,000</u>	<u>2,645,000</u>	<u>0</u>
<b>General Obligation Bonds:</b>						
2010 Various Purpose Municipal Building Court Improvement	2 – 4	1,875,000	0	245,000	1,630,000	250,000
	1.54 – 2.45		600,000		600,000	60,000
Total General Obligation Bonds		<u>1,875,000</u>	<u>600,000</u>	<u>245,000</u>	<u>2,230,000</u>	<u>310,000</u>
Other Long-Term Obligations						
<b>Net Pension Liability</b>						
Ohio Public Employees Retirement System-Traditional		1,215,833	28,094		1,243,927	
Ohio Police and Fire Pension Fund		4,560,080	290,350		4,850,430	
Total Net Pension Liability		<u>5,775,913</u>	<u>318,444</u>		<u>6,094,357</u>	<u>0</u>
OPWC Loan Payable		116,846		6,873	109,973	6,874
Capital Leases Payable		268,405		268,405		
Compensated Absences Payable		439,279	173,917	59,228	553,968	175,030
Total Other Long-Term Obligations		<u>6,600,443</u>	<u>492,361</u>	<u>334,506</u>	<u>6,758,298</u>	<u>181,904</u>
Total Governmental Activities		<u>\$10,375,443</u>	<u>\$4,237,361</u>	<u>\$2,479,506</u>	<u>\$12,133,298</u>	<u>\$991,904</u>

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**19. LONG-TERM OBLIGATIONS (Continued)**

	Interest Rate	Balance 1/1/2015	Additions	Reductions	Balance 12/31/2015	Due Within One Year
<b>Business-Type Activities:</b>						
General Obligation Bonds						
2005 Wastewater Refunding	3 – 5%	\$520,000		\$520,000		
Premium		22,091		22,091		
2010 Various Purpose	2 – 4	395,000		30,000	\$365,000	\$30,000
Total General Obligation Bonds		937,091		572,091	365,000	30,000
Mortgage Revenue Bonds						
2011 Wastewater Refunding	2 – 3.4	2,140,000		345,000	1,795,000	350,000
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees						
Retirement System-Traditional		1,901,688	\$43,947		1,945,635	
OPWC Loan Payable		253,702		24,162	229,540	24,162
OWDA Loans Payable	3.25-4.99	5,000,465	873,595	287,219	5,586,841	296,630
AMP-Ohio Payable		1,164,568	21,111	199,897	985,782	199,897
Capital Leases Payable		46,853		23,158	23,695	23,695
Compensated Absences Payable		212,639	114,990	32,227	295,402	72,626
Total Other Long-Term Obligations		8,579,915	1,053,643	566,663	9,066,895	617,010
Total Business-Type Activities		\$11,657,006	\$1,053,643	\$1,483,754	\$11,226,895	\$997,010

**A. Revenue Anticipation Notes**

The City issued revenue anticipation notes in 2015, in the amount of \$500,000, 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 3, 2016. As of December 31, 2015, all proceeds were spent.

**B. Bond Anticipation Notes**

The City issued bond anticipation notes in 2015, in the amount of \$2,645,000, to retire bond anticipation notes issued in 2014 to acquire property. The notes will mature on April 24, 2017, and are paid from the Parks and Recreation special revenue fund. As of December 31, 2015, 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:

Year	Amount
2021	\$50,000
2022	50,000
2023	50,000



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**19. LONG-TERM OBLIGATIONS (Continued)**

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.

In 2015, the City issued general obligation bonds, in the amount of \$600,000, for improvements to the municipal court building. The bonds will mature on December 1, 2025. The bonds will be paid from resources from the Court Special Projects special revenue fund.

**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. 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 Sewer enterprise fund, in the original amount of \$1,530,000, to refund \$1,755,000 of 1993 Wastewater Mortgage Revenue bonds. These bonds were fully retired in 2015.

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.

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

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**19. LONG-TERM OBLIGATIONS (Continued)**

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.

**F. 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, 2015:

	<u>Restricted Assets</u>
	<u>Wastewater Refunding</u>
<b>Restricted Assets held by the City for:</b>	
Revenue Bond Operations and Maintenance	\$338,581
<b>Restricted Assets held by Fiscal Agent for:</b>	
Revenue Bond Future Debt Service	309,149

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:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**19. LONG-TERM OBLIGATIONS (Continued)**

<u>Year</u>	<u>Amount</u>
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:

<u>Year</u>	<u>Amount</u>
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:

<u>Year</u>	<u>Amount</u>
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:

<u>Year</u>	<u>Amount</u>
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 \$1,795,000 and \$299,240 respectively. Principal and interest for the current year and total net revenues were \$399,345 and \$1,003,688, respectively.

**G. 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 \$229,540. Principal for the current year and total net revenues were \$24,162, and \$1,060,368, respectively.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**19. LONG-TERM OBLIGATIONS (Continued)**

**H. 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.

On June 25, 2015, the City obtained a loan from the Ohio Water Development Authority, for the construction of an industrial park water tower. The total outstanding loan as of December 31, 2015, is \$873,595. An amortization schedule for the repayment of the loan will not be available until the project is completed and, therefore, is not included in the schedule of future principal and interest requirements.

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 loans (for which amortization schedules are available) are \$4,713,246 and \$1,018,349, respectively. Principal and interest for the current year and total net revenues were \$447,419 and \$1,060,368, respectively.

**I. 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 \$41,635, and have made payments of \$782,930 leaving a net impaired cost estimate of \$985,782. 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.

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

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**19. LONG-TERM OBLIGATIONS (Continued)**

**J. Net Pension Liability**

The City pays obligations related to employee compensation from the fund benefitting from their service. For additional information related to the net pension liability, see Note 15 to the basic financial statements.

**K. Capital Leases Payable**

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

**L. 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 Parks and Recreation and Street special revenue funds, and the Electric, Water, and Sewer enterprise funds.

The City's legal debt margin was \$12,968,976 at December 31, 2015.

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
2016	\$310,000	\$62,601	\$6,874
2017	320,000	53,334	6,874
2018	320,000	45,850	6,873
2019	325,000	37,006	6,873
2020	335,000	27,952	6,873
2021-2025	555,000	62,332	34,366
2026-2030	65,000	8,400	34,366
2031			6,874
Total	\$2,230,000	\$297,475	\$109,973

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

Year	2010 Various Purpose General Obligation Bonds		Wastewater Refunding Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest
2016	\$30,000	\$12,350	\$350,000	\$47,445
2017	30,000	11,600	130,000	40,445
2018	30,000	10,850	130,000	37,845
2019	30,000	9,950	135,000	35,245
2020	35,000	9,050	135,000	31,870
2021-2025	100,000	33,000	750,000	100,780
2026-2030	110,000	13,800	165,000	5,610
	\$365,000	\$100,600	\$1,795,000	\$299,240

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**19. LONG-TERM OBLIGATIONS (Continued)**

<u>Year</u>	<u>OPWC Loan</u>	<u>OWDA Loans</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2016	\$24,162	\$296,630	\$139,191
2017	24,162	306,349	130,219
2018	24,162	316,386	120,954
2019	24,162	326,752	111,386
2020	24,162	337,458	101,503
2021-2025	108,730	1,860,562	347,573
2026-2028		1,269,109	67,523
	<u>\$229,540</u>	<u>\$4,713,246</u>	<u>\$1,018,349</u>

**20. CAPITAL LEASES – LESSEE DISCLOSURE**

The City has entered into capitalized leases for equipment. 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 2015, the City paid principal, in the amount of \$268,405, from governmental funds and \$23,158 from business-type activities. The capital leases being paid from governmental funds were fully paid during 2015.

	<u>Business-Type Activities</u>
Equipment	\$69,486
Less Accumulated Depreciation	(13,897)
Total	<u>\$55,589</u>

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

<u>Year</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$23,695	\$550

**21. 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, 2015  
(Continued)**

**21. FUND BALANCE (Continued)**

<u>Fund Balance</u>	<u>General</u>	<u>Text Increment Financing</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<b>Non-spendable for:</b>				
Prepaid Items	\$14,656			\$14,656
Materials and Supplies Inventory	18,027		\$69,856	87,883
Unclaimed Monies	11,523			11,523
Total Non-spendable	<u>44,206</u>		<u>69,856</u>	<u>114,062</u>
<b>Restricted for:</b>				
Street construction and Maintenance		\$2,059,027	256,170	2,315,197
Capital Improvements			383,474	383,474
Cemetery			13,258	13,258
Economic Development and Rehab			236,826	236,826
Police and Fire Operations			10,334	10,334
Drug Enforcement			5,206	5,206
Court Operations			537,490	537,490
Recreation			18	18
Debt Retirement			32,644	32,644
Total Restricted		<u>2,059,027</u>	<u>1,475,420</u>	<u>3,534,447</u>
<b>Committed for:</b>				
Police and Fire Operations			1,108,258	1,108,258
Recreation			51,270	51,270
Street Construction and Maintenance			94,479	94,479
Total Committed			<u>1,254,007</u>	<u>1,254,007</u>
<b>Assigned for:</b>				
Unpaid Obligations	110,514			110,514
Unassigned (Deficit)	3,385,264		(200,023)	3,185,241
Total Fund Balance	<u>\$3,539,984</u>	<u>\$2,059,027</u>	<u>\$2,599,260</u>	<u>\$8,198,271</u>

**22. INTERFUND TRANSFERS**

During 2015, the General Fund made transfers to the Tax Increment Financing Fund, and other governmental funds, in the amount of \$6,873, \$1,922,052, respectively, to move receipts as debt payments became due and to subsidize various programs in other funds. The Tax Increment Financing Fund made transfers to the Water enterprise fund and other governmental funds made transfers to other governmental funds, in the amount of \$17,550 and \$1,200,000, respectively, to move receipts as debt payments became due.

The Water enterprise fund made transfers to the Stormwater enterprise fund, in the amount of \$3,300, for the purchase of capital assets. The Stormwater enterprise fund made transfers to the Tax Increment Financing Fund, in the amount of \$101,568, as debt payments became due.

**CITY OF CELINA  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**23. 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 industries. The Corporation is governed by a Board of Directors elected on an annual basis from the pool of current shareholders. The City does not currently sit on the Board of Directors.

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.

**24. 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, 2015  
(Continued)**

**25. 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.

**26. CONTINGENT LIABILITIES**

**A. Litigation**

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

**27. SUBSEQUENT EVENTS**

On February 3, 2016, the City issued revenue anticipation notes, in the amount of \$500,000, 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 1.65 percent and mature on February 3, 2017.

On February 26, 2016, 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 1.5 percent and mature on February 24, 2017.

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**CITY OF CELINA  
MERCER COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL  
LAST TWO YEARS (1)**

	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.02644500%	0.02644500%
City's Proportionate Share of the Net Pension Liability	\$3,189,562	\$3,117,521
City's Covered Employee Payroll	\$3,242,133	\$3,119,438
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	98.38%	99.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

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

**CITY OF CELINA  
MERCER COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OHIO POLICE AND FIRE PENSION FUND  
LAST TWO YEARS (1)**

	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.09363010%	0.09363010%
City's Proportionate Share of the Net Pension Liability	\$4,850,430	\$4,560,080
City's Covered Employee Payroll	\$1,832,511	\$2,122,212
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	264.69%	214.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%	73.00%

(1) Information prior to 2013 is not available.

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

**CITY OF CELINA  
MERCER COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PLAN  
LAST THREE YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$390,331	\$389,056	\$405,527
Contributions in Relation to the Contractually Required Contribution	<u>(390,331)</u>	<u>(389,056)</u>	<u>(405,527)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Employee Payroll	\$3,252,764	\$3,242,133	\$3,119,438
Contributions as a Percentage of Covered Employee Payroll	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

**CITY OF CELINA  
MERCER COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S CONTRIBUTIONS  
OHIO POLICE AND FIRE PENSION FUND  
LAST TEN YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$403,914	\$391,836	\$387,214	\$273,412
Contributions in Relation to the Contractually Required Contribution	<u>(403,914)</u>	<u>(391,836)</u>	<u>(387,214)</u>	<u>(273,412)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Employee Payroll	\$1,888,076	\$1,832,511	\$2,122,212	\$1,815,974
Contributions as a Percentage of Covered Employee Payroll	21.39%	21.38%	18.25%	15.06%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$261,881	\$263,081	\$261,474	\$258,629	\$241,381	\$219,903
<u>(261,881)</u>	<u>(263,081)</u>	<u>(261,474)</u>	<u>(258,629)</u>	<u>(241,381)</u>	<u>(219,903)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,742,468	\$1,749,224	\$1,741,725	\$1,719,601	\$1,605,831	\$1,568,882
15.03%	15.04%	15.01%	15.04%	15.03%	14.02%

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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 the City of Celina, Mercer County, (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 3, 2016, wherein we noted the City restated net position due to GASB Statement No. 68 and No. 71.

### ***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*.

***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

October 3, 2016



# 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  
NOVEMBER 29, 2016**